

# Optimizing Internal Revenue Generation for Enhanced Public Service Delivery in the 5<sup>th</sup> Class Municipalities in Camarines Norte

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DOI: <https://doi.org/10.51244/IJRSI.2025.120500189>

Received: 19 May 2025; Accepted: 23 May 2025; Published: 24 June 2025

## ABSTRACT

This study examined the status of internal revenue generation and its optimization for enhanced public service delivery in the fifth-class municipalities of Camarines Norte, specifically Municipality A and Municipality B, over the period from 2021 to 2023. It sought to provide answer on the following: 1) the status of internal revenue generation, focusing on both tax and non-tax revenues and examining trends and patterns; 2) the status of public service delivery, focusing on allocation and utilization of funds, particularly in health services, social welfare, and gender and development programs; 3) the issues encountered affecting internal revenue generation that affects the delivery of public service; and 4) the policy development to address the identified issues relative to internal revenue generation.

The study employed a descriptive research design, using documentary analysis, structured questionnaires, and interviews to collect data on internal revenue generation and public service delivery. Municipal records were examined to assess actual tax and non-tax revenue collections and fund allocations, expenditures, and utilization rates in key service areas. Respondents included 393 taxpayers, selected through stratified sampling, along with municipal employees from the Treasurer's and Budget Offices.

**Keywords:** Internal Revenue Generation, Public Service Delivery, Fifth-Class Municipalities, Camarines Norte

The research instruments were validated and pilot-tested, with a Cronbach's alpha of 0.979, indicating excellent reliability. Data were analyzed using IBM SPSS Software, applying descriptive statistics to summarize revenue collection data, fund utilization, and the frequency of internal revenue generation issues.

Results of the study showed the following: 1) revenue collection in the fifth-class municipalities of Camarines Norte showed an overall increase in both tax and non-tax revenues from 2021 to 2023. In Municipality A, tax revenue recorded a variance of 22.37 percent from 2021 to 2022, and 13.93 percent from 2022 to 2023. In contrast, Municipality B experienced a more significant increase in tax revenue, with a 6.48 percent variance from 2021 to 2022, and a substantial 114.55 percent variance from 2022 to 2023. For non-tax revenue, Municipality A achieved a higher variance of 22.68 percent between 2021 and 2022, and 8.31 percent from 2022 to 2023, while Municipality B experienced a total variance 1.52 percent from 2021 to 2022, and 27.61 percent from 2022 to 2023; 2) the status of public service delivery in the fifth-class municipalities of Camarines Norte varied across program areas. In the Health Services Program, Municipality A recorded the highest utilization rate under the Essential Medicines Provision Program, with 90.98 percent in 2021, 99.16 percent in 2022, and 99.81 percent in 2023. Meanwhile, the Basic Emergency Obstetric and Newborn Care (BEMONC) Program had the lowest utilization rate, consistently reporting 0 percent utilization over the same period. In Municipality B, the highest utilization rate was also observed in the Essential Medicines Program, with 58.02 percent in 2021, 87.23 percent in 2022, and 84.11 percent in 2023. Conversely, the Family Planning Commodity and Birth Plan Provision Program had the lowest utilization rate, recording 0 percent utilization for all three years. In the Social Welfare and Development Program, Municipality A recorded the highest utilization rate in the Senior Citizen Mortuary Program / Burial Assistance, with 100 percent in 2021, a significant 996.71 percent in 2022, and 100 percent in 2023. The lowest utilization rate was observed in the

Local Youth Development Program, with utilization rates of 0 percent in 2021, 99.44 percent in 2022, and 92.57 percent in 2023. Meanwhile, Municipality B posted its highest utilization rate in the Provision of Vitamins and Milk for Senior Citizens / Regalo sa Compañeros Program, with rates of 100 percent in 2021, 166.68 percent in 2022, and 84.03 percent in 2023. The lowest utilization rate was also found in the Local Youth Development Program, with 0 percent in 2021, 100 percent in 2022, and 26.76 percent in 2023. In the Gender and Development Program, Municipality A recorded the highest utilization rate under the Provision of Public Employment Service Program/Wages for Student Workers, with rates of 98.02 percent, 99.56 percent, and 99.5 percent for the years 2021 to 2023, respectively. Conversely, the Road Signage Program had the lowest utilization rate in Municipality A, with 0 percent utilization in 2021 and 2022, and a slight increase to 79.56 percent in 2023. Meanwhile, in Municipality B, the Scholarship Program achieved the highest utilization rates of 133.59 percent, 100 percent, and 97.00 percent over the same period. The Educational Assistance Program recorded the lowest utilization rates in Municipality B, with 78.59 percent in 2021, 70.39 percent in 2022, and 0 percent in 2023; 3) ranked first among the issues affecting internal revenue generation in fifth-class municipalities is the lack of modern and convenient payment methods, which affects taxpayer compliance, with frequency of 288. The second-ranked issue, with a frequency of 255, is the limited interaction with taxpayers and the business community, which hampers understanding their needs and tax compliance. The third issue, with a frequency of 241, is the use of obsolete or inefficient or tools for revenue collection, which significantly hampers the process. Moreover, the ranked lowest, with a frequency of 166, is the inefficient organization and streamlining of revenue collection processes which impact transaction processing and taxpayer compliance; and 4) The proposed policy aims to enhance taxpayer compliance in the fifth-class municipalities of Camarines Norte through modernized payment systems. It is comprised of the following alternatives: (1) digital payment platforms, (2) upgraded traditional methods, (3) third-party payment integration, and (4) a hybrid system combining digital and traditional approaches. These alternatives are intended to optimize internal revenue generation and ultimately improve public service delivery in the targeted municipalities.

Based on the findings of the study, the following conclusions are drawn: 1) the analysis of internal revenue generation from 2021 to 2023 in the fifth-class municipalities of Camarines Norte reveals a consistent upward trend in both tax and non-tax revenues. The data confirms that these municipalities have made incremental progress in optimizing their revenue collection efforts. Municipality A demonstrated relatively steady growth in tax revenues over the three-year period, while Municipality B recorded a sharp increase, particularly from 2022 to 2023. In terms of non-tax revenues, both municipalities exhibited moderate yet positive changes. These results indicate that, although the level of revenue generation remains limited by the municipalities' classification, continuous efforts to enhance local income streams have shown measurable impact over the three-year period; 2) the assessment of public service delivery from 2021 to 2023 in the fifth-class municipalities of Camarines Norte revealed uneven levels of program utilization across health, social welfare, and gender and development initiatives. While certain programs achieved consistently high utilization, such as essential medicine provision and senior citizen support, others, including family planning, youth development, and specific gender-focused programs, showed persistently low or even zero uptake. These variations suggest disparities in program implementation, accessibility, or relevance across service areas, underscoring the need for targeted improvements in service outreach; 3) the analysis of issues affecting internal revenue generation in fifth-class municipalities of Camarines Norte highlights systemic and operational challenges that hinder effective tax collection. Chief among these is the lack of modern, accessible payment methods, which continues to impede taxpayer compliance. Additionally, the limited engagement between local government units and taxpayers, along with the continued use of outdated collection tools, further constrains efficiency and trust in the revenue system. These prevailing issues reflect underlying gaps in administrative capacity, technological integration, and system responsiveness that must be addressed to sustainably improve revenue performance; and 4) the proposed policy to enhance taxpayer compliance through modern payment systems aims to improve internal revenue generation in the fifth-class municipalities of Camarines Norte. By simplifying payment processes and increasing accessibility, the policy seeks to strengthen local fiscal capacity and support more consistent public service delivery. Furthermore, based on the findings, there is a recognized need to explore future initiatives focused on the full digitalization of the entire revenue processing cycle—including assessment, billing, payment execution, recordkeeping, reporting, and grievance redress mechanisms—to achieve greater operational efficiency, transparency, and taxpayer satisfaction.

Based on the findings and conclusions, the following are highly recommended: 1) fifth-class municipalities in Camarines Norte should strengthen their tax collection systems by institutionalizing efficient procedures, expanding assessment coverage, and improving enforcement mechanisms. They should also explore alternative revenue sources permitted under existing laws, enhance taxpayer education through sustained information campaigns, and regularly review and update their local revenue codes to reflect current economic conditions and legal frameworks; 2) to address the low utilization of specific public service programs—namely the Basic Emergency Obstetric and Newborn Care (BEMONC) Program, family planning services, youth development initiatives, educational assistance, and infrastructure-related GAD projects—fifth-class municipalities in Camarines Norte should conduct localized community needs assessments to identify barriers to participation. These assessments must be informed by disaggregated data and supported by barangay-level engagement. Program designs should be adjusted based on these findings to enhance relevance, access, and visibility. Coordination with barangay health workers, youth development officers, and GAD focal persons can improve awareness and outreach. These efforts should also be aligned with the local budgeting process to ensure that allocated funds are efficiently utilized and directed toward programs with demonstrated demand and community relevance. Integrating these efforts into annual investment planning and ensuring continuous monitoring will support more responsive and equitable service delivery; 3) to improve internal revenue generation, fifth-class municipalities in Camarines Norte should adopt digital payment systems that are secure, user-friendly, and accessible to both urban and remote barangays. In parallel, collection tools and administrative processes must be modernized and aligned with national digital finance standards to reduce inefficiencies and transaction delays. Taxpayer engagement strategies should include regular information campaigns, simplified payment instructions, and the establishment of feedback mechanisms through which taxpayers can report issues or suggest improvements. Streamlining procedures and reducing manual dependencies will enhance system efficiency, promote transparency, and increase taxpayer trust in the local fiscal system; 4) adoption of the proposed hybrid revenue collection policy—integrating both digital and traditional payment methods—should be prioritized by fifth-class municipalities in Camarines Norte. This approach addresses the identified gaps in taxpayer compliance, accessibility, and administrative efficiency by offering multiple channels for the settlement of tax and non-tax obligations. Implementation should be accompanied by staff training, accreditation of financial institutions, and the establishment of secure digital platforms in coordination with national government agencies. This policy has the potential to increase collection rates and promote fiscal inclusion, particularly for constituents in remote or underserved areas. Its integration into the local government's broader revenue reform agenda is essential to strengthening internal revenue generation and sustaining delivery of essential public services; 5) to complement the implementation of a hybrid payment system, fifth-class municipalities in Camarines Norte should initiate the full digitalization of the revenue processing cycle, covering assessment, billing, collection, recordkeeping, reporting, and grievance handling. This will address inefficiencies observed in manual systems and improve accuracy, transparency, and service delivery. Investments in ICT infrastructure, personnel training, and secure, interoperable systems—aligned with national standards—will be essential. Coordination with agencies such as the Bureau of Local Government Finance and the Department of Information and Communications Technology should guide compliance and ensure system sustainability. Though beyond the study's original scope, this recommendation reflects the panel's insight and supports long-term modernization goals; and 6) future studies may examine the impact of full digitalization on local revenue systems, taxpayer behavior, and administrative capacity, particularly in low-income municipalities. Comparative research across LGU classifications can also provide broader insights to guide policy improvements in local fiscal management.

## THE PROBLEM AND ITS BACKGROUND

### Background of the Study

Decentralized governance is guided by a series of global mandates and reports that address the pressing challenges faced by local governments. In its 2030 Agenda for Sustainable Development, the United Nations places particular emphasis on Goal 11: "Make cities and human settlements inclusive, safe, resilient, and sustainable." Within this framework, the United Nations highlights the need for effective and accountable local governance to achieve sustainable urban development. A key aspect of this goal is ensuring that cities and municipalities can generate the necessary revenue to support local service delivery and infrastructure development.

Additionally, reports such as the UN Habitat's "State of the World's Cities" and the World Bank's "World Development Report" underscore the global importance of local revenue generation. These reports examine the challenges and opportunities faced by municipalities and provide insights into best practices in local governance. They consistently emphasize the vital role of local governments in responding to urbanization, improving living conditions, and achieving equitable development.

These international mandates and reports reflect the shared global commitment to enhancing local governance and revenue generation to address the challenges of urbanization, service delivery, and sustainable development.

The Local Government Code of 1991 (Republic Act 7160) is a pivotal legislative instrument intricately defining the operational framework for Local Government Units (LGUs). Rooted in the 1987 Philippine Constitution, Article X, Section 5 endows LGUs with authority over revenue establishment, including taxation, fees, and charges. This constitutional mandate aligns with the principles of local autonomy, granting LGUs the power to shape their fiscal landscape (Constitution of the Republic of the Philippines, 1987, Article X, Section 5). Complementing this mandate, the LGC delineates provisions governing tax types, assessment methodologies, collection procedures, and revenue allocation schemes.

The LGC outlines a robust framework mandating the creation and fortification of LGUs, granting them a spectrum of powers and responsibilities from fiscal management to service delivery. This comprehensive legislation, driven by a firm commitment to decentralization, emphasizes the importance of LGUs in promoting responsive and accountable governance structures, contributing significantly to national development goals.

Furthermore, the code presents specific rules and criteria for classifying LGUs, grounded in verifiable indicators like income, population, and land area (Section 7a-c). These criteria ensure that LGUs possess the requisites to provide government facilities and essential services meeting their constituents' needs. In essence, the LGC shapes the operational framework of LGUs, allowing them to serve as foundational units of local governance. The legislative guidance provided by the LGC aids LGUs in fulfilling their roles effectively and autonomously within the country's administrative framework.

Within the context of the fifth-class municipalities in Camarines Norte, specifically Municipality A and Municipality B, adherence to the Local Government Code (LGC) is of paramount importance. The Bureau of Local Government Finance (BLGF) issued Memorandum Circular No. 97-3 (19) on May 13, 1997, confirming the income classification of Municipality A, which maintained its status as a fifth-class municipality with an average annual income of Php 6,083,573.32 from CYs 1992 to 1995, effective July 1, 1996. Concurrently, Municipality B, with an average annual income of Php 4,334,847.58 during the same period, was reclassified from a sixth-class to a fifth-class municipality effective July 1, 1996.

Subsequently, the BLGF issued Memorandum Circular No. 01-M (21)-05 on December 2, 2005, retaining Municipality A's income classification as a fifth-class municipality based on Average Annual Incomes for CYs 2000–2003, totaling Php 17,352.00. Similarly, Municipality B maintained its income classification as a fifth-class municipality during the same period, with Average Annual Incomes for CYs 2000–2003 amounting to Php 13,811,000.00. Both municipalities remain classified as fifth-class municipalities, indicating no changes in their income status in recent years.

Continuing from the income reclassification, examining the total land area and population of both Municipality A and Municipality B in Camarines Norte offers a comprehensive perspective on their local governance landscapes. Municipality A boasts a significantly larger land area, totaling 11,937 hectares, while Municipality B spans a total of 5,749 hectares, as officially surveyed by the Department of Environment and Natural Resources (DENR). In terms of population, Municipality A has a total population of 14,798 residents, whereas Municipality B has 11,200 residents, according to the 2022 Community-Based Monitoring System conducted by the Philippine Statistics Authority.

Recognizing the importance of local revenue generation, both Municipality A and Municipality B of the Province of Camarines Norte have taken proactive steps to enhance their fiscal management. In 2006,



Municipality A enacted Municipal Ordinance No. 01 Series of 2006, known as *"An Ordinance Enacting the Revised Revenue Code of the Municipality of San Lorenzo Ruiz, Camarines Norte,"* which established the framework for the assessment, collection, and management of local taxes, fees, charges, and other financial impositions. This initiative was mirrored by Municipality B in 2011 through the enactment of Municipal Ordinance No. 01 Series of 2011, titled *"An Ordinance Enacting the 2011 Revenue Code of the Municipality of San Vicente, Camarines Norte."* Further demonstrating its ongoing commitment to fiscal reform, Municipality B enacted Municipal Ordinance No. 04 Series of 2023, titled *"An Ordinance Enacting the 2023 Revenue Code of the Municipality of San Vicente, Camarines Norte."* These ordinances reflect both municipalities' dedication to establishing and refining comprehensive local revenue-generation mechanisms.

However, when an LGU fails to update its Revenue Code regularly, it faces several challenges. Outdated tax rates and fees may no longer reflect current economic conditions, potentially leading to insufficient local revenue generation and budget shortfalls. This can hinder the municipality's ability to fund essential services, infrastructure projects, and other development initiatives. Additionally, inefficiencies in resource allocation may arise, as the outdated code may not adequately address the community's evolving needs. As a result, the LGU may become overly dependent on national government transfers, limiting its financial independence and ability to drive local development effectively.

Regardless of the year, external income continues to be a dominant source of revenue for the municipalities. For Municipality A, there is a consistent upward trend in the National Tax Allotment (NTA) over the calendar years 2018–2022. Specifically, the LGU received NTA amounts of Php 69,329,940 in 2018, Php 76,267,385 in 2019, Php 85,002,827 in 2020, Php 91,103,273 in 2021, and Php 127,205,234 in 2022. Similarly, Municipality B also experienced a notable increase in NTA during the same period, receiving Php 55,006,403.39 in 2018, Php 59,544,601.86 in 2019, Php 66,840,896.79 in 2020, Php 71,853,119.66 in 2021, and Php 102,385,699.65 in 2022.

In the modern era, technological advancements have significantly improved financial management in local governments, making traditional, manual methods increasingly inefficient. However, tax payments remain non-digital in Municipalities A and B, limiting revenue collection and service delivery efficiency. A common concern among residents, especially those living or working far from the municipality, is the difficulty of personally visiting the Municipal Treasurer's Office to pay obligations such as real property taxes. Some proactive individuals reach out through the LGU's official contact numbers or email addresses to coordinate with the Treasurer's Office and ask about remote payment options. While these efforts are accommodated, the process depends heavily on individual initiative and repeated communication, as there is currently no established electronic payment system that would allow residents to pay conveniently, anytime, and anywhere. This lack of an automated, user-friendly platform may discourage timely payment, particularly among those who cannot appear in person.

This gap in digital service delivery directly contrasts with the national direction laid out by the Department of Finance (DOF), which has called on all LGUs to accelerate the adoption of electronic payment systems. In a 2022 statement, Finance Secretary Benjamin E. Diokno emphasized the need for local governments to implement digital innovation, especially in treasury and assessment functions, to make tax administration more efficient and inclusive. Despite this, as of Fiscal Year 2021, only 5 percent of LGUs had adopted electronic payment and collection systems, and total collections through these digital platforms represented just 2.3 percent of overall local revenues. This illustrates a nationwide underutilization of a tool that can significantly improve accessibility, transparency, and revenue performance.

Aligned with Republic Act No. 11032 (*Ease of Doing Business and Efficient Government Service Delivery Act of 2018*) and Executive Order No. 170 (s.2022), which mandates digital payment systems in government transactions, Municipalities like A and B are not only encouraged—but expected—to modernize their local tax collection through secure, accessible, and standardized electronic payment solutions.

The Municipality A and Municipality B, both classified as fifth-class municipalities in the Province of Camarines Norte, significantly rely on the NTA to finance developmental initiatives and public service provisions. This heavy dependence on NTA highlights a critical issue: the need to enhance internal revenue

generation. Strengthening local revenue sources is essential for achieving a higher income classification and ensuring a stable financial foundation that supports sustained and effective public service delivery. This financial stability is vital for fulfilling the LGUs' mandate to serve their constituents' welfare and development needs.

The study examined various facets of internal revenue generation and delved into public service delivery, exploring the intricate interplay between these interconnected areas. This relationship is a compelling motivation for the research, as it aims to uncover strategies to improve fiscal autonomy and support more effective local governance, ultimately benefiting the community's development and well-being.

### **Statement of the Problem**

The study assessed the implications of internal revenue generation on the public service delivery of the fifth-class municipalities in Camarines Norte from years 2021 to 2023.

Specifically, it sought to answer the following questions:

1. What is the status of internal revenue generation of the fifth-class municipalities in Camarines Norte from years 2021 to 2023 in terms of:
  - 1.1 tax revenues; and
  - 1.2 non-tax revenues?
2. What is the public service delivery status of the fifth-class municipalities in Camarines Norte from years 2021 to 2023 in terms of social services:
  - 2.1. health services program;
  - 2.2. social welfare and development program; and
  - 2.3. gender and development program?
3. What are the issues encountered in the internal revenue generation that affect the delivery of public service of the fifth-class municipalities in Camarines Norte?
4. What policy may be proposed to address the identified issues relative to the internal revenue generation of the fifth-class municipalities in Camarines Norte?

### **Scope and Limitation of the Study**

This study focused on optimizing internal revenue generation for enhanced public service delivery in fifth-class municipalities in Camarines Norte from 2021 to 2023. It concentrated on assessing the status of internal revenue generation and public service delivery in programs under social services during this period, identifying issues in internal revenue generation that affect service delivery, and proposing policies to address these issues in the context of the fifth-class municipalities in Camarines Norte.

The study involved local taxpayers (residents) from Municipality A and Municipality B. Taxpayers were chosen as they are the primary contributors to local government revenue, and their experiences with the collection process and public services provide valuable insights into how revenue generation impacts service delivery. Their involvement and perspectives are essential for understanding the effectiveness and challenges related to revenue collection and public service delivery.

The Municipal Treasurer's Office personnel and the Municipal Budget Office personnel are acknowledged for providing the needed data on internal revenue generation and the status of social services, respectively, both serving as secondary sources for this study.

The study was limited to Municipalities A and B of the province of Camarines Norte and focused on social services programs, specifically the health services program, the social welfare and development program, and the gender and development program. It did not extend to other government programs or sectors outside this scope. The analysis was confined to the period from 2021 to 2023, offering a snapshot of current trends and challenges rather than a long-term historical perspective.

## Significance of the Study

This study is anticipated to benefit the persons and offices engaged in the internal revenue generation process, alongside the residents who are the ultimate beneficiaries of public service delivery. By delving into the intricacies of internal revenue generation in the fifth-class municipalities in Camarines Norte, this research will aim to unravel insights that will directly address both the efficiency of revenue-generating entities and the implications for the quality of services provided to the residents.

**Municipal Mayor.** This study offers a valuable resource for the Municipal Mayor, providing ideas and recommendations to enhance internal governance. The findings of this research can serve as a tool to identify specific gaps and issues that require attention. It empowers the local chief executive to improve the municipality's resource and revenue generation performance, thereby facilitating the provision of essential services and facilities mandated by the Republic. Moreover, the study allows the Municipal Mayor to make informed decisions on resource allocation and promote transparency and accountability in local governance, ultimately fulfilling the municipality's commitment to its constituents.

**Office of the Sangguniang Bayan.** Members of the Sangguniang Bayan will find this study instrumental in gaining insights into how they can adapt revenue ordinances to align with the evolving revenue demands of the Municipality. It equips them with a deeper understanding of the dynamic nature of revenue generation and how ordinances can be tailored to meet the community's changing needs. Additionally, the study empowers the Sangguniang Bayan to craft well-informed and responsive policies that accurately reflect the municipality's financial landscape. This enables the legislative body to be more active in shaping the internal revenue-generating landscape, fostering economic growth, and ensuring that resources are effectively channeled towards vital public services.

**Municipal Treasurer.** The study is a valuable resource for the Municipal Treasurer, whose primary responsibility is revenue collection. The research findings provide an in-depth understanding of the issues related to internal revenue generation. By identifying these issues, the study enables the development of policy recommendations aimed at enhancing revenue collection practices. Furthermore, the Municipal Treasurer can use the study's insights to streamline revenue collection processes, improve revenue forecasting accuracy, and implement efficient tax collection strategies. This, in turn, can lead to increased revenue inflows and better fiscal management practices, ultimately benefiting the municipality and its residents.

**Taxpayers.** This study's focus on internal revenue generation and public service delivery directly concerns the taxpayers of the fifth-class municipalities in Camarines Norte. This research aims to ensure fair and efficient taxation by scrutinizing revenue mechanisms. The findings seek to streamline revenue generation practices, providing taxpayers with a clearer understanding of how their contributions translate into improved public services. Ultimately, the study empowers taxpayers by fostering transparent financial operations, ensuring that their investments in the municipality lead to enhanced services and a better quality of life for all residents.

**Community.** The study's findings directly resonate with the fifth-class municipalities in Camarines Norte. By exploring internal revenue generation and public service delivery, this research aims to improve the quality and accessibility of essential services. The community stands to benefit from more efficient resource allocation, ensuring that services vital to their well-being are delivered promptly and effectively. Ultimately, the study's insights aim to enhance the overall standard of living within the community by optimizing public service delivery through a more effective revenue generation framework.

**Researcher herself.** As an employee of the Municipal Treasurer's Office within the Local Government Unit of Municipality B of the province of Camarines Norte, the researcher stands to gain valuable insights from this study. The research findings contribute to a better understanding of various strategies that can potentially enhance the efficient generation of internal revenue. This knowledge empowers the researcher to make informed contributions to the office's revenue generation efforts. Additionally, the researcher can use the findings as a basis for proposing practical solutions and innovations to address revenue generation challenges, thereby playing a pivotal role in strengthening the fiscal stability of the municipality and improving its service delivery capacity.

**Future Researchers.** This study benefits the present and lays the groundwork for future research endeavors in the same field. It is a valuable resource, providing insights and data that can inspire and guide future research on internal revenue generation. Furthermore, it contributes to the growing body of knowledge in this area, making it a valuable reference for researchers seeking to explore similar topics. Future researchers can build upon the findings of this study to delve deeper into specific aspects of internal revenue generation or investigate the evolving dynamics of revenue generation in the municipalities. The study serves as a foundation for continued research and development efforts to enhance revenue generation and service delivery in the fifth-class municipalities in Camarines Norte.

## Notes

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## REVIEW OF RELATED LITERATURE AND STUDIES

This section systematically examines pertinent literature and studies to enhance comprehension of the challenges under consideration. It assumes a central role in developing the study's theoretical framework, drawing upon the insights of distinguished scholars and experts. This chapter is of paramount significance as it builds upon established knowledge and contributes to resolving the issues under examination.

### Related Literature

The review of related literature serves as a comprehensive synthesis of ideas pertinent to this research, encompassing a range of sources from both foreign and local origins. This body of literature augments the depth and context of the present study, offering valuable insights and understanding that are deemed indispensable to the research endeavor.

### Foreign

The ensuing foreign related literature offers valuable insights and additional comprehension relevant to this research. These foreign sources contribute to the depth and context of the study, enriching understanding and knowledge within the research domain.

Sustainable development is about meeting present needs without compromising future generations, essential for society and our planet's survival. Balancing economic growth, social inclusion, and environmental protection is crucial; the whole system is at risk if one suffers. It ensures universal access to work, healthcare, and education while conserving natural resources and preventing environmental damage. The 2030 Agenda for Sustainable Development, with its 17 ambitious goals, outlines this vision established by UN Member States in 2015. These goals aim to achieve sustainable development by 2030 across the economy, society, and the environment. Governments are now integrating these goals into their national plans to propel the sustainable development agenda forward.

The Sustainable Development Goals Report 2023: Special Edition, released on July 10, 2023, serves as a compelling call to action, offering a frank evaluation of the SDGs based on current data. While acknowledging existing gaps and urging intensified efforts, the report underscores the potential for success through robust political determination and leveraging available technologies, resources, and knowledge. Highlighting the global community's collective potential, the report emphasizes the possibility of reinvigorating progress toward achieving the SDGs for a more promising future. Addressing the impacts of the climate crisis, the Ukraine

conflict, a weakened global economy, and the persistent aftermath of the COVID-19 pandemic, the report identifies these challenges as impediments to SDG advancement, exposing vulnerabilities. It specifically notes that while global progress remains stymied, the world's poorest and most vulnerable bear the brunt of these unprecedented global crises. Additionally, the report outlines crucial areas necessitating immediate action to salvage the SDGs and foster substantive advancements for both people and the planet by the 2030 deadline.

On February 17, 2022, the World Bank's report, "Innovations in Tax Compliance: Building Trust, Navigating Politics, and Tailoring Reforms," stresses the pressing need for developing nations to enhance tax revenues, especially amid COVID-19. It advocates a comprehensive approach grounded in enforcement, facilitation, and trust. Emphasizing the criticality of trust-building alongside enforcement and facilitation, the report highlights successes from localized initiatives, like those in Freetown, Sierra Leone, utilizing public engagement and education. It underscores contemporary fiscal challenges, especially in debt-ridden lower- and middle-income countries transitioning to a green economy. Historically, tax reforms focused on enforcement and facilitation but struggled to create consistently effective, fair, and accountable systems. Challenges include weaknesses in taxing the wealthy, offshore wealth, and political resistance. Crucially, the report underscores trust's role in fostering compliance, citing a lack of it as a deterrent for taxpayers engaging in the formal economy. Supported by the Bill & Melinda Gates Foundation and the World Bank's Global Tax Program, it calls for tailored strategies addressing local contexts and trust issues to fortify tax systems, encourage compliance, and gain backing for reform.

In a news release dated April 12, 2021, from UN-Habitat titled "Municipal Council Officers in Somaliland Share Experiences in Local Governance," highlights the collaborative efforts among 35 municipal officers from 11 districts in Berbera, Somaliland. The officers convened for a workshop organized by the UN-Habitat Joint Programme on Local Governance and the Ministry of Interior. The workshop focused on refining service delivery through discussions on municipal finance, decentralization of tax collection methods, and strategies for sustainable local governance. Mayor Abdishakur Mohamoud Hassan's success story in prioritizing firefighting equipment underscored the significance of budget prioritization for community safety. Participants lauded the effectiveness of automating tax collection systems, acknowledging its impact on revenue enhancement and transparency. Overall, the workshop emphasized the pivotal role of local governments in fostering community trust, essential for resource mobilization and partnerships to improve livelihoods.

Delving into the article 'Harnessing GovTech to Tax Smarter and Spend Smarter' authored by Amaglobeli et.al (2023) lies a poignant exploration of digitalization's profound impact on governmental operations, drawing parallels to historical technological revolutions. This insightful piece advocates a dual-pronged strategy: broadening internet access for underserved populations and integrating digital solutions into the public sector. With a keen eye on emerging nations, it underscores the necessity for substantial investments in infrastructure, affordability measures, and digital literacy programs. Emphasizing the transformative potential of government technology (GovTech), it illuminates how such advancements optimize revenue collection, enhance public spending efficiency, and elevate public services. Noteworthy examples like e-invoicing and electronic fiscal devices are cited as catalysts to bolster tax revenues. However, the article underscores the indispensability of meticulous planning, resource allocation, political support, and stakeholder engagement for successful implementation.

Similarly, the IMF Working Paper titled "Inclusive GovTech: Enhancing Efficiency and Equality Through Public Service Digitalization," authored by Nose (2023), examines how GovTech initiatives, like digital budget payments and e-procurement, can boost budget transparency and extend social assistance to vulnerable populations. It suggests that adopting these technologies could increase income shares for the bottom 50th percentile and female workers, especially in emerging economies. However, successful implementation requires more than technology adoption; it needs supportive policies, integrated systems, robust connectivity, and coordinated efforts among government agencies. Establishing a dedicated GovTech institution emerges as crucial for leveraging these initiatives for efficiency and equity gains in public service delivery.

As the analysis delves into the Organisation for Economic Co-operation and Development (OECD) data on general government revenue, the primary focus focuses on the pivotal role of government revenue collection.

This revenue plays a dual role: financing the diverse services extended to citizens and businesses while fulfilling a vital redistributive function within society. Through a comparative examination of government revenues across nations, valuable insights surface, shedding light on the varied economic significance held by the government sector. Furthermore, the cumulative revenue amassed by governments is a product of historical and contemporary political decisions, actively shaping governments' financial capabilities and overarching roles within their respective economies.

According to Kaduna State Bureau of Statistics (2021), the Internally Generated Revenue (IGR) constitutes the income generated by a state government within its jurisdiction. In the context of Kaduna State, this revenue is sourced from multiple avenues, including taxes, fines, fees, licenses, general earnings, and sales, as well as the revenue collected from fifty-six revenue-generating Ministries, Departments, and Agencies (MDAs) within the state. These diverse sources contribute to the state government's financial pool for various developmental and administrative purposes.

This passage delves into the recently released National Bureau of Statistics (NBS) report, indicating a notable 20.92 percent increase in Internally Generated Revenue (IGR) in 2019, reaching a total of ₦1.33 trillion. This rise primarily stemmed from income tax, contributing 60.7 percent to the overall IGR. Lagos state emerged as the top contributor, generating ₦398.73 billion, which accounted for 29.88 percent of the total revenue, while Taraba state reported the lowest contribution at ₦53.04 billion. The text emphasizes that enhanced tax compliance could foster fiscal sustainability at the state level, leading to further increases in IGR. Additionally, it suggests that state governments should explore innovative approaches amidst declining oil demand and display the necessary political commitment to broaden their revenue bases. The report implies that such measures could support financial stability and growth at the state level.

The paper titled "Raising Tax Revenue: How to Get More from Tax Administrations?" by Chang et.al. (2020) explores the empirical relationship between tax collections and the practices/characteristics of tax administration agencies using the innovative ISORA dataset. It highlights a strong and positive association between tax performance and the operational strength of tax administrations. Specifically, countries within the top 25 percent in operational strength tend to collect notably more significant tax revenues (around 3¼ percent of GDP) than those in the lowest 25 percent, assuming similar external conditions. Additionally, the paper highlights that implementing key administrative practices such as compliance risk management and utilizing third-party data correlates with improved tax collections. Moreover, while increasing the staffing of tax agencies enhances tax revenue to a certain extent, there seems to be a point beyond which the benefits plateau. These insights bear significant policy implications, especially in global crises like the unprecedented pandemic, emphasizing the importance of leveraging tax administration practices to enhance revenue generation.

The working paper "Fiscal Decentralization and the Efficiency of Public Service Delivery" by Sow and Razafimahefa (2015) investigates how fiscal decentralization impacts the efficiency of delivering public services. A stochastic frontier method assesses varying efficiency coefficients and their relationship with fiscal decentralization over time. It underscores that while fiscal decentralization can potentially enhance the efficiency of public service delivery, specific conditions are crucial for its success. Adequate political and institutional environments are essential prerequisites for effective decentralization. Additionally, achieving favorable outcomes requires a sufficient degree of expenditure decentralization and simultaneous revenue decentralization. Without these conditions, fiscal decentralization might not improve efficiency and adversely affect public service delivery. The paper emphasizes the necessity of a supportive environment and balanced decentralization of both spending responsibilities and financial resources to ensure the success of fiscal decentralization initiatives.

The article 'Effective and Equitable Service Delivery' by SALAR International (2023) emphasizes the significance of decentralized decision-making in enhancing public services, tailored to meet diverse local needs. The article spotlights SALAR International's concerted efforts to augment sectors encompassing education, waste management, urban planning, and administrative services, ensuring alignment with community requirements. This approach intricately intertwines support for legislative processes, financial

mechanisms, and capacity development within a rights-based service delivery framework. Its core objective is to foster equality, community inclusion, innovation, and cost efficiency. Moreover, it underscores the pivotal role of improved education, health, and employment conditions in catalyzing local economic growth and mitigating poverty, necessitating appropriate governance frameworks, budgetary commitments, and civic engagement for successful execution.

Lastly, the report titled "What Drives Public Satisfaction with Local Government?" by Page et al. (2023) from MORI, prepared for the Local Government Association, aims to advance the understanding of the factors influencing public satisfaction with local authorities. It pointed out that the perception of national government performance significantly influences views of local government. Individuals satisfied with the country's governance are notably more inclined to express contentment with their local authority. This report elucidates the intricate relationship between satisfaction with national governance and its impact on perceptions of local authorities, shedding light on critical drivers shaping public satisfaction at the local government level.

## Local

The local related literature presented herein imparts invaluable insights and enhanced understanding that directly relate to this research. These local sources contribute significantly to the study's depth and context, augmenting the knowledge of the subject within the local context.

The National Internal Revenue Code (NIRC; Republic Act No. 8424, 1997) and the Real Property Tax Code (Presidential Decree No. 464, 1974) further delineate the parameters of local taxation. These codes provide critical guidance on tax bases, rates, exemptions, and administering various local levies (NIRC, 1997, Section 232; Presidential Decree No. 464, 1974). The National Tax Allocation (NTA) system is a cornerstone of fiscal decentralization, ensuring the equitable distribution of funds from the national government to LGUs. This mechanism buttresses the financial capacities of LGUs and allows them to carry out their mandated functions and services (Local Government Code of 1991, Republic Act 7160).

A major revenue source for local government units is the Local Business Tax (LBT), which is levied on individuals or businesses engaged in trade or commercial activities for their livelihood or with the intent to generate profit. It plays a fundamental role in funding local government operations and initiatives. (Section 131, LGC of 1991, as amended)

On the other hand, the Real Property Tax (RPT) also significantly contributes to the LGU revenue. However, the fiscal performance of various subnational government levels varies significantly. Despite their taxing authority, many LGUs rely heavily on national government transfers, particularly the NTA. This complex dynamic is discussed in a report by the Asian Development Bank in 2020, titled "Mapping Property Tax Reform in Southeast Asia." The report examines the landscape of property tax reform in Southeast Asia, shedding light on the reliance of LGUs on national government transfers despite their taxation authority.

User fees and charges are a parallel avenue of revenue generation. LGUs can impose taxes, fees, and charges on activities, properties, and services conducted within their jurisdiction. These levies serve as a significant source of revenue, enabling LGUs to fund a wide range of initiatives, including infrastructure development, public services, and local governance (Section 18 of the LGC of 1991).

Recognizing the imperative of technology, Finance Secretary Carlos Dominguez III's call for LGUs to adopt digital technologies in tax administration and other business processes is a pivotal step forward, as highlighted by the Philippine Department of Finance in 2021. In the article "Dominguez to LGUs: Boost Revenue Generation Through Digitalization," the Department of Finance underscores the importance of embracing digitalization to enhance revenue generation in local government units.

In the Philippine News Agency article entitled "PBBM to DICT: e-Gov system update vital for LGUs' convenience" by Gita-Carlos (2023), the directive from the President to the Department of Information and Communications Technology (DICT) Secretary Uy takes center stage, underscoring its significant role in the



realm of e-governance and the modernization of public service delivery in the Philippines. This directive signifies a resolute commitment to harnessing technology as a catalyst for improved governance. It echoes a broader global trend where governments increasingly integrate various services into unified digital platforms, aiming to streamline processes and enhance service delivery. The e-Gov system's potential to offer faster, more streamlined, and convenient public services harmonizes with the growing imperative to leverage digital solutions to meet the evolving needs of citizens.

According to the article titled "Tax Incentives for Philippines Businesses" by Acclime (n.d.), the regulatory powers granted to agencies like the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) to administer tax incentives play a significant role in revenue generation for the Philippine government. These incentives benefit qualified organizations and are strategically designed to stimulate economic activity and attract investments. When businesses receive tax exemptions, tax holidays, or other incentives, they are more likely to invest, expand, and establish operations in the country. This, in turn, leads to increased economic activity, job creation, and ultimately higher revenue generation for the government through various channels such as income taxes, corporate taxes, and other related taxes and fees. The government leverages these incentives to encourage businesses to contribute positively to the nation's economic growth and, in doing so, enhances its own revenue streams.

Public Financial Management, an article by Transparency International (n.d.), underscores the foundational role of Public Financial Management (PFM) within an effective administration, underpinning all aspects of government operations. PFM encompasses the mechanisms through which public resources are gathered, distributed, expended, and meticulously recorded. As a result, PFM processes span the entirety of the budget cycle, public procurement, auditing procedures, and revenue collection. Establishing and maintaining sound, transparent, and accountable PFM practices is crucial to governance reform. It holds immense significance in providing high-quality public services to citizens and in establishing and sustaining equitable and sustainable economic and social conditions within a country.

The Philippine News Agency article titled "Intergovernmental Relations Key To 'Bayanihan' Federalism," authored by F. M. Cervantes (2018), underscores the pivotal role of Intergovernmental Relations (IGR) in the context of implementing "bayanihan" or cooperative federalism in the Philippines. This article emphasizes that IGR is the linchpin that makes federalism effective by promoting collaboration among different levels of government. Under this approach, no province or city is left behind, and the spirit of cooperative competition prevails. The Department of the Interior and Local Government (DILG) is dedicated to institutionalizing IGR. It places great importance on shared powers between the national and regional governments as they push for federalism. Support for this transition is anticipated to grow as a concrete model for "bayanihan" federalism is developed.

In the Guidebook for Civil Society Organizations in Local Special Bodies and Local Budget Process by the Department of the Interior and Local Government (DILG) Bureau of Local Government Supervision (BLGS), Participatory Budgeting is highlighted as an approach that involves citizens, often through Civil Society Organizations (CSOs), in the allocation of public resources. This participatory process not only promotes transparency but also holds the potential to reduce government inefficiencies and corruption. Participatory Budgeting empowers citizens to actively shape government decisions and make choices that directly impact their communities. It allows them to have a say in allocating public funds, which can lead to more effective and accountable governance. Moreover, the active involvement of civil society in revenue generation can result in additional resources for local development. As outlined in this guidebook, examining civil society's role in revenue generation provides valuable insights into the dynamics of community engagement, advocacy, and how these factors can contribute to more effective and efficient local governance.

The tourism industry, a pivotal economic driver in the Philippines, holds immense potential for revenue generation. The recent digital transformation, as detailed in a LinkedIn article "Philippine Tourism Goes Digital: How LGUs Are Boosting Growth" by Unawa (2023), has significantly expanded business and government opportunities. Notably, LGUs have taken the lead in initiating digital initiatives within the tourism sector, and this dynamic approach bodes well for revenue generation in Philippine tourism.

According to the Asian Development Bank's publication in 2016, titled "Philippines: Public–Private Partnerships in Local Government Units (LGUs)," Public-Private Partnerships (PPPs) in the Philippines, particularly at the local government level (LGUs), hold the potential to contribute significantly to revenue generation. The collaboration of LGUs with private entities to develop and manage infrastructure projects opens avenues for revenue generation through various mechanisms such as revenue-sharing, user fees, and taxes. Successful PPP projects, as outlined in the document, can positively impact LGU revenue by creating opportunities for generating income. This, in turn, enables LGUs to fund essential public services and support local economic development.

## Related Studies

The section on related studies offers a comprehensive examination of research endeavors that align with the focus of this study. These related studies enrich understanding and insights, providing a foundation of knowledge within the research field and demonstrating the broader context in which the work is situated.

## Foreign

The subsequent studies conducted by researchers from abroad have yielded concepts and ideas closely linked to the focus of this study. These foreign research endeavors provide valuable concepts and insights that are directly relevant to the research, enriching the scope and depth of the investigation.

In the study titled "Challenges Confronting Local Government Administration in Efficient and Effective Social Service Delivery: The Nigerian Experience" by Boris (2022), several key constraints to local government service delivery are identified. The findings include a lack of funds, corruption, and undue political interference. These challenges are observed to hinder the efficient and effective delivery of social services at the local government level in Nigeria. The study sheds light on critical issues that need to be addressed to enhance the quality and effectiveness of social service delivery within local government administrations in Nigeria.

On governance, "Local Government Reforms and Effective Governance in Nigeria," authored by Uloko et al. (2023), the findings emphasize that institutionalizing good governance is a fundamental strategy for achieving sustainable development at the local level. They propose various key mechanisms to realize this objective, including active involvement in policy design and implementation, the establishment of accountability standards in local government procurement, the recruitment of competent civil servants, adherence to a public service ethical code, and the enforcement of local government autonomy. Additionally, the study highlights the importance of improving the collection and utilization of locally generated revenue and promoting close collaboration between local governments and relevant government agencies. These measures collectively contribute to the institutionalization of good governance, which, in turn, fosters sustainable development at the local government level in Nigeria.

The study "The Factors that Influence Revenue Collection Success in the Beneshangul Gumzu Region: The Case of Assosa Town" by Gomero (2022) identified organizational resources, information technology, political instability, and the tax support system as key predictors of revenue collection performance at the BGRS Revenue Authority in Assosa town, accounting for 82.9% of the variance in performance. The study recommended increasing human and financial resources to enhance the organization's capacity for revenue collection, as well as improving communication and adopting automated revenue collection methods to boost efficiency and transparency.

The COVID-19 pandemic has caused widespread disruptions across various economic sectors, significantly impacting the global economy. In response to the crisis, governments within the ASEAN region have taken on regulatory roles in their economies, issuing tax policies aimed at providing incentives or tax breaks. A study entitled "Comparative Study of Tax Policy Related to COVID-19 in ASEAN Countries" by Zulkarnaen et al. (2020) sheds light on these measures. The findings indicate that each ASEAN nation has proactively

implemented tailored policies to support their populations. Notably, the study reveals that all ASEAN countries have introduced incentives and relief for taxpayers affected by the pandemic. These policies predominantly target sectors such as tourism, specific industries, employees, and small to medium-sized businesses, highlighting a collective effort across the region to alleviate the economic strain caused by COVID-19.

The study by Mohammed and Tangl (2023), titled "Taxation Perspectives: Analyzing the Factors behind Viewing Taxes as Punishment—A Comprehensive Study of Taxes as Service or Strain", explores the complex relationship between taxpayers and taxation systems, focusing on why individuals perceive taxes as either a public service or a burden. Using surveys and both quantitative and qualitative methods, the research found that tax perceptions are influenced by economic and psychological factors, government communication, and societal norms. In developed countries, visible tax benefits lead to more positive views, while in less developed nations, the lack of apparent returns fuels negative perceptions. The study suggests that fair and progressive tax policies, effective government communication, and simplified tax systems could enhance compliance and revenue collection. It highlights how economic and psychological elements shape tax perceptions, providing insights for policymakers on improving taxpayer relations and compliance.

The study conducted by Bassey et.al (2023) titled 'E-Governance and Public Accountability in Federal Inland Revenue Service, Nigeria,' highlights the potential impact of e-governance on public accountability within the Federal Inland Revenue Service (FIRS) E-governance initiatives are expected to promote transparency, citizen engagement, streamlined service delivery, improved record-keeping, and real-time reporting of government activities. Despite these prospects, the implementation of e-governance within FIRS and Nigeria faces obstacles such as inadequate infrastructure, knowledge gaps, resistance to change, and financial constraints. The findings stress the importance of fostering a culture of transparency and openness through e-governance as a means to combat corruption and enhance public accountability across Nigeria.

In Nigeria, fiscal federalism faces significant hurdles despite constitutional guidelines. The study by Pillah (2023) titled "Fiscal Federalism in Nigeria: Empirical Review" highlights these challenges, encompassing disparities in resource allocation, insufficient revenue generation by state governments, and limitations on state autonomy. These findings stress the urgent need for fairer resource distribution and responsibilities among government tiers. Achieving this requires collaborative efforts between federal, state, and local authorities, strict adherence to constitutional mandates, and continuous reforms in revenue-sharing mechanisms. Addressing these challenges is crucial for establishing a more equitable and functional fiscal federalism structure in Nigeria.

The study, "The Challenges of Internal Revenue Generation and Inclusive Development of Local Government Areas in Cross River State, Nigeria" by Eteng et.al (2021), investigates the obstacles associated with adequate internal revenue generation in Cross River State. It identifies crucial factors intensifying these challenges, particularly highlighting state government intervention in local revenue and citizens' resistance to tax payments as a form of protest against perceived governmental corruption. The absence of resource mobilization emerges as a significant barrier in local government administration, constraining inclusive development efforts in the region. Ultimately, the findings of the study reveal that the insufficient revenue from internal sources places local governments in precarious financial conditions. This financial strain is attributed to various factors, including state government control over revenue and citizens' tax refusal as a response to corruption. Consequently, this narrowed revenue base severely impedes the financial viability of local government councils, significantly hindering their capacity to execute developmental initiatives.

Mekonnen's (2020) study, "The Factors That Affect Revenue Generation of Taxpayers: The Case of Bahir Dar City Taxpayers," delves into the determinants influencing revenue generation among taxpayers in Bahir Dar City. The research underscores the significance of various factors, including inflation rate, taxpayers' knowledge, and a progressive tax system, in shaping taxpayers' revenue. Notably, the descriptive statistical analysis conducted in the study emphasizes that tax administration emerges as a critical factor significantly impacting taxpayers' revenue generation. The findings distinctly highlight that effective tax administration plays a pivotal role in bolstering taxpayers' revenue within the context of Bahir Dar City.

In the study conducted by Loganathan et.al (2020), titled 'The Dynamic Effects of Growth, Financial Development, and Trade Openness on Tax Revenue in Malaysia,' the findings underscore the critical role of economic growth in sustaining a consistent flow of tax revenue. Failure to leverage the benefits of this growth represents a missed opportunity for achieving enduring fiscal stability and enhancing citizens' quality of life. Through exploring the dynamic relationship among growth, financial development, trade openness, and tax revenue, the empirical analysis reveals a long-term relationship between tax revenue and per capita GDP, as well as a short-term relationship between tax collection, economic growth, financial development, and trade openness. Particularly, the study indicates a short-term unidirectional causality between tax collection, economic growth, and financial development. This result implies that, in the long run, economic performance and financial development negatively impact tax collection, while trade openness shows no significant causality effect on tax collection in Malaysia.

The study 'Towards Voluntary Tax Compliance: Understanding the Impact of Altruistic and Egocentric Orientation' by Sikayu et.al (2020) illuminates the critical role of taxpayer perceptions in voluntary tax compliance. The findings revealed that individuals perceiving tax payment as a means to contribute to societal welfare exhibit a stronger inclination towards voluntary tax compliance. Conversely, those viewing tax payment as a financial burden or expressing egocentric orientations demonstrated a significantly lower intent to comply voluntarily. Notably, the study also highlighted a correlation between taxpayers' orientations and their happiness levels. Altruistically oriented taxpayers generally reported higher levels of happiness, while those perceiving tax as a burden exhibited significantly lower levels of happiness. These findings underscore the intrinsic link between taxpayers' perceptions of tax payment and their overall sense of happiness. Those with an altruistic perspective tend to view tax payment as a form of prosocial spending, resulting in a rewarding feeling, whereas a selfish view perceives tax as a liability, leading to dissatisfaction.

The study by Amin et al. (2020), titled 'Challenges of Revenue Generation in Asa Local Government Area of Kwara State, Nigeria: Implications for Community Development,' sheds light on the profound impact of low revenue generation on community development in the Asa Local Government area. The findings underscore the challenges faced by Asa local government in generating sufficient revenues from internal and external sources. These challenges primarily arise from weak federal allocations, irregular remittances of statutory financial allocations from the state joint account, poor tax collection capacity, inadequate enforcement policies, and significant embezzlement of internally generated revenue by local government officials. Consequently, the inadequate revenue has significantly hampered the construction of feeder roads and community markets while also reducing the supply of essential drugs to the local government dispensary.

The study 'Improving Revenue Collections through Tax Reforms: Evidence from National Revenue Authority, Sierra Leone,' authored by Kamara et al. (2022) underscores tax reforms as a viable means to augment revenue collections, specifically examining the National Revenue Authority in Sierra Leone. However, the findings highlight notable weaknesses and challenges within the tax reform policies and revenue administration of Sierra Leone, a trend commonly observed across African countries. The country grapples with a narrow tax base, resulting in reduced revenue potential and heightened dependence on a small segment of society. Addressing this challenge by broadening the tax base emerges as a pivotal need. Additionally, Sierra Leone faces obstacles stemming from the expanding informal sector, posing difficulties in taxation within this domain.

In the study titled "The Impact of Tax Strategies on Revenue Mobilization in Sierra Leone" by Kamara and Kamara (2023), they underline the potential for governments to boost compliance and efficiency through transparent tax procedures. These methods mitigate evasion and improve revenue collection, fostering funds for public needs. The findings expose disparities between direct and indirect tax reforms, impacting income fairness. Inadequate taxpayer education leads to non-compliance, emphasizing the need for better education. Despite revenue growth, formal sectors face challenges, requiring adjustments for fairer income capture. Tailored trade tax reforms are crucial, especially for informal economies. Lastly, events like Ebola and COVID-19 stress the need for resilient revenue strategies amid disruptions.



## Local

The following local studies, conducted by researchers within our domestic context, have explored themes and concepts pertinent to the focus of this study. These indigenous research endeavors offer valuable insights and perspectives that directly contribute to the research, providing a valuable foundation within the specific research landscape.

The positive connection between decentralization and poverty incidence becomes evident through the examination of fiscal independence at the local government level. This relationship is explored in a study by Canare (2020), titled "Decentralization, Local Government Fiscal Independence, and Poverty: Evidence from Philippine Provinces." The research reveals that the degree of fiscal independence, measured by locally sourced revenues as a ratio of total revenues, is associated with lower poverty rates. In provinces where local governments rely less on national government transfers, poverty tends to be lower.

The study by Pescador and Caelian (2022), titled "Revenue Generation Program of Cities: Implementation, Effectiveness, Challenges, and Best Practices," highlights the success of efficient tax administration resulting from comprehensive revenue-generation programs. This research underscores the evolution of self-reliant cities and capable local governments that have embraced revenue reforms to mitigate challenges and incorporate best practices into their service improvements. The study's findings indicated substantial success in implementing the revenue generation program. Moreover, the employed collection strategies were identified as effective. Challenges were categorized into three groups: those common to treasurers and assessors, challenges specific to assessors, and challenges unique to treasurers.

The benefits of IT in government operations have shown immediate improvements in service quality, efficiency, and government-people relationships, as Jia (2021) discussed in the study 'A Philippine Model for Information Sharing for Effective Revenue Collection Through E-Governance. This research underscores the positive impact of IT on government operations, particularly in the context of revenue collection. It reveals that the problem of local revenue tax collection remains a perennial challenge, often linked to various factors hindering the local treasury office from exercising its functions to their fullest potential.

Highlighting residents' satisfaction with essential services in the Municipality of Molave, Zamboanga Del Sur, Naparan et al.'s (2021) authored the study titled "Residents' Satisfaction on the Essential Services of the Municipality of Molave, Zamboanga Del Sur," which focuses on citizen contentment, particularly within the health services domain. The research underscores the tight link between citizen satisfaction and their direct encounters and awareness of service quality. It reveals a notable level of satisfaction among residents concerning various fundamental health services. These findings align with similar studies across several countries like Thailand, western China, Bangladesh, and Indonesia, collectively emphasizing a global desire for enhanced healthcare experiences. Interestingly, citizens consistently express a demand for ongoing improvements and regular delivery of health services, resembling patterns seen in Central and Eastern European nations. The study underscores how citizen satisfaction is a driving force for healthcare improvements, emphasizing the importance of meeting continual demands for elevated access and healthcare standards. This insight aligns with the broader global need for sustained efforts in meeting evolving healthcare expectations.

The study titled "The Service Delivery of Local Government Officials in a Philippine Rural Community" by Matildo (2022) presents a comprehensive assessment of local government service delivery in the Municipality of Marihatag, Surigao del Sur, in the Philippines. The study details the status of various services, revealing that agricultural support, health, social services, and infrastructure facilities were largely implemented. However, services concerning environmental sanitation and information centers exhibited partial implementation. A notable finding was the significant obstacle faced by local officials: the lack of community participation, which hindered effective service delivery. This study provides insights into the varied implementation of essential services and underscores the crucial role of community involvement in enhancing service delivery within rural areas like Marihatag.

Within the exploration titled 'Investment Performance in Local Government Units: An Analysis of Local Economic Enterprises in the 1st District of Rizal' by Ramos (2022), the study focuses on Local Economic Enterprises (LEEs) and their role within fiscal autonomy, aiming to understand their impact on immediate socio-economic development. Using a mixed-methods approach with archival data, the study investigates three pivotal indicators: job creation, revenue generation, and business proliferation. The findings underscore the positive contribution of LEEs to these immediate outcomes, revealing notable correlations. However, while affirming the significance of LEEs in stimulating job creation, revenue generation, and business expansion, the study also emphasizes a concerning trend. It highlights a considerable disparity between the effectiveness of LEEs in immediate outcomes and their sustainability in perpetuating long-term socio-economic development within the local landscape.

In the study titled "Citizen Satisfaction Index (CSI) on Health, Education, and Social Welfare Services of a Small Town in the Philippines" by Gumba (2020), the investigation aimed to gauge citizen satisfaction across various programs within a specific local government in the Philippines. The study focused on health, education, and social welfare initiatives to assess satisfaction levels and areas requiring further attention. The findings revealed distinct patterns across the programs: education received the highest satisfaction ratings, while social welfare programs highlighted a pressing need for action. The study also drew from contemporary literature on public administration to contextualize these findings, providing insights into improving service delivery within these sectors.

Exploring 'Citizen Satisfaction with Basic Services in Santiago City, Philippines' by Tomas and Reario (2020), the study delves into citizen perceptions derived from surveys conducted in 2014 and 2017. This research meticulously evaluates how individuals perceive essential basic services offered by the local government, emphasizing aspects of awareness, availment, and satisfaction. Notably, their findings reveal an optimistic assessment of these fundamental services, signifying a noteworthy upswing in overall satisfaction between the years 2014 and 2017. Despite identifiable areas for further improvement within specific services, the prevailing sentiment among the majority of citizens remains positive towards the government of Santiago City and its service provisions.

The study entitled "Factors Influencing Voluntary Tax Compliance of Self-Employed Individuals in Davao City" by Maquiling et al. (2023) aims to ascertain the influential factors affecting tax compliance among self-employed individuals in Davao City. Employing a descriptive-correlational approach, the researchers utilized a modified questionnaire to gather data from 180 self-employed taxpayers. Results indicated a higher-than-expected level across four indicators—personal, institutional, economic, and social. Additionally, tax compliance in terms of administrative procedures and tax return submissions was consistently high. Through multiple regression analysis, the study identified that only institutional and social factors significantly impact tax compliance among this demographic.

Exploring the "E-Government Initiatives of Local Governments in the Philippines" by De Castro and De Castro (2022) presents a qualitative exploration aiming to delineate the e-Government initiatives undertaken by Sorsogon's local governments in the Philippines. Employing key informant surveys, documentary analysis, and interviews with Planning and Development Coordinators and IT Focal Persons, the research sought to uncover various aspects such as technology, human resources, linkages, and policies embedded in these initiatives. The study's outcomes highlighted a prevalent trend in e-Government endeavors wherein local governments predominantly collaborated with National Government Agencies (NGAs). In terms of technology, several local governments established websites, designed information systems, and adopted online frameworks introduced by other governmental entities. Concerning human resources, the initiatives primarily revolved around seminars and training conducted in partnership with NGAs. In the realm of linkages, partnerships were established with government bodies like the Department of Information and Communications Technology and the City Government of Legazpi. However, fewer collaborations were noted with the private sector or higher learning institutions for e-Government programs. Finally, in the policy domain, local governments formulated resolutions and engaged in memorandum agreements to support and regulate their e-Government initiatives.

Highlighting tax collection as the Philippine government's primary revenue source, the study titled "Assessing the Efficacy and Challenges of Tax Collection in the Philippines" by Gandia et.al (2024) examines the efficiency and challenges of tax collection. It discusses the government's economic role, focusing on issues like tax avoidance, evasion, and corruption. The study identifies growth opportunities through good governance, improved tax administration, simplified regulations, enhanced taxpayer awareness, addressing the informal economy, and promoting digitalization. It concludes that effective tax collection requires equitable law enforcement, citizen engagement, and a commitment to transparency and accountability to boost tax compliance.

## Synthesis of the State-of-the-Art

The synthesis of the state-of-the-art in this study focused on internal revenue generation and the service delivery performance of the municipalities. This section critically examined existing research, encompassing studies that explored the interplay between internal revenue generation and service delivery.

Matildo (2022) assessed the service delivery of local officials, while Boris (2022) examined challenges in social services. Similarly, Naparan et al. (2021) highlighted citizen satisfaction with health services, Gumba (2020) evaluated satisfaction across health, education, and social welfare programs, and Tomas and Reario (2020) assessed public perceptions of local government services. On the other hand, Mohammed and Tangl (2023) analyzed the psychological and economic factors influencing whether citizens viewed taxes as a service or a burden. These previous studies highlighted common barriers to public service delivery, such as limited resources, political interference, low community engagement, and citizen satisfaction and perceptions, all of which related to the present study's assessment of service delivery in fifth-class municipalities in Camarines Norte. However, they differed from the present study, which specifically investigated how internal revenue generation influenced the quality and effectiveness of public services. While previous studies primarily identified service delivery gaps and evaluated satisfaction with existing programs, the present study focused more narrowly on how internally generated revenue supported the delivery of health, social welfare, and gender and development programs from 2021 to 2023.

Bassey et.al (2023) examined e-governance in promoting accountability, Jia (2021) analyzed how IT enhanced revenue collection, and De Castro and De Castro (2022) explored local government e-Government initiatives, focusing on technology, human resources, and inter-agency linkages. These previous studies shared a common focus on integrating digital tools and e-governance mechanisms to improve public service delivery and transparency, which aligned with the present study's interest in governance and service quality. However, they differed from the present study, which specifically investigated the effects of internal revenue generation on public service delivery in Camarines Norte. While the previous studies emphasized the transformative role of technology in public administration, the present study offered a localized perspective on how internally sourced revenues contributed to the quality and effectiveness of health, social welfare, and gender and development programs in fifth-class municipalities.

Eteng et.al (2021) examined barriers to internal revenue generation, Kamara et al. (2022) and Kamara and Kamara (2023) explored tax reforms and strategies to enhance compliance and mobilization, while Gandia et.al (2024) assessed challenges in tax collection and the role of digitalization. Similarly, Pescador and Caelian (2022) highlighted revenue program effectiveness, Amin et al. (2020) linked weak internal revenue to poor community development, and Zulkarnaen et al. (2020) compared ASEAN tax responses to COVID-19. Relatedly, Uloko et al. (2023) discussed good governance and sustainable development, Ramos (2022) linked fiscal autonomy to local development, and Loganathan et al. (2020) analyzed how economic growth impacted tax revenue. Furthermore, studies by Maquiling et al. (2023), Sikayu et al. (2020), Mekonnen (2020), and Gomero (2022) examined tax compliance behavior, administrative challenges, and other determinants of revenue generation. Finally, Canare (2020) and Pillah (2023) emphasized the importance of fiscal independence and federalism in improving governance and addressing resource disparities. These previous studies collectively focused on revenue issues, fiscal autonomy, tax administration, and governance, aligning with the present study's emphasis on internal revenue generation as a key driver of public service delivery. However, they differed from the present study, which specifically investigated how internal revenue generation affected the quality and effectiveness of local public services in fifth-class municipalities in

Camarines Norte. While previous studies tended to analyze revenue and governance at broader national or regional levels, the present study centered on localized outcomes, particularly in the domains of health, social welfare, and gender and development programs from 2021 to 2023.

Previous studies primarily focused on governance, fiscal reforms, tax compliance, digital innovations, and citizen satisfaction with public services. However, none specifically examined how internal revenue generation influenced public service delivery in fifth-class municipalities, particularly in Camarines Norte. To bridge this gap, the present study was conducted to provide localized insights into how internally generated revenues affected the implementation and quality of health, social welfare, and gender and development programs.

## Theoretical Framework

The Resource Mobilization Theory (RMT), initially developed by John D. McCarthy and J. Craig Jenkins in 1993, provides a foundational perspective for understanding how organizations acquire and manage resources to achieve their goals. While originally conceptualized for analyzing social movements, RMT emphasizes the mechanisms through which organizations mobilize resources, focusing on efficiency, sustainability, and strategic action. These principles are not limited to social movements and are adaptable to other contexts, including local governance, where resource acquisition and strategic management are equally critical for achieving objectives. This study adapts RMT to the local governance context, focusing on its applicability to internal revenue generation and public service delivery. The theory centers on three primary variables: Resource Dependency, Resource Acquisition Strategies, and Resource Utilization Practices.

Resource Dependency examines an organization's reliance on various sources for its resources, including revenue streams, financial autonomy, and external financial support. This dependency significantly influences the organization's financial resilience and its ability to sustain operations. High dependency on external sources can limit an organization's financial autonomy, posing challenges to its operational stability and growth.

Resource Acquisition Strategies explore the methods organizations use to obtain resources, such as tax policy formulation, user fee collection, grants, and collaborations. These strategies are crucial for ensuring that organizations can secure sufficient resources to meet their needs. Effective acquisition strategies can mitigate the challenges of high resource dependency, enhancing the organization's capacity to fund its operations and services.

Resource Utilization Practices focus on how organizations allocate and manage their acquired resources. This includes budgeting, expenditure prioritization, and monitoring mechanisms. The efficiency of resource utilization practices is essential for translating acquired resources into effective outcomes. Proper allocation and management ensure that resources are used optimally, directly impacting the quality of services provided.

This study utilized the Resource Mobilization Theory (RMT) to explain how optimizing internal revenue generation contributed to enhanced public service delivery in fifth-class municipalities in Camarines Norte. The theory's three interconnected variables—Resource Dependency, Resource Acquisition Strategies, and Resource Utilization Practices—provided a comprehensive framework for understanding the processes and challenges associated with revenue generation and its impact on service delivery. Municipalities' reliance on internally generated revenues, such as tax and non-tax sources, determines their level of financial autonomy, highlighting the importance of minimizing external dependency to achieve financial stability. Effective resource acquisition strategies, including tax policies, user fees, and local revenue mechanisms, ensured that municipalities could generate sufficient resources to meet the demands of their communities. Once acquired, the efficient utilization of resources, through proper budgeting, prioritization, and monitoring, ensured that revenues were optimally allocated to key programs and services. By optimizing internal revenue generation, municipalities strengthened their financial capacity, enabling them to support essential public services such as health, social welfare, and gender and development programs. This integrated approach demonstrated that enhanced internal revenue generation was directly linked to the ability of municipalities to deliver improved public services, addressing the needs of their constituents effectively and sustainably.



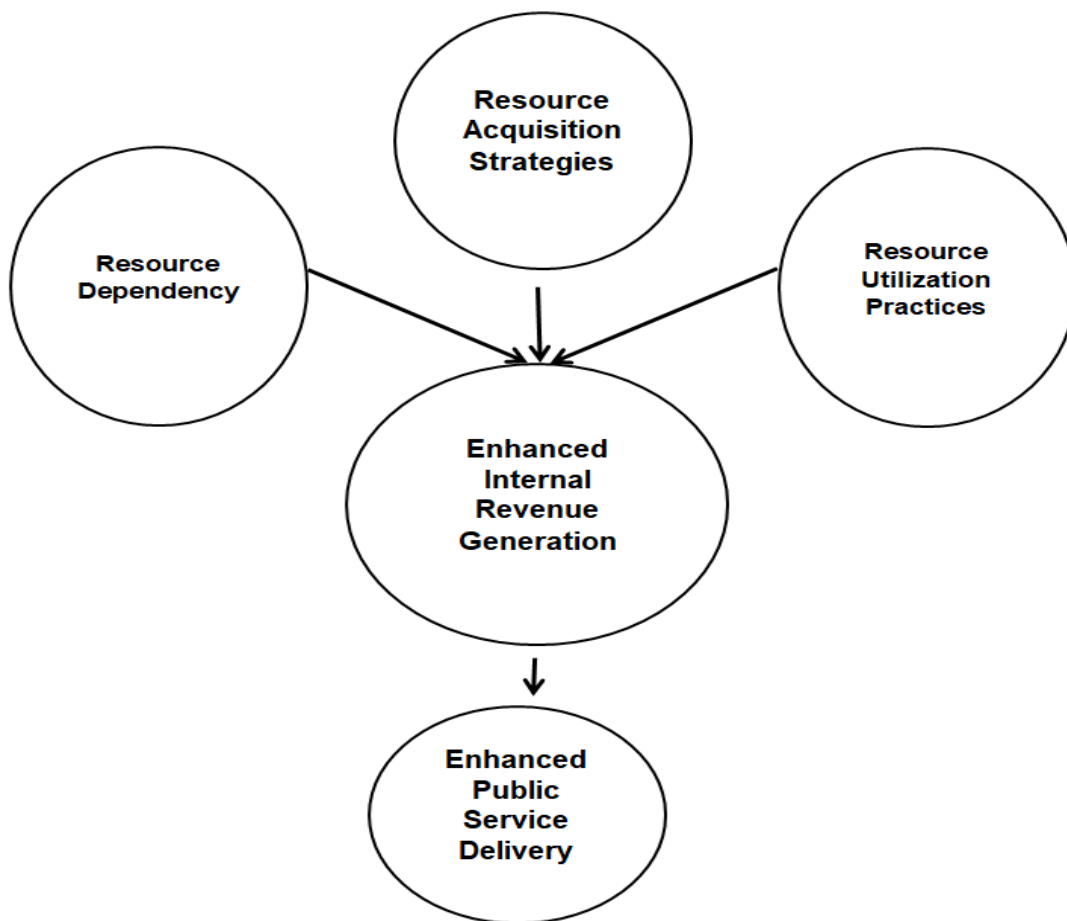


Figure 1. Theoretical Paradigm of the Study

## Conceptual Framework

This study adopted the P-Model (Input–Process–Output) as the basis for its conceptual framework to explore the relationship between internal revenue generation and the delivery of public services within Municipality A and Municipality B, both classified as fifth-class municipalities. Covering the period from 2021 to 2023, this framework aimed to analyze how various sources of revenue influenced the quality and scope of public services provided in these municipalities.

The inputs for this analysis included an evaluation of the internal revenue status, encompassing both tax and non-tax revenues. Additionally, it involved assessing the public service delivery status, focusing on key social services such as the Health Services Program, the Social Welfare and Development Program, and the Gender and Development Program. The analysis also examined the issues encountered in internal revenue generation that affected the delivery of these public services.

The process involved data gathering through survey questionnaires, supplemented by focus group discussions, interviews, and documentary analysis. This multifaceted approach aimed to collect comprehensive data on revenue generation and service delivery.

The relationship between the variables was that internal revenue generation (both tax and non-tax revenues) served as the financial foundation for funding public service delivery. A higher level of revenue generation was expected to positively impact the scope and quality of services such as health, social welfare, and gender development programs. Conversely, issues or challenges in revenue collection could have led to underfunding of these services, affecting their effectiveness.

The outputs of the study included the identification of the status of internal revenue generation from 2021 to 2023, with a focus on both tax and non-tax revenues. It also provided an assessment of the public service delivery status in key social services, specifically the Health Services Program, the Social Welfare and

Development Program, and the Gender and Development Program. Additionally, the study identified the key issues encountered in internal revenue generation that affected the delivery of these public services. The analysis involved presenting, interpreting, and evaluating the data to uncover these challenges.

Based on the findings, the study proposed policy interventions designed to address the identified issues related to internal revenue generation. The goal was to optimize revenue generation and, as a result, enhance public service delivery in Municipality A and Municipality B.

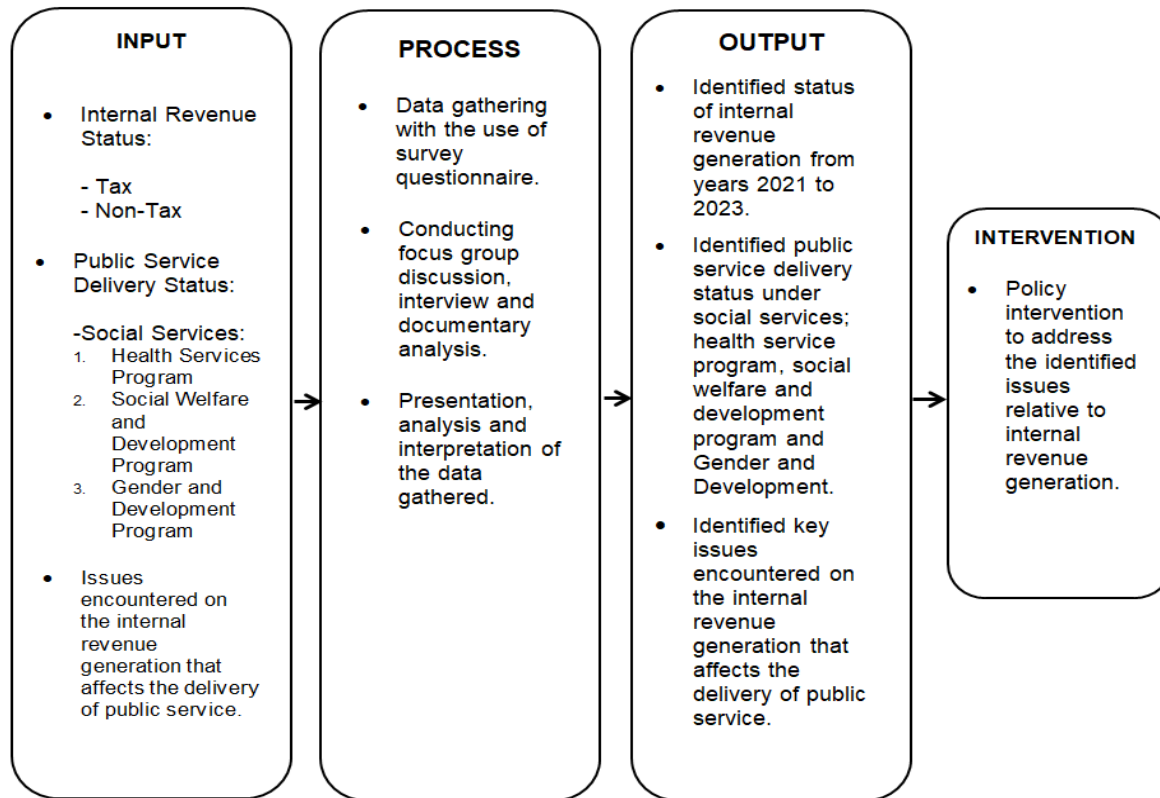


Figure 2. Conceptual Paradigm of the Study

## Definitions of Terms

In this study, certain terms have been operationally defined within the context of this research to ensure clarity in their interpretation. Additionally, some terms have been conceptually defined based on their commonly understood perspectives. These terms have been arranged alphabetically for ease of reference, facilitating a comprehensive understanding of this research.

**Enhanced.** According to Cambridge University Press (n.d.), it refers to improving the quality, amount, or strength of something. In this study, it refers to the improved capacity of Municipality A and Municipality B in Camarines Norte to mobilize and utilize resources effectively for internal revenue generation and public service delivery.

**Gender and development.** This refers to a development approach that seeks gender equality by empowering both women and men, addressing societal norms, and promoting active participation in political and economic processes. It challenges traditional gender roles, viewing women as active agents of development (Philippine Commission on Audit, n.d.). In this study, Gender and development refer to efforts to promote gender equality and equitable access to resources and opportunities in Municipalities A and B.

**Health Service.** According to Wenk and Ramsey (2018), it refers to any service that contributes to improved health or the diagnosis, treatment, and rehabilitation of sick individuals. Health services are typically organized as systems of established institutions and organizations designed to address population needs within a defined financial and regulatory framework. In this study, it refers specifically to the programs and initiatives provided

by Municipality A and Municipality B in Camarines Norte to promote health and well-being among their residents.

**Internal Revenue.** This refers to the government's revenue from any domestic source, usually considered as any source other than customs (Collins Dictionary, n.d.). In this study, it refers to the local sources of income of Municipality A and Municipality B in the province of Camarines Norte.

**Non-tax revenue.** It refers to all other impositions or collections of the government in exchange for services rendered, assets conveyed, penalties imposed, etc. (Department of Budget and Management, 2012). In this study, it pertains to the income generated by Municipality A and Municipality B in Camarines Norte, other than taxes, such as regulatory fees and other income/receipts.

**Optimize.** It refers to making something as good or as effective as possible (Britannica Dictionary, n.d.). This study pertains to the efforts made by the Municipalities of A and B in Camarines Norte to enhance public service delivery.

**Public Service Delivery.** It is the mechanism through which public services are delivered to the public by local, municipal, or federal governments (InfScipedia, n.d.). In the context of this study, the emphasis is on assessing service delivery in the Municipality of A and Municipality B in the province of Camarines Norte. The research aims to analyze the effectiveness and efficiency of the municipality's service delivery in meeting the needs and expectations of the community.

**Revenues.** This refers to all cash inflows of the national government treasury collected to support government expenditures but does not increase the national government's liability. Revenues consist of tax and non-tax collections (Department of Budget and Management, 2012). In this study, revenues refer to the total income generated by Municipality A and Municipality B, including tax and non-tax collections used to fund their public services.

**Status.** This refers to the current state of someone or something (Encyclopedia Britannica). In this study, internal revenue generation refers to the amount of revenue collected from both tax and non-tax sources. For public service delivery, it denotes the extent to which funds appropriated from internal income were utilized for social services programs.

**Social Services.** These are numerous publicly or privately provided services intended to aid disadvantaged, distressed, or vulnerable people or groups (Pinker, 2024). In this study, social services refer to the programs and initiatives provided by Municipality A and Municipality B in the province of Camarines Norte, aimed at improving the well-being of vulnerable populations, including health services, social welfare, and gender development programs.

**Social Welfare.** This refers to a specifically designed system of services and institutions aimed at protecting and promoting the interests of weaker and vulnerable sections of society who, left to themselves, would not be in a position to maximally develop or effectively compete to enter the mainstream and live with liberty, decency, and dignity (Team TSW, 2022). In this study, this definition aligns with the context of local governance and the specific programs implemented in Municipalities A and B in the province of Camarines Norte.

**Tax.** A compulsory contribution mandated by law and exacted by the government for a public purpose. The major tax collecting agencies of the national government are the Bureau of Internal Revenue and the Bureau of Customs (Department of Budget and Management, 2012). In this study, tax refers to the compulsory financial contributions collected by Municipality A and Municipality B to fund local government operations and public services.

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## RESEARCH METHODOLOGY

This chapter discusses the research process and how the assessment is conducted to identify the problems under consideration. It presents the research methods, population, sample size, sampling technique, and a description of respondents, research instruments, and the data gathering procedure used in the study.

### Method of Research

This study employed a descriptive research design to examine the internal revenue generation and public service delivery in the fifth-class municipalities of Camarines Norte from 2021 to 2023. The descriptive approach was used to assess the current status of internal revenue generation and public service delivery, with a particular focus on health services, social welfare and development, and gender and development programs. To gather relevant data, the study utilized documentary analysis of municipal records, including tax and non-tax revenues, appropriations, and expenditures for social services. This analysis provided objective data on revenue generation and resource allocation. Additionally, it utilized a closed-ended questionnaire and interviews with taxpayers to identify the issues encountered in internal revenue generation.

### Population, Sample Size, and Sampling Technique

This research focused on the fifth-class municipalities of Camarines Norte, specifically A and B, with voting populations (18 years old and above) of 11,121 and 8,493, respectively. The study involved a sample of taxpayers residing in these municipalities.

Using Slovin's formula to determine the sample size, the actual number of respondents was 223 for Municipality A and 170 for Municipality B, resulting in a total of 393 respondents. Respondents were selected through stratified sampling, with each barangay of these fifth-class municipalities serving as a distinct stratum. From each barangay, taxpayers were selected proportionally, ensuring a representative sample. This approach enabled a detailed analysis of how internal revenue generation affected service delivery across different segments of the municipalities.

### Description of Respondents

The respondents of this study consisted of two groups: employees from the Municipal Treasurer's Office and Municipal Budget Office of Municipalities A and B, and members of the voting population (18 years old and above) in these municipalities. The survey respondents, representing the latter group, included 223 respondents from Municipality A and 170 from Municipality B, totaling 393 respondents. This cross-section of the adult population encompassed individuals from diverse age groups, occupations, and socioeconomic backgrounds. As registered taxpayers, they provided valuable insights into how internal revenue generation affected local public service delivery.

### Research Instrument

The pertinent data for this study were collected using a structured survey questionnaire and analyzed using IBM SPSS Software. The structured survey questionnaire was specifically designed to gather data on internal revenue generation, encompassing both tax and non-tax revenue, as well as public service delivery in the areas

of health services, social welfare and development, and gender and development. It also aimed to capture issues encountered in internal revenue generation.

IBM SPSS Software served as a reliable tool for data analysis, offering advanced statistical methods to interpret the collected data. Additionally, the structured survey questionnaire underwent validation and reliability testing. An expert validated the questionnaire based on specific criteria outlined in the validation tool. Furthermore, the questionnaire was tested through a dry run, where 39 taxpayers from Municipalities A and B, along with municipal employees from the Budget and Treasurer's Office of the Local Government Unit of Talisay, Camarines Norte (which was not part of the study), participated in the pilot survey.

The dry run also assessed the instrument's internal consistency, measured using Cronbach's alpha. The result of the Cronbach's alpha test was 0.979, indicating excellent internal consistency and confirming the reliability of the tested questions.

### **Data Gathering Procedure**

The data-gathering process for this study involved several key steps to ensure comprehensive and reliable data collection. Initially, structured questionnaires for both municipal employees and taxpayers were developed and reviewed for clarity and relevance. A pilot test was conducted with a small sample from each group to refine the instruments and enhance their validity and reliability. A pilot test was conducted to refine the research instruments and to improve their validity and reliability, involving a small sample from each respondent group. The pilot test was conducted for municipal employees in the Office of the Municipal Treasurer and Municipal Budget Office in Talisay, a fourth-class municipality in Camarines Norte. Although Talisay is a fourth-class municipality, it was selected due to its proximity, similar administrative policies and procedures, and alignment with the governance structures of fifth-class municipalities within the same province. For taxpayers, the pilot test involved individuals from Municipalities A and B, both fifth-class municipalities, who were not part of the actual study population. This approach ensured that the pilot test was as representative as possible of the study's actual respondents.

To facilitate the data collection process, the researcher directly gathered data from municipal employees regarding revenue collection, social services budget allocation, and utilization at convenient times to maximize participation. During this process, the researcher posed guided questions to clarify responses and gather detailed information, recording answers directly onto the questionnaires for accuracy.

Self-administered surveys were then distributed to taxpayers in the fifth-class municipalities, ensuring diverse representation by sampling individuals from various barangays. The researcher assisted respondents in completing the questionnaires and clarified their questions. Throughout this process, participants were assured that their responses would remain confidential and be used solely for research purposes, encouraging honest and open feedback.

Once data collection was completed, the responses were compiled for analysis. Quantitative data were entered into statistical software for analysis.

### **Statistical Treatment of Data**

The data collected from the structured questionnaires undergo statistical analysis to provide insights into the implications of internal revenue generation on public service delivery in the fifth-class municipalities of Camarines Norte. Descriptive statistics were utilized to summarize the responses related to internal revenue sources, social service expenditures, and revenue generation issues.

The results for both tax and non-tax revenue sources and the status of public service delivery across various programs were presented in tables, highlighting total appropriations and expenditures. This presentation



allowed for the identification of patterns in revenue generation and service delivery trends over the years 2021 to 2023.

To assess the issues encountered in internal revenue generation, the frequency and rank of each issue were used to determine the most significant challenges affecting revenue collection and public service delivery. Responses were summarized in terms of their frequency, allowing for the identification of the primary concerns among the residents of the fifth-class municipalities of Camarines Norte.

All quantitative data were entered into statistical software to facilitate the application of statistical tests and the generation of tabular representations of the findings. Through these statistical treatments, the study drawn meaningful conclusions regarding the relationship between internal revenue generation and public service delivery in the targeted municipalities.

## Notes

1. Bhandari, P. (2020, July 9). Descriptive statistics: Definitions, types, examples. *Scribbr*. <https://www.scribbr.com/statistics/descriptive-statistics/>

## Analysis and Interpretation of Data

This chapter presents the results, analysis, and interpretation of the data that answer the research question on the status of internal revenue generation in the fifth-class municipalities in Camarines Norte from 2021 to 2023.

The study looked into the major areas of the status of internal revenue generation, the status of public service delivery, and issues on internal revenue generation that affect public service delivery.

### Status of Internal Revenue Generation of the Fifth-Class Municipalities in Camarines Norte from Year 2021-2023

The status of internal revenue generation of the fifth-class municipalities in Camarines Norte from Year 2021-2023 in terms of tax and non-tax revenues are presented in Tables 1 and 2.

**Tax Revenue.** Table 1 shows the status of internal revenue generation among the fifth-class municipalities in Camarines Norte from 2021 to 2023, focusing on tax revenues. Municipality A exhibited a consistent and steady increase in tax revenues during this period. Total revenue rose from Php 498,500.00 in 2021 to Php 610,000.00 in 2022 and reached Php 695,000.00 in 2023. The overall variance was 22.37 percent from 2021 to 2022 and 13.93 percent from 2022 to 2023. The highest revenue came from real property taxes, with total collections of Php. 423,500.00 in 2021, Php. 480,000.00 in 2022 and Php. 520,000.00 in 2023. The variance was 13.34 percent between 2021 and 2022, followed by 8.33 percent from 2022 to 2023. Conversely, the lowest revenue collection came from other local taxes, with total collections of Php. 75,000.00 in 2021, Php. 130,00.00 in 2022, and Php. 175,000.00 in 2023. The variance was 73.33 percent from 2021 to 2022 and 34.62 percent from 2022 to 2023.

The Municipality B demonstrated a remarkable increase in tax revenues during the same period. Total tax revenue rose significantly, from Php 277,278.00 in 2021 to Php 295,243.00 in 2022, and further to Php 633,447.00 in 2023. The overall variance in total tax revenue was 6.48 percent from 2021 to 2022 and 114.55 percent from 2022 to 2023. Real property taxes accounted for the highest revenue collection, with total collections of Php. 267,778.00 in 2021, Php. 277,493.00 in 2022 and Php. 612,697.00 in 2023 with a variance of 3.63 percent between 2021 and 2022, followed by 120.80 percent between 2022 and 2023. The lowest revenue was from other local taxes, with total collections of Php. 9,500.00 in 2021, Php. 17,750.00 in 2022, and Php. 20,750.00 in 2023 with variance of 86.84 percent from 2021 to 2022 and 16.90 percent from 2022 to 2023.

Table 1 Status of Internal Revenue Generation of the Fifth Class Municipalities in Tax Camarines Norte (2021-2023) in terms of Tax Revenues

Internal Revenue Sources	2021		2022		2023		Variance			
							Municipality A		Municipality B	
	Municipality		Municipality		Municipality		2021-2022	2022-2023	2021-2022	2022-2023
	A	B	A	B	A	B	%	%	%	%
Tax Revenue:										
Real Property Tax (in Php)	423,500	267,778	480,000	277,493	520,000	612,697	13.34	8.33	3.63	120.80
Other Local Taxes (in Php)	75,000	9,500	130,000	17,750	175,000	20,750	73.33	34.62	86.84	16.90
Total	498,500	277,278	610,000	295,243	695,000	633,447	22.37	13.93	6.48	114.55

Source: Municipal Treasurer's Office- Report on Revenue and Receipts

The implementation of Sangguniang Panlalawigan Resolution No. 621-222, which granted a tax amnesty covering January 1 to September 30, 2023, served as a concrete example of an effective local tax policy that significantly contributed to increased tax revenue in both Municipality A and Municipality B. This amnesty program allowed taxpayers to settle outstanding obligations without penalties, encouraging greater participation and compliance. As a result, more delinquent taxpayers came forward, boosting revenue collection. This initiative was considered both a tax policy and a taxpayer compliance strategy, as it reduced financial barriers to payment and strengthened trust and engagement between local tax offices and the public. The observed rise in tax revenue during the amnesty period suggested the effectiveness of this dual approach. This supported Gomero's (2022) view that improved financial management and strengthened taxpayer-government communication enhance compliance. Similarly, Loganathan et al. (2020) emphasized that such targeted initiatives, alongside broader financial and economic development, are crucial in raising local tax performance.

The steady growth in tax revenue observed in both Municipality A and Municipality B reflected the municipalities' effective fiscal management and increasing financial autonomy. This supported Canare's (2020) assertion that greater fiscal independence among local governments is positively associated with improved economic outcomes. The increase in revenues was attributed to strategic fiscal decisions, such as the implementation of the tax amnesty, which served as both a policy intervention and a compliance mechanism. This aligned with Mekonnen's (2020) view that targeted fiscal policies and improved tax administration are key to enhancing local revenue collection. Furthermore, the willingness of taxpayers to participate in the amnesty program, despite previous delinquencies, suggested reduced resistance to taxation. This observation corresponded with Eteng et.al (2021) argument that minimizing centralized control and strengthening local governance structures can lead to increased voluntary tax compliance. In this context, the outcomes in these municipalities illustrated how local autonomy and well-designed tax strategies translated into tangible fiscal gains.

On the other hand, in Municipality A, the lowest tax revenue came from "Other Local Taxes," particularly the tax on gravel, sand, and other quarry products, collected by the provincial government. Among the locally collected taxes, the second-highest revenue came from retailers of essential commodities, while the lowest came from peddlers. These taxes fell under the LGU's jurisdiction, but the local government adopted a lenient stance by choosing not to enforce strict penalties or closures against non-compliant businesses. As a result, many retailers and small vendors delayed or failed to renew their business permits or settle their tax dues. This administrative leniency, although intended to promote economic stability, directly contributed to reduced collections—since the LGU forfeited potential revenue it would have otherwise acquired from these obligations.

This situation was further exacerbated by the effects of the COVID-19 pandemic, which led to lockdowns, restricted mobility, and limited operations of small businesses. Peddler-related tax revenue was also minimal, as it was only generated once a year during the town fiesta through temporary market stalls (tiange), involving very few vendors. These findings were consistent with the observations of Zulkarnaen et al. (2020), who emphasized how the pandemic disrupted revenue collection in the informal sector and among small businesses across ASEAN nations.

Similarly, in Municipality B, the lowest tax revenue was generated from the "Other Local Taxes" category, which exclusively consisted of the amusement tax. This tax was collected by the Provincial Government of Camarines Norte and shared equally with the municipality where the amusement activities took place. The limited tax collection in Municipality B was attributed to the small number of entertainment establishments—only one (1) cockpit and two (2) resorts in 2021, which increased slightly to five (5) by 2023. Although these resorts were registered correctly, this sector's overall scale of economic activity remained minimal.

A comparison of the two municipalities revealed that while both achieved growth in tax revenues, Municipality B experienced a significantly larger overall increase.

**Non-Tax Revenue.** Table 2 shows the status of non-tax revenue generation among the fifth-class municipalities of Camarines Norte from 2021 to 2023. The findings highlight varying growth trends in non-tax revenues for Municipalities A and B, along with key factors contributing to these patterns and the broader implications for local governance and fiscal autonomy. In Municipality A, non-tax revenue exhibited steady growth over the three-year period. The total non-tax revenue increased from Php 1,098,227.00 in 2021 to Php 1,347,266.00 in 2022 and further to Php 1,459,238.00 in 2023, reflecting variance of 22.68 percent between 2021 and 2022 and 8.31 percent from 2022 to 2023. The highest revenue collected in terms of non-tax was under other income/receipts with total collections of Php 877,927.00 in 2021, Php. 1,070,116.00 in 2022, and Php 192,189.00 in 2023. Reflecting a variance of 21.89 percent from 2021 to 2022 and 7.39 percent from 2022 to 2023. However, the lowest revenue collection came from regulatory fees, with total collections of Php 220,300.00 in 2021, Php 277,150.00 in 2022, and Php 310,000.00 in 2023. The variance was 25.81 percent from 2021 to 2022 and 11.85 percent from 2022 to 2023.

Municipality B achieved substantial growth in non-tax revenue, with total revenue increasing from Php 5,584,920.00 in 2021 to Php 5,655,856.00 in 2022 and reaching Php 6,960,813.00 in 2023. This represents variance of 1.27 percent from 2021 to 2022 and 23.07 percent, from 2022 to 2023. The highest revenue collected was also under "other income/receipts," with Php 2,931,099.00 in 2021, Php 2,975,550.00 in 2022, and Php 3,797,130.00 in 2023. The variance 1.52 percent from 2021 to 2022 and 27.61 percent from 2022 to 2023. Whereas, the lowest revenue collection came from regulatory fees, with total collections of Php 2,653,821.00 in 2021, Php 2,680,306.00 in 2022, Php 3,163,683.00 in 2023. The variance was 1.00 percent from 2021 to 2022 and 18.03 percent from 2022 to 2023.

Table 2 Status of Internal Revenue Generation of the Fifth Class Municipalities in Camarines Norte (2021-2023) in terms of Non-Tax Revenues

Internal Revenue Sources	2021		2022		2023		Variance			
							Municipality A		Municipality B	
	Municipality		Municipality		Municipality		2021-2022	2022-2023	2021-2022	2022-2023
	A	B	A	B	A	B	%	%	%	%
Non-Tax Revenue:										
Regulatory Fees (in Php)	220,300	2,653,821	277,150	2,680,306	310,000	3,163,683	25.81	11.85	1	18.03
Other Income/Receipts (in Php)	877,927	2,931,099	1,070,116	2,975,550	1,149,238	3,797,130	21.89	7.39	1.52	27.61
Total	1,098,227	5,584,920	1,347,266	5,655,856	1,459,238	6,960,813	22.68	8.31	1.27	23.07

Source: Municipal Treasurer's Office- Report on Revenue and Receipts

The highest non-tax revenue in both municipalities came from "other income/receipts." In Municipality A, the top contributor was income from waterworks operations, which increased due to the growing demand for water despite a fixed service rate. This was followed by revenue from lease and rental facilities, primarily from land leased to a communication company for a tower, which maintained a fixed rental rate during the period. The least revenue came from cemetery income. Most residents still preferred to bury their loved ones in the Catholic cemetery, resulting in fewer burials in the public cemetery. One of the primary reasons for this preference was the Catholic cemetery's proximity to the Catholic church, making it more convenient and accessible for religious rites and visitation.

In contrast, the public cemetery was situated farther away from the church, which discouraged many families from using it. Moreover, in cases where families did use the public cemetery, the LGU typically required only an initial payment for burial, after which many families no longer returned to settle the required annual rental fees. Because the LGU did not strictly follow up on or enforce these recurring payments, much of the potential revenue from public graves remained uncollected. This reflected how gaps in enforcement, even when driven by practical or compassionate considerations, significantly reduced the LGU's capacity to generate consistent non-tax revenue.

In Municipality B, while the share from quarrying operations collected by the provincial government and the share from the PCSO accounted for the largest portion of revenue, significant contributions also came from revenue streams directly managed by the LGU. Among these, the major contributor was receipts from cemetery operations, which experienced a notable increase following the closure of the nearby private cemetery. The private facility ceased accepting new interments due to being fully occupied, leaving families with limited alternatives. This led more residents to choose the public cemetery, not only because it was more affordable but also due to the availability of newly constructed apartment-type interment vaults that offered a practical and dignified resting place. Meanwhile, the least revenue came from exhumation fees, as many families opted not to exhume the remains of their deceased relatives despite the construction of an ossuary vault by the LGU as an alternative resting site.

These developments illustrated the dual nature of municipal income sources—some dependent on external collections, while others were directly influenced by proactive LGU-driven initiatives. The LGU's ability to respond to a service gap with an affordable and accessible solution reflected the kind of localized revenue generation that Ramos (2022) identified as key to promoting fiscal autonomy. Moreover, by diversifying its non-tax revenue base and efficiently managing cemetery operations, the LGU exemplified what Pescador and Caelian (2022) described as essential for building sustainable and self-reliant municipalities.

However, in both municipalities, the lowest non-tax revenue came from regulatory fees. In Municipality A, non-tax revenue experienced a sharp decline during the pandemic due to limited economic activity and fewer issued permits. Business permit fees, other regulatory fees, and zoning and building permits remained the main sources, yet enforcement remained weak. Many establishments operated without securing the required permits, disregarding repeated demand letters. Still, the LGU chose not to penalize or close these businesses, aiming to preserve local economic activity. The lowest revenue came from fees on weights and measures, as only a small number of retailers used weighing instruments. Some vendors even concealed their equipment to avoid paying the associated costs.

In contrast, in Municipality B, the primary sources under this category were municipal business taxes and licenses, followed by mayor's permit fees. However, the LGU adopted a lenient approach to business payments, especially during the height of the pandemic. Many establishments either delayed or completely neglected their obligation to apply for or renew their business permits, despite receiving multiple demand letters. To prioritize economic stability, the municipality refrained from imposing strict penalties or closures, which ultimately led to a decline in collections. The least revenue was generated from dog license fees, as pet registration became a low priority for residents who were focused on more pressing financial concerns. Additionally, the LGU did not strictly enforce fee collection, contributing to consistently low income from this source.



These findings reflected the core issues highlighted by Kamara et al. (2022), who emphasized the difficulty of expanding the revenue base in small municipalities, particularly when administrative capacity was limited and economic conditions were unstable. The cases of Municipality A and Municipality B illustrated how local governments struggled to balance enforcement with economic preservation. Without adaptive strategies to broaden compliance and diversify revenue streams, municipalities remained vulnerable to fiscal shortfalls—especially during periods of crisis.

A comparison of the two municipalities revealed that while both experienced growth in non-tax revenues, Municipality A achieved a higher percentage increase.

### Status of Public Service Delivery of the Fifth-Class Municipalities in Camarines Norte from Year 2021-2023

Tables 3 to 5 present the status of public service delivery in fifth-class municipalities of Camarines Norte from 2021 to 2023, focusing on Social Services—specifically, the Health Services Program, Social Welfare and Development Programs, and Gender and Development Programs.

**Health Services Program.** Table 3 shows that in Municipality A, the public service with the highest utilization rate was recorded to provide essential medicines. In 2021, an allocation of Php. 13,780.00 with Php. 12,537.00 spent, resulted in a utilization of 90.98 percent. In 2022, the allocation increased to Php. 15,153.00, with utilization reaching Php. 15,026.00 reflecting 99.16 percent. By 2023, the allocation further rose to Php. 24,076.00, with utilization of Php. 24,031.00 or equal to 99.81 percent utilization. On the other hand, the public service with the lowest utilization rate was recorded in the provision of supplies, medicines for BEMONC. An allocation of Php 1,515.00 was recorded in 2022, but no funds were utilized (0 percent utilization). No allocation or utilization was recorded in 2021 and 2023.

In Municipality B, the public service with the highest utilization rate was recorded under the provision of essential medicine. In 2021, Municipality B allocated Php 7,663.00, but only Php 4,446.00 was utilized, resulting in 58.02 percent utilization. In 2022, the allocation rose to Php 10,583.00, with Php 9,232.00 spent, resulting in 87.23 percent utilization. By 2023, the allocation increased further to Php 16,070.00, and Php 13,517.00 was spent, reflecting 84.11 percent utilization. Conversely, the public service with the lowest utilization rate was recoded provision of family planning commodities/provision of birth plan. In 2021, Php 957.00 was allocated, but no funds were utilized (0 percent utilization). In 2022, the allocation decreased to Php 440.00, with no expenditures recorded again (0 percent utilization). In 2023, the allocation increased to Php 803.00, but no funds were utilized (0 percent utilization).Table 3

#### Status of Public Service Delivery of the Fifth Class Municipalities in terms of Health Services Program

Indicators	Total Appropriation from Internal Income (in Php)						Total Expenditure from Internal Income (in Php)						Variance					
	2021		2022		2023		2021		2022		2023		Municipality A			Municipality B		
	Municipality		Municipality		Municipality		Municipality		Municipality		Municipality		%			%		
	A	B	A	B	A	B	A	B	A	B	A	B	2021	2022	2023	2021	2022	2023
Provision of Essential Medicines	13,780	7,663	15,153	10,583	24,076	16,070	12,537	4,446	15,026	9,232	24,031	13,517	90.98	99.16	99.81	58.02	87.23	84.11
Provision of Family Planning Commodity/ Provision of Birth Plan	0	957	970	440	3,883	803	0	0	965	0	3,845	0	0	99.48	99.02	0	0	0
Provision of Supplies, Medicines for Basic Emergency Maternal Obstetrics and	0	1,149	1,515	1,058	0	1,607	0	1,139	0	0	0	0	0	0	0	99.13	0	0

Newborn Care (BEMONC)																		
Provision of Dental Services/ Conduct of Basic Oral Health Care	172	766	152	352	291	3,214	166	0	0	173	0	3,310	96.51	0	0	0	49.15	102.97
Provision of Vector-Borne Disease Prevention and Control Program	0	957	0	440	438	803	0	258	0	354	427	0	0	0	97.49	26.96	80.45	0

Source: Municipal Budget Office-Status of Appropriation, Allotment, Obligation and Balances

In Municipality A, the public service with the highest utilization reflected the local government's strong commitment to healthcare through the provision of essential medicines. This ensured a steady allocation of resources to meet both anticipated demand and actual medical needs. The active engagement of residents in seeking medical assistance from the Rural Health Unit (RHU) further supported efficient utilization. While some funds remained unspent due to the LGU's provision of only the necessary number of medicines, any surplus served as a safeguard for future needs. Additionally, through its Medicine Access Program, the Department of Health (DOH) continued to ensure the availability of essential treatments such as antibiotics and vaccines, reinforcing the municipality's healthcare services.

However, the public service with the lowest utilization rate in Municipality A was due to the non-operation of the Basic Emergency Obstetric and Newborn Care (BEMONC) facility—a health unit that provided critical emergency services for mothers and newborns, such as assisted deliveries and treatment for obstetric complications. The primary cause of its non-operation was the lack of accreditation and personnel shortages. A key underlying reason for this was the municipality's inability to fill the required number of healthcare staff needed for BEMONC operations. This staffing gap was not due to a lack of intent but rather a constraint imposed by the municipality's Personnel Services (PS) ceiling, which had already been exceeded. As a result, the LGU was legally and financially restricted from hiring additional personnel essential to obtain facility accreditation. Without proper accreditation, the BEMONC facility could not provide critical emergency maternal and newborn care, forcing residents to seek such services in the provincial hospital or private healthcare institutions elsewhere. This led to longer travel times, increased financial burdens, and heightened risks associated with delayed access to urgent care. The absence of a functional BEMONC facility thus highlighted a critical gap in the local health system, rooted in infrastructure and budgetary and administrative limitations.

In Municipality B, the public service with the highest utilization reflected the local government's prioritization of healthcare, ensuring a consistently high allocation for essential medicines. This proactive approach anticipated potential demand while addressing actual healthcare needs. Residents actively sought medical assistance from the RHU, contributing to efficient utilization. This finding aligned with Tomas and Reario (2020), who observed increased satisfaction with local service delivery when essential services were prioritized. Similarly, Naparan et al. (2021) emphasized the need for continuous service improvements to meet growing public expectations. However, some funds remained unspent as Municipality B provided only the necessary medicines, with surplus allocations serving as a safeguard for future needs. Nevertheless, through its Medicine Access Program, the DOH ensured the continued availability of essential treatments such as antibiotics and vaccines, sustaining healthcare services for residents.

Whereas, the public service with the lowest utilization rate in Municipality B reflected the absence of recorded local expenditures for the program. However, this was not interpreted as a lack of prioritization. Rather, it indicated a strategic administrative decision, recognizing that the Department of Health (DOH) was already adequately providing family planning commodities to the municipality. As such, the local government found it

unnecessary to duplicate efforts or allocate additional resources where external support was already sufficient. This situation underscored the importance of effective intergovernmental coordination and resource optimization. As Matildo (2022) pointed out, the success of service delivery hinged not only on government funding but also on active community participation and awareness. In the case of Municipality B, the reliable supply of DOH-provided family planning resources influenced both LGU budget decisions and how the community accessed these services—thereby reducing the need for locally funded interventions while still meeting community needs.

Overall, both Municipalities A and B demonstrated a strong commitment to healthcare service delivery, as evidenced by the highest utilization rates being recorded in the provision of essential medicines. In both cases, proactive funding strategies, resident engagement with RHUs, and continued support from the DOH contributed to efficient service utilization and the availability of necessary medical treatments. However, key differences emerged in the lowest-utilized services. In Municipality A, underutilization stemmed from internal administrative challenges, specifically staffing constraints and accreditation barriers affecting the BEMONC facility. In contrast, Municipality B's low utilization reflected a strategic decision to rely on external support from the DOH for family planning commodities, avoiding redundant local expenditures. These findings highlighted that while both municipalities prioritized healthcare, variations in resource limitations, administrative capacity, and intergovernmental coordination significantly influenced service delivery outcomes.

**Social Welfare and Development Program.** Table 4 shows that in Municipality A, the public service with highest utilization rate was recorded under senior citizen mortuary program and burial assistance. In 2021, Php 1,722.00 was allocated, with the same amount utilized (100 percent utilization). In 2022, the allocation decreased to Php 152.00, with Php 1,515.00 utilized, (996.71 percent utilization). In 2023, the allocation increased to Php 1,942.00, with the same amount utilized (100 percent utilization). Meanwhile, public service with the lowest utilization rate was recorded for the provision of local youth development programs. In 2021, no funds were allocated or utilized. In 2022, an appropriation of Php. 4,607.00 resulted in a utilization of Php. 4,581.00 (99.44 percent utilization). By 2023, the appropriation increased to Php. 6,796.00 with Php. 6,291.00 utilized (92.57 percent utilization).

Additionally, in Municipality B, the public service with the highest utilization rate was recorded under the provision of vitamins and milk for senior citizens/regalo sa compleaño. In 2021, Php 17,242.00 was allocated, with Php 17,242.00 utilized (100 percent utilization). In 2022, the allocation decreased to Php 7,937.00, with Php 13,229.00 utilized (166.68 percent utilization). By 2023, the allocation increased to Php 16,070.00, with Php 13,503.00 utilized (84.03 percent utilization). Moreover, the public service with the lowest utilization rate was recorded under local youth development programs. In 2021, Php 3,831.00 was allocated, with no funds utilized (0 percent utilization). In 2022, the allocation decreased to Php 881.00, with Php 881.00 utilized (100 percent utilization). By 2023, the allocation increased to Php 1,607.00, with Php 430.00 utilized (26.76 percent utilization).

Table 4 Status of Public Service Delivery of Fifth Class Municipalities in terms of Social Welfare and Development Program

Indicators	Total Appropriation from Internal Income (in Php)						Total Expenditure from Internal Income (in Php)						Variance					
	2021		2022		2023		2021		2022		2023		Municipality A			Municipality B		
	Municipality		Municipality		Municipality		Municipality		Municipality		Municipality		%			%		
	A	B	A	B	A	B	A	B	A	B	A	B	2021	2022	2023	2021	2022	2023
Provision of Aid to Individuals in Crisis Situation (AICS) (Medical, Burial, Shelter and others)	8,182	21,074	10,380	31,750	10,504	24,105	7,691	26,047	8,577	17,671	8,885	29,914	94	82.63	84.59	123.60	55.66	124.10

Provision of Senior Citizen Mortuary Program/ Burial Assistance	1,722	2,299	152	1,763	1,942	1,607	1,722	2,299	1,515	0	1,942	2,828	100	996.71	100	100	0	175.98
Provision of Vitamins and Milk for Senior Citizens/ Regalo sa Compleaño	1,257	17,242	7,772	7,937	10,290	16,070	1,257	17,242	5,240	13,229	6,331	13,503	100	67.42	61.53	100	166.68	84.03
Provision of Supplemental Feeding	2,756	766	152	1,763	1,942	0	570	732	1,188	46.74	717	0	20.68	781.58	36.92	95.56	2.61	0
Provision of Local Youth Development Programs	0	3,831	4,607	881	6,796	1,607	0	0	4,581	881	6,291	430	0	99.44	92.57	0	100	26.76

Source: Municipal Budget Office-Status of Appropriation, Allotment, Obligation and Balance

The public service with the highest utilization rate in Municipality A reflected its deep commitment and compassion for its senior citizens, ensuring they received dignified and respectful funeral assistance. This prioritization underscored the municipality's dedication to honoring the elderly, recognizing their lifelong contributions to the community. Despite budget constraints, the proactive response to reallocating funds demonstrated genuine concern for grieving families, ensuring they were supported during difficult times. This aligned with the findings of Maquiling et al. (2023), who emphasized that institutional factors such as robust planning and resource allocation significantly impact compliance and efficiency in government programs. The municipality's efforts mirrored values where love and care for senior citizens were evident in how essential services were provided. Conversely, the public service with the lowest utilization rate in Municipality A for local youth development programs did not imply neglect of the sector. Youth-focused initiatives were supported through various LGU-led programs and barangay allocations, reducing the need for exclusive reliance on this specific fund.

The public service with the highest utilization rate in Municipality B was attributed to the Regalo sa Compleaño program, a key priority of the local administration supported by an ordinance. This initiative provided food packs to senior citizens and persons with disabilities (PWDs) on their birthdays, demonstrating the municipality's commitment to their welfare. By institutionalizing the program through local legislation, the government ensured its consistent implementation, reinforcing a sense of care and recognition within the community. While the budget allocation was mostly utilized—and at times exceeded due to the increasing number of senior citizens each year, there were instances of underutilization when the allocated budget was higher than the actual number of beneficiaries for that specific year. Conversely, the public service with the lowest utilization rate in Municipality B for local youth development programs did not imply that the sector was neglected. While there was an annual budget allocation for these initiatives, some years recorded little to no utilization primarily because youth-focused programs were not limited to this specific allocation. Various LGU-led programs and activities already included youth beneficiaries, reducing exclusive reliance on this fund. Additionally, each barangay had its own budget dedicated to youth development, further supporting initiatives at the community level. As a result, this particular program served more as an additional funding source rather than the primary mechanism for youth engagement, explaining its lower utilization in certain years.

In both Municipalities A and B, the highest-utilized public services reflected a strong cultural and administrative commitment to honoring vulnerable sectors, particularly senior citizens. Municipality A prioritized funeral assistance, ensuring dignified support for grieving families, while Municipality B institutionalized the Regalo sa Compleaño program through local legislation, providing consistent welfare



assistance to the elderly and PWDs. These initiatives highlighted a shared value of compassion and respect for marginalized groups. Conversely, the lowest-utilized services in both municipalities involved local youth development programs. However, this low utilization was not indicative of neglect. Instead, it reflected the availability of alternative funding sources and initiatives at both the municipal and barangay levels, reducing the need for exclusive reliance on the specific youth development fund. Collectively, these findings revealed that while service delivery strategies differed, both municipalities strategically allocated resources based on sectoral needs and existing support mechanisms.

**Gender and Development Program.** Table 5 shows that in Municipality A, the public service with highest utilization rate was recorded under the Provision of Public Employment Service Program/Wages for Student Workers. In 2021, an appropriation of Php. 2,067.00 resulted in a utilization of Php. 2,026.00 (98.02 percent). In 2022, the allocation decreased to Php. 1,818.00, with Php. 1,810.00 utilized (99.56 percent). By 2023, the appropriation increased to Php. 2,330.00, with Php. 2,320.00 utilized (99.58 percent). Additionally, the public service with lowest utilization rate was recorded under conduct of check-point activities, oplan sita at strategic location. No funds were allocated and utilized in year 2021 and 2022. By 2023, the allocation was Php 1,223.00, with Php 973.00 utilized (79.56 percent utilization).

In contrast, in Municipality B the public service with highest utilization rate was recorded under the provision of scholarship program. In 2021, Php 9,579.00 was allocated, with Php 12,797.00 utilized (133.59 percent utilization). In 2022, the allocation decreased to Php 7,937.00, with same amount of utilization (100 percent utilization). By 2023, the allocation increased to Php 19,284.00, with Php 18,706.00 utilized (97.00 percent utilization). Whereas, the public service with lowest utilization rate was recorded under provision of educational assistance. In 2021, Php 1,532.00 was allocated, with Php 1,204.00 utilized, (78.59 percent utilization). In 2022, the allocation increased to Php 1,763.00, with Php 1,241.00 utilized (70.39 percent utilization). By 2023, no funds were allocated or utilized for this program.

Table 5 Status of Public Service Delivery of Fifth Class Municipalities in terms of Gender and Development Program

Indicators	Total Appropriation from Internal Income (in Php)						Total Expenditure from Internal Income (in Php)						Variance					
	2021		2022		2023		2021		2022		2023		Municipality A			Municipality B		
	Municipality		Municipality		Municipality		Municipality		Municipality		Municipality		%			%		
	A	B	A	B	A	B	A	B	A	B	A	B	2021	2022	2023	2021	2022	2023
Provision of Public Employment Service Program (SPES)/ Wages for Student Worker	2,067	7,280	1,818	3,527	2,330	6,428	2,026	6,759	1,810	4,052	2,320	4,377	98.02	99.56	99.58	92.84	114.89	68.09
Provision of Scholarship Program	10,335	9,579	9,092	7,937	12,310	19,284	8,922	12,797	8,448	7,937	9,853	18,706	86.33	92.92	80.04	113.59	100	97
Provision of Educational Assistance	0	1,532	0	1,763	2,621	0	0	1,204	0	1,241	2,621	0	0	0	100	78.59	70.39	0
Provision of Road Signages	0	574	152	3,527	1,747	160	0	68	0	3,527	1739	96	0	0	99.54	11.85	100	60
Conduct of Check-point Activities, Oplan Sita at Strategic Location	0	383	0	176	1,223	321	0	383	0	0	973	176	0	0	79.56	100	0	55

Source: Municipal Budget Office-Status of Appropriation, Allotment, Obligation and Balances

In Municipality A, the public service with the highest utilization rate was recorded for the Provision of Public Employment Service Program (SPES) / Wages for Student Workers, with allocation nearly matching utilization. This reflected the LGU's commitment to providing financial assistance to students through employment opportunities, such as clerical work in municipal offices, data encoding, records management, and support tasks in LGU operations. These roles not only offered financial aid but also allowed students to gain meaningful work experience while continuing their education. The high allocation and utilization were attributed to the increasing demand for student financial aid and the program's role in addressing both educational and economic needs. Moreover, the strong partnership between the LGU and DOLE facilitated efficient program implementation, as mandated by Republic Act No. 9547, which strengthened the SPES program through a 60-40 counterpart funding scheme and clear implementation guidelines for both DOLE and participating LGUs. This institutional framework maximized the program's impact on student beneficiaries by ensuring timely fund disbursement, job placement, and monitoring.

Conversely, the public service with the lowest utilization rate in Municipality A was the Conduct of Checkpoint Activities, Oplan Sita at Strategic Locations. This was attributed to the fact that the Philippine National Police (PNP) held the primary responsibility for law enforcement operations, including checkpoints. The LGU allocated supplementary funds to support these operations through its Peace and Order and Public Safety (POPS) Budget. However, since the LGU only provided financial and logistical assistance and did not directly implement the service, utilization rates at the local level remained low compared to services fully managed by the LGU.

In Municipality B, the public service with the highest utilization rate reflected the administration's strategic agenda of ensuring that at least one member of every family attained a college degree. This strong commitment to education was further underscored by the program receiving the highest allocation under the Gender and Development (GAD) fund. The extensive financial assistance provided to students facilitated broader access to education, aligning with Gumba's (2020) findings that educational initiatives consistently yielded high satisfaction rates due to their direct and positive impact on beneficiaries. The discrepancies between budget allocation and actual utilization arose because, in addition to standard enrollment assistance, the municipality awarded supplementary incentives to scholars who demonstrated academic excellence, thereby contributing to increased expenditures.

Meanwhile, the Educational Assistance Program recorded the lowest utilization rate in Municipality B. This outcome was not necessarily indicative of limited student support but instead reflected the presence of overlapping programs addressing similar needs. Specifically, the municipality's Scholarship Program, which had the highest utilization, was strongly aligned with the local administration's policy goal of achieving at least one college graduate per family. In addition, financially disadvantaged students were supported through the broader Grants and Aids Program, which offered more flexible eligibility and wider coverage. These alternative funding sources served the same target population, resulting in functional redundancy and reduced demand for the standalone Educational Assistance Program. Thus, program overlaps, administrative prioritization, and differentiated eligibility criteria were key factors contributing to the observed underutilization.

Both Municipalities A and B demonstrated a strong commitment to supporting educational advancement, as reflected by the highest utilization rates recorded in programs aimed at student financial assistance. Municipality A's high utilization of the Special Program for Employment of Students (SPES) showcased a strategic partnership with DOLE and a balanced approach of providing work experience alongside financial aid, while Municipality B's extensive scholarship initiatives under the Gender and Development (GAD) fund emphasized achieving at least one college graduate per family. Despite differing implementation mechanisms, both municipalities effectively addressed educational and economic needs. Conversely, the lowest utilization rates in both municipalities were observed in programs where alternative or overlapping sources of support existed. In Municipality A, checkpoint operations remained underutilized due to limited LGU direct involvement, while in Municipality B, the Educational Assistance Program's low utilization reflected redundancy with broader grant programs. These findings highlighted that effective interagency collaboration and resource optimization played crucial roles in shaping utilization rates across public service programs.

## Issues Encountered on the Internal Revenue Generation that Affects the Delivery of Public Service of the Fifth-Class Municipalities in Camarines Norte

Table 6 shows the issues encountered in internal revenue generation that affect the delivery of public service of the fifth-class municipalities in Camarines Norte.

The survey results reveal critical challenges in internal revenue generation for fifth-class municipalities in Camarines Norte, which subsequently affect public service delivery. The ranking of these issues provides a clear view of the most significant concerns according to respondents.

The most pressing issue, ranked first with a frequency of 288, is the lack of modern and convenient payment methods. Following closely, the second-ranked issue, with a frequency of 255, is the limited interaction between local government and taxpayers, including the business community. The third issue, with a frequency of 241, is the use of obsolete or inefficient tools for revenue collection. Although this issue ranked the lowest, with a frequency of 166, it is still an important factor, ranked tenth is the inefficient organization and streamlining of revenue collection processes.

Table 6 Issues Encountered on the Internal Revenue Generation that Affects the Delivery of Public Service

Indicators	Frequency	Rank
Inadequate personnel hinder timely revenue collection and processing.	185	7th
Inefficient organization and streamlining of revenue collection processes impact transaction processing and taxpayer compliance.	166	10th
Lack of modern and convenient payment methods affects taxpayer compliance.	288	1st
Insufficient training and development opportunities for revenue collection personnel affect their performance.	197	5th
Lack of motivation and productivity among revenue collection personnel impact revenue collection efficiency.	172	9th
Ineffective collaboration between revenue collection personnel and other departments impacts streamlined processes and information sharing.	178	8th
Absence of data-driven strategies affects the efficiency of revenue collection.	230	4th
Limited interaction with taxpayers and the business community hampers understanding their needs and tax compliance.	255	2nd
Use of obsolete or inefficient tools for revenue collection significantly hampers the process.	241	3rd
Lack of transparency and accountability in revenue management within the local government unit undermines public trust and compliance.	195	6th

Lack of modern and convenient payment methods affected taxpayer compliance. This issue was clearly reflected in the real conditions of Municipalities A and B. Despite the availability of technological solutions, both municipalities continued to rely on manual, face-to-face transactions for tax payments. Residents, especially those living or working far from the municipal center, faced challenges visiting the Treasury Offices personally. Although some proactive individuals reached out via official contact numbers or emails, the absence of a standardized electronic payment platform made the process dependent on repeated personal coordination. This created barriers to timely compliance and discouraged consistent payment behavior. The resulting decrease in revenue collection limited the LGUs' ability to finance essential services such as healthcare, social welfare, and gender-responsive programs. This observation affirmed the findings of De Castro and De Castro (2022), who emphasized the impact of e-Government initiatives, particularly digital payment platforms, on improving operational efficiency and strengthening local fiscal health.

Limited interaction with taxpayers and the business community hampered understanding of their needs and tax compliance. In Municipalities A and B, while general public communication existed, it did not extend to proactive engagement regarding specific tax obligations. Many taxpayers did not receive billing statements or payment reminders and were instead expected to inquire with the Treasurer's Office themselves. This lack of

targeted interaction caused confusion, missed deadlines, and weakened voluntary compliance. These findings echoed Mohammed and Tangl (2023), who highlighted the importance of responsive government communication in promoting taxpayer trust and improving compliance behavior. Similarly, Sikayu et al. (2020) asserted that consistent interaction fostered a sense of civic responsibility and encouraged regular contribution to public funds.

Using obsolete or inefficient tools and outdated manual processes significantly hampered the entire revenue collection system. The current systems in Municipalities A and B still rely on handwritten ledgers, manual issuance of receipts, and physical recordkeeping. The absence of an integrated digital tax administration system led to frequent delays, risk of error, and inefficient retrieving taxpayer records. These impeded day-to-day operations and limited the LGUs' ability to scale up or adapt their collection systems in response to regulatory changes or taxpayer demands. These challenges reflected the findings of Gandia et.al (2024), who emphasized that upgrading collection tools and building digital infrastructure were critical to improving efficiency and minimizing administrative errors.

Inefficient organization and streamlining of revenue collection processes impacted transaction processing and taxpayer compliance. While Municipalities A and B regularly complied with audit requirements and maintained timely fund remittances, inefficiencies in how collection processes were structured continued to affect their operational effectiveness. Without automation or integrated systems, even basic tasks like assessment, verification, and reconciliation of payments were prone to delays and redundancies. Residents who could not physically visit the office had to rely on informal communication to transact, discouraging consistent and timely compliance. Though less visible in official reports, these inefficiencies weakened the municipality's ability to maximize internal revenue and respond quickly to service demands. This situation was consistent with the insights of Boris (2022), who emphasized that unresolved governance inefficiencies often undermine local governments' capacity to deliver consistent and accessible public services.

In addition, Amin et al. (2020) highlighted that ineffective revenue systems and poor intergovernmental coordination hindered local development, a parallel to the fiscal challenges observed in fifth-class municipalities in Camarines Norte. Likewise, Pillah (2023) underscored the need for collaborative fiscal relationships and equitable resource distribution between government tiers, aligning with the present study's emphasis on strengthening local fiscal autonomy through improved revenue strategies.

While this study focused on improving payment methods, it also acknowledged the importance of considering future efforts to digitalize the entire revenue collection process. This might include using technology in assessment, billing, payment, recording, and responding to taxpayer concerns. These improvements could help enhance efficiency, ensure timely compliance, and strengthen the delivery of public services.

### **Proposed Policy to Address the Identified Issues Relative to Internal Revenue Generation of the Fifth-Class Municipalities in Camarines Norte**

The formulation of this proposed policy was based on the results of a survey that aimed to identify and rank the key issues encountered in the internal revenue generation of fifth-class municipalities in Camarines Norte. The identification of these issues was important as they directly impacted the fiscal capacity of local government units and their ability to deliver essential public services. Among the issues identified, the top three were the lack of modern and convenient payment methods, limited interaction between local governments and taxpayers, including the business community, and the use of obsolete or inefficient tools for revenue collection.

Based on survey results, the most pressing issue was the outdated and inconvenient payment systems currently being used in the municipalities. These systems, which continued to rely on manual and face-to-face transactions, posed a burden, especially to residents living or working far from municipal centers. The absence of standardized electronic payment platforms limited accessibility, discouraged timely compliance, and ultimately reduced the revenue collected. This situation affected the ability of local governments to fund basic services such as healthcare, social welfare, and other community programs.



The second issue identified was the limited interaction between local governments and taxpayers. While there was some general communication, it did not extend to active and targeted engagement concerning specific tax responsibilities. Many taxpayers did not receive billing notices or reminders and had to take the initiative to reach out to the Treasurer's Office themselves. This lack of structured communication created confusion, led to missed deadlines, and weakened voluntary compliance.

The third issue was the continued use of obsolete or inefficient tools in revenue collection processes. Handwritten ledgers, manual issuance of receipts, and physical filing systems were still in use in some municipalities. This resulted in delays, data retrieval challenges, and a higher risk of administrative errors. Beyond payment difficulties, the manual handling of the entire revenue cycle—from assessment, billing, payment to recordkeeping—hampered operational efficiency and service responsiveness.

These challenges pointed to the need for a focused and practical ordinance that addressed the most urgent and impactful issue—payment system modernization. One of the key improvements proposed was the adoption of modern payment systems, such as mobile applications and online banking, in partnership with financial institutions. This aligned with Jia's (2021) findings, which emphasized the role of Information Technology in enhancing government operations through e-governance, improving both service quality and revenue collection efficiency. Alongside this, an awareness campaign was planned to educate taxpayers about these digital payment methods. Regular feedback mechanisms, public consultations, and clear information materials were also to be introduced to strengthen communication and encourage compliance.

Transparency in revenue management was prioritized through the publication of revenue data and the establishment of oversight mechanisms. This was supported by Bassey et.al (2023) study, which highlighted the importance of fostering public accountability and transparency to combat corruption and strengthen citizen engagement.

The periodic updating of municipal revenue codes was also deemed essential to ensure that tax policies remained responsive to changing economic conditions and local needs. This supported the findings of Ramos (2022), who emphasized the importance of aligning local economic strategies with fiscal policies to promote sustainable development.

Technological advancement was another vital area. The upgrading of revenue collection tools and the application of data-driven strategies would allow for improved tracking of trends, forecasting of income, and identification of non-compliance. Investments in modern software and analytics were considered necessary to enhance both the accuracy and efficiency of these functions.

Equally important was the continuous capacity building of municipal personnel. Staff were to receive regular training on modern revenue collection techniques, customer service, and the effective use of technology. This conformed with Kamara and Kamara's (2023) emphasis on the need for tailored training programs to improve compliance, particularly in areas with informal economic activity. Incentive programs were also proposed to enhance employee performance and morale, while an internal review of staffing and workflows was to be conducted to ensure effective communication and operations.

While broader issues such as assessment procedures and collection mechanisms remained important, this proposed policy primarily focused on the modernization of payment methods as the most immediate and feasible solution. Nonetheless, it was recognized that the modernization of payment systems should serve as the foundation for future efforts to fully digitalize the entire revenue processing workflow to further enhance operational efficiency and service delivery.

This focus aligned with the Department of Finance (2021), which encouraged local government units to embrace digitalization in tax administration. This recommendation was further supported by Dominguez (2021), who emphasized that adopting digital solutions was a pivotal step in boosting revenue generation.

Therefore, the scope of this policy was directed at improving payment methods through the integration of digital platforms and the implementation of supportive institutional reforms, with the aim of increasing

taxpayer compliance and strengthening the overall revenue collection system in fifth-class municipalities in Camarines Norte.

## **Proposed Policy Development on Enhancing Taxpayer Compliance through Modern Payment Systems in the Fifth-Class Municipalities of Camarines Norte**

### **Rationale**

Taxpayer compliance plays a fundamental role in the ability of local government units (LGUs) to generate internal revenue and provide essential services to their constituents. In the context of fifth-class municipalities, where financial resources are limited, compliance with local tax obligations is crucial to ensuring sustainable governance and development. However, achieving high levels of compliance remains a challenge due to structural inefficiencies and outdated systems that hinder taxpayer participation. Encouraging voluntary compliance through accessible, fair, and transparent tax processes is essential to improving the financial capacity of LGUs and for building public trust in local institutions.

This initiative is aligned with the 2030 Agenda for Sustainable Development, particularly Sustainable Development Goal (SDG) 8, which promotes inclusive and sustainable economic growth. Strengthening taxpayer compliance supports this goal by ensuring that local governments have the financial resources necessary to invest in economic and social development. Moreover, the Philippine Development Plan (PDP) 2023–2028 emphasizes the need for governance reforms, including improved fiscal management and the adoption of efficient and transparent systems for resource mobilization. Adherence to these frameworks reinforces the importance of enhancing tax systems as a pathway to equitable and sustainable development.

The survey conducted in selected fifth-class municipalities in Camarines Norte identified lack of modern and convenient payment methods as the most pressing issue affecting taxpayer compliance. Despite the availability of technological solutions, most local governments continue to rely on manual, face-to-face payment processes, limiting accessibility—especially for residents in remote areas or living or working in distant cities and province—and resulting in delayed or missed payments. Consequently, these municipalities struggle to collect sufficient revenues to support critical programs such as healthcare, social welfare, and gender and development initiatives.

Addressing this issue requires the development of a responsive and practical local policy. By focusing on the modernization of payment systems, local governments can offer more accessible and efficient options for taxpayers. Although this policy primarily targets payment modernization, it also recognizes that future development of revenue systems should extend toward full digitalization of the revenue collection process to further enhance public service efficiency and transparency. The proposed policy aims to integrate digital payment platforms, strengthen taxpayer education, and promote transparency, ultimately enabling LGUs to meet their fiscal needs and deliver quality public services. Through effective policy development, LGUs can address the root causes of non-compliance and align their practices with national and global development goals.

### **The Problem**

The survey findings reveal that the lack of modern and convenient payment methods hinders internal revenue generation. Despite the availability of technological solutions, most municipalities continue to rely on manual systems that require taxpayers to transact in person. This setup creates barriers, particularly for residents who are either living in remote barangays or working in distant cities and provinces, making timely tax payment burdensome and inconvenient. Reduced taxpayer compliance directly impacts the municipalities' ability to generate sufficient revenue, leading to inadequate funding for essential health, education, infrastructure, and social welfare programs.

The issue extends beyond payment delays. It reflects a broader systemic weakness that restricts the fiscal capacity of local governments and compromises the quality of public service delivery. Resolving this issue through policy development focused on payment modernization and the gradual digitalization of the revenue collection process is necessary to ensure a more inclusive, efficient, and sustainable revenue system.

## Policy Alternatives

Several policy alternatives are proposed to address taxpayer non-compliance resulting from outdated payment systems. These options aim to modernize the revenue collection process, improve accessibility, and streamline transactions:

### 1. Digital Payment Platforms

- **Regulations and Prohibitions:** This alternative would encourage using digital platforms, such as online banking, mobile apps, and other government-approved payment solutions, for all tax payments. It would make digital payments mandatory for all taxpayers, with the municipality providing clear guidance on using platforms.
- **Enforcement:** The municipal treasurer's office will enforce the use of digital platforms by ensuring that all taxpayers have access to the necessary tools, such as mobile apps or internet access. Support services, such as help desks, could be available for taxpayers facing difficulties.

### 2. Upgraded Traditional Payment Methods

- **Regulations and Prohibitions:** This alternative would involve improving and modernizing the existing traditional payment methods, such as payments made at municipal offices, payment centers, or banks. The policy would mandate the installation of upgraded payment systems (e.g., point-of-sale systems) to streamline the payment process and reduce errors.
- **Enforcement:** The municipality would ensure that payment points are equipped with up-to-date systems that allow for faster transactions. Municipal staff would be trained to use these upgraded systems to ensure smooth operations.

### 3. Third-Party Payment Integration

- **Regulations and Prohibitions:** This alternative would integrate third-party payment services such as payment kiosks, convenience store payments, or mobile wallets that taxpayers could use to pay their taxes. This would allow taxpayers to pay in places they frequent, reducing barriers to payment.
- **Enforcement:** Third-party service providers will be responsible for ensuring that payment kiosks and mobile payment options are operational and properly linked to the municipality's revenue system. Regular audits and checks are required to ensure compliance.

### 4. Hybrid System (Digital + Traditional Payment Methods)

- **Regulations and Prohibitions:** The policy would combine digital and traditional payment options, allowing taxpayers to choose their preferred method based on convenience or access and ensuring that all taxpayers, regardless of their access to technology, can make payments on time.
- **Enforcement:** The municipality would oversee the implementation of both payment methods, ensuring that digital payment options are available alongside traditional ones. The treasurer's office monitors usage and assists taxpayers with technical difficulties.

## METHODOLOGY FOR POLICY ANALYSIS

The evaluation framework for this proposed policy development is adapted from Azuelo and Opeña (2021) study, "PCAARRD Policy Brief: Fit for a Queen: Restructuring the Philippine National Standard for Queen Pineapple."

The framework was modified to fit the context of taxpayer compliance by employing these criteria:

1. **Fiscal Adequacy** – Evaluates the financial sustainability of the proposed systems, ensuring effective contribution to revenue generation.
2. **Administrative Feasibility** – Assesses the practicality of implementing each alternative given the resource constraints of fifth-class municipalities.

3. Theoretical Justice – Focuses on fairness in taxpayer treatment, ensuring equitable policies across socioeconomic groups.

The four policy alternatives identified for evaluation include:

1. Digital payment platforms;
2. Upgrading traditional payment methods;
3. Third-party payment integration; and
4. A hybrid system combining both digital and traditional payment methods.

The evaluation assigns weights to each criterion, with higher weights indicating greater influence on policy decisions. This approach is based on the methodology of Azuelo and Opeña (2021), which emphasizes systematic assessment to determine the most efficient, equitable, and feasible option.

### Evaluating Policy Alternatives

The principles of a sound tax system ensure that any tax-related policy is designed to generate sufficient revenue, is practical to implement and enforce, and is equitable for all taxpayers. These principles provide a logical and balanced framework for evaluating policy alternatives, emphasizing the importance of sustainability, efficiency, and fairness. By aligning the evaluation criteria with these principles, the policies are assessed for their effectiveness in addressing taxpayer compliance and their capacity to support the broader goals of efficient governance and equitable public service delivery.

#### 1. Fiscal Adequacy

- Digital Payment Platforms: Offer high potential to enhance revenue collection by reducing delays and improving compliance, though initial investment costs are significant. Once operational, they ensure a steady and reliable revenue stream.
- Upgraded Traditional Payment Methods: Improve revenue collection incrementally through streamlined processes, but may not fully address the challenges of missed or delayed payments in the long term.
- Third-Party Payment Integration: This boosts revenue collection by providing accessible payment options and encouraging timely payments. However, reliance on external providers may introduce risks in revenue tracking.
- Hybrid System: This system ensures fiscal adequacy by combining reliable traditional methods with modern digital platforms, catering to a broad taxpayer base and minimizing revenue leakages.

#### 2. Administrative Feasibility

- Digital Payment Platforms: Require significant administrative oversight for implementation, system maintenance, and security. However, it minimizes manual intervention once established, reducing administrative workload over time.
- Upgraded Traditional Payment Methods: Administratively simpler to implement and manage due to its reliance on existing processes but may increase long-term staffing and training needs.
- Third-Party Payment Integration: Outsourcing payment processing reduces the municipality's administrative demands, but it necessitates coordination, regular audits, and compliance monitoring of third-party providers.
- Hybrid System: This system is more complex administratively because it requires overseeing both traditional and digital systems, requiring significant resources to maintain efficiency and consistency.

#### 3. Theoretical Justice (Equity)

- Digital Payment Platforms: While efficient, they risk excluding taxpayers without access to technology or digital literacy, disproportionately affecting marginalized groups.
- Upgraded Traditional Payment Methods: Ensures fairness by accommodating taxpayers who lack access to digital systems, though it may not provide the convenience that more technologically inclined taxpayers' desire.



- **Third-Party Payment Integration:** Enhances equity by offering diverse payment options, including locations frequented by taxpayers, thus addressing varied accessibility needs.
- **Hybrid System:** The most equitable solution, combining traditional and digital options to ensure inclusivity for all taxpayers, regardless of their technological capabilities.

### Relative Weighting of Criteria

To determine the most preferred policy alternative, relative weights were assigned to the evaluation criteria, indicating each factor's importance in assessing the alternatives' potential success and impact. These weights, adding up to 1, reflect the degree of influence each criterion has on the final decision. Below are the updated weights:

.40 - Administrative Feasibility (AF)

.35 - Fiscal Adequacy (FA)

.25 - Theoretical Justice (Equity) (TJ)

Of the three criteria, Administrative Feasibility was given the highest weight (.40), as it addresses the practical aspects of implementing and managing the policy. Administrative feasibility ensures that the policy is easily administrable, requires manageable resources, and can be seamlessly integrated into existing systems. This criterion is prioritized because even well-funded or equitable policies may fail if they are difficult to implement.

Fiscal adequacy was assigned the second highest weight (0.35). While generating sufficient revenue is critical to achieving policy goals, administrative challenges can still undermine revenue generation. Therefore, although important, fiscal adequacy was ranked slightly lower than administrative feasibility.

The third and lowest priority criterion was Theoretical Justice (Equity), assigned a weight of 0.25. Although fairness and inclusivity are essential to ensure that no group is disadvantaged, policies must first be administratively and financially viable to succeed. Nonetheless, equity remains vital in designing policies that promote inclusive growth and sustainable development.

The following evaluation is based on feedback from local government officials, taxpayers, and municipal staff, who were consulted regarding the potential impacts of the policy alternatives. Their insights, combined with the evaluation criteria of Administrative Feasibility (AF), Fiscal Adequacy (FA), and Theoretical Justice (Equity) (TJ), were used to assess and compare the policy options.

Policy Alternatives	Administrative Feasibility (AF)	Fiscal Adequacy (FA)	Theoretical Justice (TJ)	Overall Score
Digital Payment Platforms	0.32	0.28	0.20	0.80
Upgraded Traditional Payment Methods	0.32	0.28	0.15	0.75
Third-Party Payment Integration	0.24	0.21	0.20	0.65
Hybrid System	0.40	0.28	0.20	0.88

To interpret the results presented in the table, a weighted scoring method was used to evaluate each policy alternative against the three criteria: Administrative Feasibility (AF), Fiscal Adequacy (FA), and Theoretical Justice (TJ). Each criterion was assigned a specific weight based on its relative importance: 0.40 for AF, 0.35 for FA, and 0.25 for TJ.

This evaluation method follows the structured approach outlined by Azuelo and Opeña (2021) in their PCAARRD Policy Brief, *"Fit for a Queen: Restructuring the Philippine National Standard for Queen Pineapple,"* which promotes weighted multi-criteria decision-making for policy analysis.

The overall score for each policy alternative was calculated using the following formula:

$$\text{Overall Score} = (AF \times 0.40) + (FA \times 0.35) + (TJ \times 0.25).$$

Among the alternatives, the Hybrid System achieved the highest overall score of 0.88, indicating that it best satisfies administrative feasibility, fiscal sustainability, and equity requirements. Its strong performance in the most heavily weighted criterion (Administrative Feasibility) significantly contributed to its top ranking, justifying its selection as the most viable and strategic policy option.

### **Recommending Actions**

Based on the analysis and objectives of implementing the Hybrid System for tax collection in the fifth-class municipalities in Camarines Norte, the following policy actions are recommended to ensure the system's effective adoption and sustainability:

#### **1. Promotion of Digital Payment Awareness**

It is recommended to conduct a public awareness campaign informing taxpayers about the benefits and availability of both traditional and digital payment methods. This campaign should utilize local media, social media platforms, and information sessions to guide taxpayers on how to use digital payment options for taxes and fees.

#### **2. Provision of Technical Support and Assistance for All Users**

A key recommendation is to establish support systems for all taxpayer groups, including senior citizens and others who may face challenges with digital platforms. This could include offering in-person help desks, technical support hotlines, and tutorials to assist them in navigating online payment systems.

#### **3. Integration of Payment Methods Across Platforms**

For seamless operation, the Municipality should collaborate closely with accredited financial institutions and digital payment providers to ensure that the payment platforms integrate smoothly with the municipality's revenue collection systems. This will ensure that taxpayers have access to a range of convenient payment options without any technical issues.

#### **4. Establishment of a Monitoring and Evaluation Committee**

Regular monitoring of the Hybrid System is essential. A committee composed of municipal officers and external stakeholders should be established to assess the performance and taxpayer satisfaction. Recommendations from this committee will guide improvements and necessary adjustments to enhance the system's effectiveness.

### **RECOMMENDATION**

It is recommended to formulate and enact an ordinance that will regulate and implement a Hybrid System for the collection of taxes and fees in the fifth-class municipalities of Camarines Norte. This Hybrid System should incorporate both traditional and digital payment methods to provide taxpayers with flexible and convenient options while ensuring efficient revenue collection, administrative feasibility, and equity.

The ordinance should clearly outline the roles and responsibilities of municipal officials, establish guidelines for taxpayer education and technical support, and ensure that the necessary systems are in place to maintain the functionality of both traditional and digital payment options.

Furthermore, while the primary focus is on digitalizing payment transactions, it is recommended that future initiatives explore the broader digitalization of the entire revenue collection process. This includes the

automation of assessment, billing, recording, reporting, and grievance redress mechanisms to strengthen institutional resilience, improve transparency, and enhance the delivery of public services.

The proposed ordinance is intended to improve the tax collection system of the fifth-class municipalities in Camarines Norte by implementing a Hybrid System that balances modern innovation with inclusive accessibility, ensuring both operational efficiency and equity among taxpayers.

## **An Ordinance Authorizing The Municipality Of \_\_, Camarines Norte To Implement A Hybrid System For The Collection Of Taxes And Fees, Combining Traditional And Digital Payment Methods To Enhance Revenue Collection, Improve Administrative Feasibility, And Ensure Equity Among Taxpayers.**

### **Section 1. Rationale and Legal Basis**

**Whereas**, Republic Act No. 7160, also known as the Local Government Code of 1991, grants local government units (LGUs) the authority to generate their own revenue and enact laws to improve public services and governance, underscoring their responsibility to strengthen local fiscal systems;

**Whereas**, Republic Act No. 8792, also known as the Electronic Commerce Act of 2000, recognizes and supports the use of electronic data messages, electronic documents, and digital payment systems in government transactions, highlighting the need to modernize and streamline government operations to improve efficiency and transparency;

**Whereas**, the 2030 Agenda for Sustainable Development, specifically Goal 8, promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, emphasizing the role of good governance in achieving sustainable growth and addressing local development challenges;

**Whereas**, the Philippine Development Plan (PDP) 2023–2028 highlights the importance of governance reforms in achieving sustainable economic growth, particularly through efficient public service delivery, including enhanced tax and fee collection mechanisms;

**Whereas**, the Municipality of \_\_, Camarines Norte recognizes the need to address challenges in its revenue collection system in order to meet fiscal obligations and provide quality services to its constituents;

**Whereas**, advancements in technology have made digital payment methods essential for increasing the efficiency and accessibility of government transactions, reducing administrative burdens, and providing more convenient options for taxpayers to fulfill their obligations;

**Whereas**, this Ordinance seeks to modernize the Municipality's tax and fee collection system by integrating both traditional and digital payment methods, thus promoting fiscal adequacy, administrative feasibility, and equity.

### **Section 2. Title**

This Ordinance shall be known as the “Hybrid System for Tax and Fee Collection Ordinance of the Municipality of \_\_ Camarines Norte.”

### **Section 3. Applicability**

This Ordinance shall apply to all tax payments and fees collected by the Municipality of \_\_, Camarines Norte, including but not limited to real property taxes, business taxes, fees, and other charges administered by the local government.

### **Section 4. Definition of Terms**

For purposes of this Ordinance, the following terms shall be defined as follows:

- a) **Hybrid System** refers to a system for the collection of taxes and fees that combines both traditional

over-the-counter payment methods and digital payment methods.

- b) **Traditional Payment Methods** refer to payments are made in person through accredited financial institutions (banks) or the Municipal Treasurer's Office.
- c) **Digital Payment Methods** refer to payments made through online platforms, including internet banking, mobile payment applications, or other government-approved online payment channels.
- d) **Municipal Treasurer** refers to the official responsible for overseeing tax collection and ensuring the efficient operation of the tax collection system.
- e) **Accredited Financial Institutions** refer to banks or other financial institutions recognized by the Municipal Government to accept payments for taxes and fees.

## Section 5. Accreditation of Financial Institutions and Memorandum of Agreement

The LGU, through the Local Chief Executive, is authorized to accredit financial institutions and enter into Memoranda of Agreement (MOAs) with such institutions for the collection of taxes and fees under the Hybrid System.

## Section 6. Implementation of the Hybrid System

The Municipality of \_\_, Camarines Norte shall implement the Hybrid System for the following provisions:

### 6.1 Step-by-Step Process for Taxpayers

#### a) Tax Assessment and Notification

Taxpayers may receive their tax assessments via:

1. Email notifications;
2. Ordinary Mail; or
3. Personal service by the Municipal Treasurer's Office.

The assessments shall include a breakdown of tax liabilities, payment deadlines, and available payment methods. Taxpayers may also verify the assessment details either through the online portal or by visiting the Municipal Treasurer's Office.

#### b) Verification of Assessment Details

Taxpayers may verify their assessments using the online portal or by visiting the Municipal Treasurer's Office.

#### c) Selection of Payment Method

Taxpayers may select:

1. Over-the-Counter Payments (at the Treasurer's Office or accredited institutions; or
2. Digital Payment Methods (through a secure online portal or mobile app)

#### d) Payment Execution

1. Over-the-Counter Payments: Immediate issuance of official receipts.
2. Digital Payments: Instant digital confirmation, with the official receipt obtainable from the Municipal Treasurer's Office.

#### e) Integrated Recordkeeping and Transparency

All payment records shall be integrated into a manual or digital database managed by the Municipal Treasurer's Office. Taxpayers may access their transaction history in person or via online portals.



#### **f) Grievance Redress and Support**

Technical support desks shall be established to assist taxpayers with any concerns or difficulties related to payment or assessment.

#### **General Implementation Provisions**

- a) Technical Support Desks shall assist taxpayers, particularly senior citizens and those unfamiliar with digital technologies.
- b) Staff Training programs shall ensure efficient handling of both digital and manual systems.
- c) Pilot Testing and Feedback Integration shall be conducted prior to full implementation.
- d) System Security standards shall protect taxpayer information and transaction integrity.
- e) Awareness Campaigns shall educate the public on the new system's benefits.
- f) Periodic Evaluation and Updates shall ensure the system's continuous improvement.
- g) Performance Metrics such as collection rates, transaction processing times, and taxpayer satisfaction shall be tracked.

#### **Section 7. Funding**

Funding for the implementation of the Hybrid System shall be sourced from the Municipality's general appropriations for the current fiscal year, with supplemental funding from grants, donations, or other authorized sources.

#### **Section 8. Enforcement**

The Municipal Treasurer shall enforce the provisions of this Ordinance, ensure the availability of multiple payment options, and conduct regular audits to assess compliance and system effectiveness.

#### **Section 9. Information Campaign**

An information campaign shall be conducted to educate taxpayers on the Hybrid System through:

- a) Distribution of printed materials;
- b) Use of local media and social media platforms;
- c) Public consultations and orientation sessions; and
- d) Regular taxpayer assistance and staff retraining activities.

#### **Section 10. Monitoring and Evaluation**

The Municipal Treasurer shall monitor the implementation and effectiveness of the Hybrid System through periodic reviews, which will assess:

- a) The performance and efficiency of both traditional and digital payment methods;
- b) Taxpayer satisfaction with the system; and
- c) Compliance rates and overall revenue collection effectiveness.

The review shall also assess inclusivity and system security, ensuring that marginalized groups and areas with limited internet access are not excluded.

An annual Monitoring Report shall be submitted to the Sangguniang Bayan.

Monitoring reports should also include observations and recommendations on potential digitalization of other stages of the revenue process as the system matures and resources allow.

## Section 11. Penalty and Incentive Clause

### a) Penalty for Non-Payment or Late Payment

In accordance with the provisions of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, and the existing Municipal Revenue Code of \_\_, Camarines Norte, any taxpayer who fails to pay taxes or fees within the prescribed period shall incur the applicable penalties, surcharges, and interest. These shall be automatically imposed based on the rates and procedures set forth in the said laws.

### b) Incentives for Timely or Early Payment

Pursuant to Section 192 of the Local Government Code and the relevant provisions of the Municipal Revenue Code, taxpayers who settle their tax obligations on or before the deadlines may qualify for incentives such as discounts for early payment, provided these are expressly authorized by local legislation. This Ordinance does not create new incentives but affirms those already permitted under existing legal and fiscal frameworks.

## Section 12. Separability Clause

If any provision or part of this Ordinance is declared invalid or unconstitutional, the remaining provisions not affected shall remain in full force and effect.

## Section 13. Repealing Clause

All ordinances, resolutions, and executive orders, or parts thereof that are inconsistent with the provisions of this Ordinance are hereby repealed or modified accordingly.

## Section 14. Effectivity Clause

This Ordinance shall take effect immediately upon approval.

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## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a comprehensive summary of the research, detailing the findings and conclusions derived from the objectives and issues encountered and identified in the study. It also includes recommendations for future actions and improvements.

### Summary

This study examined the status of internal revenue generation and its optimization for enhanced public service delivery in the fifth-class municipalities of Camarines Norte, specifically Municipality A and Municipality B, over the period from 2021 to 2023. It sought to provide answer on the following: 1) the status of internal revenue generation, focusing on both tax and non-tax revenues and examining trends and patterns; 2) the status of public service delivery, focusing on allocation and utilization of funds, particularly in health services, social welfare, and gender and development programs; 3) the issues encountered affecting internal revenue generation that affects the delivery of public service; and 4) the policy development to address the identified issues relative to internal revenue generation.

The study employed a descriptive research design, using documentary analysis, structured questionnaires, and interviews to collect data on internal revenue generation and public service delivery. Municipal records were examined to assess actual tax and non-tax revenue collections, as well as fund allocations, expenditures, and utilization rates in key service areas. Respondents included 393 taxpayers, selected through stratified sampling, along with municipal employees from the Treasurer's and Budget Offices.

The research instruments were validated and pilot-tested, with a Cronbach's alpha of 0.979, indicating excellent reliability. Data were analyzed using IBM SPSS Software, applying descriptive statistics to summarize revenue collection data, fund utilization, and the frequency of issues affecting internal revenue generation.

### Findings

The researcher has arrived at the following findings:

1. Revenue collection in the fifth-class municipalities of Camarines Norte showed an overall increase in both tax and non-tax revenues from 2021 to 2023. In Municipality A, tax revenue recorded a variance of 22.37 percent from 2021 to 2022, and 13.93 percent from 2022 to 2023. In contrast, Municipality B experienced a more significant increase in tax revenue, with a 6.48 percent variance from 2021 to 2022, and a substantial 114.55 percent variance from 2022 to 2023. For non-tax revenue, Municipality A achieved a higher variance of 22.68 percent between 2021 and 2022, and 8.31 percent from 2022 to 2023, while Municipality B experienced a total variance 1.52 percent from 2021 to 2022, and 27.61 percent from 2022 to 2023.

2. The status of public service delivery in the fifth-class municipalities of Camarines Norte varied across program areas. In the Health Services Program, Municipality A recorded the highest utilization rate under the Essential Medicines Provision Program, with 90.98 percent in 2021, 99.16 percent in 2022, and 99.81 percent in 2023. Meanwhile, the Basic Emergency Obstetric and Newborn Care (BEMONC) Program had the lowest utilization rate, consistently reporting 0 percent utilization over the same period. In Municipality B, the highest utilization rate was also observed in the Essential Medicines Program, with 58.02 percent in 2021, 87.23 percent in 2022, and 84.11 percent in 2023. Conversely, the Family Planning Commodity and Birth Plan Provision Program had the lowest utilization rate, recording 0 percent utilization for all three years.

In the Social Welfare and Development Program, Municipality A recorded the highest utilization rate in the Senior Citizen Mortuary Program / Burial Assistance, with 100 percent in 2021, a significant 996.71 percent in 2022, and 100 percent in 2023. The lowest utilization rate was observed in the Local Youth Development Program, with utilization rates of 0 percent in 2021, 99.44 percent in 2022, and 92.57 percent in 2023. Meanwhile, Municipality B posted its highest utilization rate in the Provision of Vitamins and Milk for Senior Citizens / Regalo sa Compañeros Program, with rates of 100 percent in 2021, 166.68 percent in 2022, and

84.03 percent in 2023. The lowest utilization rate was also found in the Local Youth Development Program, with 0 percent in 2021, 100 percent in 2022, and 26.76 percent in 2023.

In the Gender and Development Program, Municipality A recorded the highest utilization rate under the Provision of Public Employment Service Program/Wages for Student Workers, with rates of 98.02 percent, 99.56 percent, and 99.5 percent for the years 2021 to 2023, respectively. Conversely, the Road Signage Program had the lowest utilization rate in Municipality A, with 0 percent utilization in 2021 and 2022, and a slight increase to 79.56 percent in 2023. Meanwhile, in Municipality B, the Scholarship Program achieved the highest utilization rates of 133.59 percent, 100 percent, and 97.00 percent over the same period. The Educational Assistance Program recorded the lowest utilization rates in Municipality B, with 78.59 percent in 2021, 70.39 percent in 2022, and 0 percent in 2023.

3. Ranked first among the issues affecting internal revenue generation in fifth-class municipalities is the lack of modern and convenient payment methods, which affects taxpayer compliance, with frequency of 288. The second-ranked issue, with a frequency of 255, is the limited interaction with taxpayers and the business community, which hampers understanding their needs and tax compliance. The third issue, with a frequency of 241, is the use of obsolete or inefficient or tools for revenue collection, which significantly hampers the process. Moreover, the ranked lowest, with a frequency of 166, is the inefficient organization and streamlining of revenue collection processes which impact transaction processing and taxpayer compliance.

4. The proposed policy aims to enhance taxpayer compliance in the fifth-class municipalities of Camarines Norte through modernized payment systems. It is comprised of the following alternatives: (1) digital payment platforms, (2) upgraded traditional methods, (3) third-party payment integration, and (4) a hybrid system combining digital and traditional approaches. These alternatives are intended to optimize internal revenue generation and ultimately improve public service delivery in the targeted municipalities.

## Conclusions

The researcher has drawn the following conclusions:

1. The analysis of internal revenue generation from 2021 to 2023 in the fifth-class municipalities of Camarines Norte reveals a consistent upward trend in both tax and non-tax revenues. The data confirms that these municipalities have made incremental progress in optimizing their revenue collection efforts. Municipality A demonstrated relatively steady growth in tax revenues over the three-year period, while Municipality B recorded a sharp increase, particularly from 2022 to 2023. In terms of non-tax revenues, both municipalities exhibited moderate yet positive changes. These results indicate that, although the level of revenue generation remains limited by the municipalities' classification, continuous efforts to enhance local income streams have shown measurable impact over the three-year period.

2. The assessment of public service delivery from 2021 to 2023 in the fifth-class municipalities of Camarines Norte revealed uneven levels of program utilization across health, social welfare, and gender and development initiatives. While certain programs achieved consistently high utilization—such as essential medicine provision and senior citizen support—others, including family planning, youth development, and specific gender-focused programs, showed persistently low or even zero uptake. These variations suggest disparities in program implementation, accessibility, or relevance across service areas, underscoring the need for targeted improvements in service

3. The analysis of issues affecting internal revenue generation in fifth-class municipalities of Camarines Norte highlights systemic and operational challenges that hinder effective tax collection. Chief among these is the lack of modern, accessible payment methods, which continues to impede taxpayer compliance. Additionally, the limited engagement between local government units and taxpayers, along with the continued use of outdated collection tools, further constrains efficiency and trust in the revenue system. These prevailing issues reflect underlying gaps in administrative capacity, technological integration, and system responsiveness that must be addressed to sustainably improve revenue performance.

4. The proposed policy to enhance taxpayer compliance through modern payment systems aims to improve internal revenue generation in the fifth-class municipalities of Camarines Norte. By simplifying payment processes and increasing accessibility, the policy seeks to strengthen local fiscal capacity and support more consistent public service delivery. Furthermore, based on the findings, there is a recognized need to explore future initiatives focused on the full digitalization of the entire revenue processing cycle—including assessment, billing, payment execution, recordkeeping, reporting, and grievance redress mechanisms—to achieve greater operational efficiency, transparency, and taxpayer satisfaction.

## Recommendations

The researcher recommends the following actions:

1. Fifth-class municipalities in Camarines Norte should strengthen their tax collection systems by institutionalizing efficient procedures, expanding assessment coverage, and improving enforcement mechanisms. They should also explore alternative revenue sources permitted under existing laws, enhance taxpayer education through sustained information campaigns, and regularly review and update their local revenue codes to reflect current economic conditions and legal frameworks.
2. To address the low utilization of specific public service programs—namely the Basic Emergency Obstetric and Newborn Care (BEMONC) Program, family planning services, youth development initiatives, educational assistance, and infrastructure-related GAD projects—fifth-class municipalities in Camarines Norte should conduct localized community needs assessments to identify barriers to participation. These assessments must be informed by disaggregated data and supported by barangay-level engagement. Program designs should be adjusted based on these findings to enhance relevance, access, and visibility. Coordination with barangay health workers, youth development officers, and GAD focal persons can improve awareness and outreach. These efforts should also be aligned with the local budgeting process to ensure that allocated funds are efficiently utilized and directed toward programs with demonstrated demand and community relevance. Integrating these efforts into annual investment planning and ensuring continuous monitoring will support more responsive and equitable service delivery.
3. To improve internal revenue generation, fifth-class municipalities in Camarines Norte should adopt digital payment systems that are secure, user-friendly, and accessible to both urban and remote barangays. In parallel, collection tools and administrative processes must be modernized and aligned with national digital finance standards to reduce inefficiencies and transaction delays. Taxpayer engagement strategies should include regular information campaigns, simplified payment instructions, and establishment of feedback mechanisms through which taxpayers can report issues or suggest improvements. Streamlining procedures and reducing manual dependencies will enhance system efficiency, promote transparency, and increase taxpayer trust in the local fiscal system.
4. Adoption of the proposed hybrid revenue collection policy—integrating both digital and traditional payment methods—should be prioritized by fifth-class municipalities in Camarines Norte. This approach addresses the identified gaps in taxpayer compliance, accessibility, and administrative efficiency by offering multiple channels for settlement of tax and non-tax obligations. Implementation should be accompanied by staff training, accreditation of financial institutions, and the establishment of secure digital platforms in coordination with national government agencies. This policy has the potential not only to increase collection rates but also to promote fiscal inclusion, particularly for constituents in remote or underserved areas. Its integration into the local government's broader revenue reform agenda is essential to strengthening internal revenue generation and sustaining delivery of essential public services.
5. To complement the implementation of a hybrid payment system, fifth-class municipalities in Camarines Norte should initiate the full digitalization of the revenue processing cycle, covering assessment, billing, collection, recordkeeping, reporting, and grievance handling. This will address inefficiencies observed in manual systems and improve accuracy, transparency, and service delivery. Investments in ICT infrastructure, personnel training, and secure, interoperable systems—aligned with national standards—will be essential. Coordination with agencies such as the Bureau of Local Government Finance and the Department of

Information and Communications Technology should guide compliance and ensure system sustainability. Though beyond the study's original scope, this recommendation reflects the panel's insight and supports long-term modernization goals.

6. Future studies may examine the impact of full digitalization on local revenue systems, taxpayer behavior, and administrative capacity, particularly in low-income municipalities. Comparative research across LGU classifications can also provide broader insights to guide policy improvements in local fiscal management.

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