

**FIFTEEN YEARS  
IN THE  
Lessons Learned**

*Proceedings of the  
15th Diliman Governance*

**19 October 2006  
Quezon City, Philippines**

**Edited by  
Simeon Agustín Ilago  
Michael A. Tumanut**

**2007**

**FIFTEEN YEARS OF DECENTRALIZATION  
IN THE PHILIPPINES:  
LESSONS LEARNED AND THE WAY FORWARD**

Proceedings of the  
15<sup>th</sup> Diliman Governance Forum

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**Simeon Agustin Ilago  
Michael A. Tumanut**

Center for Local and Regional Governance  
National College of Public Administration and Governance  
University of the Philippines

United Nations Development Programme

2007

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Lessons Learned and the Way Forward**  
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15<sup>th</sup> Diliman Governance Forum

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Cover Design by : Michael A. Tumanut  
Transcription by: Julio S. Amador III  
Printed by: Best Shot Printing

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# P R E F A C E

This monograph contains the proceedings of the 15<sup>th</sup> Diliman Governance Forum “Fifteen Years of Decentralization in the Philippines: Lessons Learned and the Way Forward” held on 19 October 2006 at the Assembly Hall of the National College of Public Administration and Governance, University of the Philippines in Diliman, Quezon City.

The Center for Local and Regional Governance organized the forum to commemorate the 15<sup>th</sup> anniversary of the enactment of the 1991 Local Government Code in the Philippines by discussing the lessons learned in devolution from the viewpoint of the national government agencies that were affected by the devolution process. Representatives from the academe, civil society, media, and business sectors also presented their views on the state of devolution and the challenges of moving it further forward. The one-day forum was attended by more than 200 guests and participants from all sectors of society, including the diplomatic corps and international donor agencies.

The CLRG is grateful to the support of the United Nations Development Programme to the forum, and for the unwavering support of

## OPENING REMARKS

Alex B. Brillantes Jr.\*

Good morning and *mabuhay po kayong lahat!*

On behalf of the National College of Public Administration and Governance (NCPAG), we welcome you to the 15<sup>th</sup> Diliman Governance Forum (DGF). The DGF was really an initiative that started some time ago with the previous dean, Dr. Ledivina Cariño, who initiated what we call the Policy Studies Forum four years ago. The whole idea was for us, NCPAG, to be involved, to participate actively, and to have some mainstream discussion on burning issues in governance. Since then, we have tackled many burning issues pertaining to governance, in general, and local governments, in particular: graft and corruption, accountability, reorganization, non-reorganization, and even *jueteng*. Today, obviously, one of the burning issues is that on local governance. Even as we talk today, we know two major things that are happening.

Let me begin at the international level.

We all know decentralization is a trend that is occurring right now in this part of the world: the Philippines in 1992; Indonesia, of course, in 1998; Thailand has embarked on this decentralization, but it has stopped for a while, I guess, because of the coup; Pakistan has been talking about decentralization; Korea; and Japan. In the western world, including Australia, they are talking about devolution/decentralization. Of course, many of us have looked at the examples in North America: the US and Canada.

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\* Dean, National College of Public Administration and Governance, University of the Philippines.

The whole idea, when we are talking about devolution/decentralization, is it being central to the core of good governance. It talks about transferring power and authority down to the lowest level possible in the context of subsidiarity. I think we, in the Philippines, have been doing our part. It has now been 15 years. As a matter of fact, this month, we celebrate 15 years of the enactment of the Local Government Code. And, therefore, we have a lot of lessons learned over the past 15 years. I do hope, later on, that you will be able to secure a copy of this newsletter called *Tapat Palakad*, which is really about good governance. It is a project that we initiated with the United Nations Development Programme (UNDP) Fostering Democratic Governance Program; and, maybe, we will write an article on why we need to celebrate.

The whole idea here is that many countries have gone through decentralization and local empowerment, because, we all believe that, at the end of the day, what matters is local governance. I have said this in other forums that, here in the Philippines, we get frustrated with what goes on in the national level, but we said "let the national level do what they want, let us simply focus on the local level, because it is there where there are already good practices." So that is one particular point where our discussion will focus on.

At the national level, even as we speak today, we have burning issues that could be traced once more to decentralization and devolution. Makati City today is under siege, if you may, and that somehow shows the relationship between the national government and the local government. Today, you might hear about Caloocan City, the other day Sta. Rosa. To what extent really could the national government use its powers to suspend local officials? To what extent are the powers of control? This is a very contentious issue, and I hope Director Sacendoncillo, our colleague from the Department of the Interior and Local Government, will be able to address this.

The whole idea is that local government continues to be central to our discussion. Perhaps that is one reason why Undersecretary Wencilito Andanar was not able to make it, because of what is happening right now in Makati. To those of you who might not have heard of it, there has been an attempt to suspend Makati City Mayor Jejomar Binay. To a certain extent, it is framed in two things. One, is it a political issue? To what extent could the national government implement its supervisory powers at this point in time?

So it is a burning issue. I did mention that the DGF will try to address some of these. We try to be dispassionate about it despite our biases, which are always present, but we try to present it in the context of an academic forum.

The second point I am trying to make, aside from the importance of the DGF, is the participation of our friends from all over the country. Some of you might know that the DGF also occurs, as much as possible, when we have the national conference of the Association of Schools of Public Administration in the Philippines (ASPAP). I am happy to note we have representatives, directors and chancellors from Tarlac State University, Pamantasan ng Lungsod ng Maynila, Don Mariano Marcos State University, Mindanao State University, Nueva Vizcaya State University, St Mary's College, Mountain Province State Polytechnic University, Trinity University, Western Mindanao State University, Valencia Colleges, Philippine Western College, Silliman University, Benguet State University, University of Negros Occidental, Isabela State University and Divine Word College in Legazpi. We are very happy that this occurs when our colleagues from all over the country, or the other schools of public administration, are also here. NCPAG is part of ASPAP; and part of our networking is to help organize the schools of public administration, and to let you know that different schools of public administration have organized different chapters.

The third point I would like to mention is the Philippine Society for Public Administration (PSPA), which is an association of professional individuals, who are theorists and practitioners of public administration. We would certainly like to invite you if you are interested to be a member of the PSPA. It is a recognized organization of the Philippine Social Science Council, some of whose members are here, like Professor Jose Endriga and Professor Benjamin Cariño.

I would like to, once more, welcome you to NCPAG. This promises to be another important day. So, once more, thank you all for coming. We would like to thank our distinguished panel of speakers engaging in the discourse of public administration and governance in tumultuous times and in times of reflection. Please get a copy of *Tapat Palakad* later. We would also like to thank UNDP, our partner.

*Mabuhay po kayong lahat!*

## SPECIAL MESSAGE

We have received hundreds of request for similar projects since 1998, but Senator Pimentel could only accommodate few requests, considering

the limited budget of the Department of Education. The Department of Education has been able to fund only a few projects since 1998, but Senator Pimentel could only accommodate few requests, considering

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Table 1. Historical Growth of Internal Revenue Allotment Share 1992-2006

Year	Internal Revenue Allotment
1992	PHP 20.30 Billion
1993	36.12 Billion
1994	46.13 Billion
1995	52.04 Billion
1996	56.59 Billion
1997	71.04 Billion
1998	80.99 Billion
1999	96.78 Billion
2000	111.77 Billion
2001	111.77 Billion
2002	134.42 Billion
2003	141.00 Billion
2004	141.00 Billion
2005	151.60 Billion
2006	166.00 Billion
<b>TOTAL AMOUNT</b>	<b>PHP 1.41755 Trillion</b>

Table 2. Historical Share of LGUs, 1992-2006

Local Government Unit	Percentage	Share
Province	23	PHP 326.03 Billion
City	23	326.03
Municipality	34	481.97
Barangay	20	283.51
<b>TOTAL</b>	<b>100</b>	<b>PHP 1.41755 Trillion</b>

We will appreciate more about the beauty of these magnitudes, if we bring these down to the level of specific LGUs, as shown in Table 3.

Table 3. Historical Share of Selected LGUs, 1992-1995

Political Subdivision	Local Government Unit	IRA Share
Province	Surigao del Norte	PHP2,294,145,869
City	Tagaytay City	869,328,626
Municipality	Mabinay	472,766,285
Barangay	Commonwealth	284,753,818

There is no doubt in the minds of the local government constituencies that there is enough money to finance devolved functions, as well as development projects. But it is very disturbing to note that, when it comes to financing local budgets, local officials often say there are no available funds for health and social services, road repair and maintenance. To repeat, these are all devolved functions.

Let us look at the fiscal authority in relation to providing funds for the devolved functions. Section 17 of the Local Government Code is very clear on this issue. It says:

*The basic services and facilities hereinabove enumerated shall be funded from the share of local government units in the proceeds of national taxes and other local revenues and funding support from the national government, its instrumentalities and government-owned or controlled corporations, which are tasked by law to establish and maintain such as services or facilities. Any fund or resource available for the use of local government units shall first be allocated for the provision of basic services or facilities enumerated in subsection (b) hereof before applying the same for other purposes, unless otherwise provided in this code.*

We hope that the devolved functions, especially the health and social services, would not be lumped up together with the misdirected program priorities of the LGU concerned.



The PHP1.42 trillion, however, has considerably changed the socio-economic landscape of the countryside. Using the parameters adopted by the Department of Finance through its Bureau of Local Government Finance in measuring the socio-economic profile of the LGUs, this upward change is reflected in Table 4.

Table 4. Income Classification of Municipalities in 1991 and 2001

automatic release of the IRA shares of LGUs. There are still IRA shares unreleased. On this score, the central government is resorting to the so-called monetization scheme, whose legality is doubtful. Under this scheme, if the LGU wants to get its share, it will only be given 60 percent of its share. But it can get the full amount after six years, interest free.

We can also see from the following table that

1. amend Section 284 of the Code using the national taxes collected by all tax collection agencies of the central government, including, but not limited to, the collection by the Bureau of Customs; Philippine Ports Authority; MARINA; Land Transportation Office; Land Transportation, Franchising and Regulatory Board; Department of Environment and Natural Resources; and Department of Foreign Affairs, as the basis of the share of the LGUs (section 284 uses only the collection made by the Bureau of Internal Revenue as the basis of the share of LGUs)
2. devolve to local executives the authority to issue environmental clearance certificate
3. devolve to the city and municipal mayors the power to grant certificate of authority to subdivision and condominium developers to sell subdivision lots or condominium units
4. grant to the LGUs the authority to supervise and manage infrastructure projects, undertaken in their respective territorial jurisdiction, funded by the central government through the national budget, the projects funded from the loan proceeds, as well as from grants
5. devolve to the provinces the authority to register all types of motor vehicles, whose owners are residents of the province
6. vest the power to appoint treasurer to the local chief executives.

These are just few of the 156 proposed amendments. Copies of SB 1121 have been distributed to local government officials through their respective leagues, the Department of Interior and Local Government, NGOs and other institutions. The support of these institutions are needed, especially the LGUs. They are in the forefront tasked to carry out the development efforts in the countryside. In the light of the desire of the central government to spur development at the rural communities, the role of the LGUs in this effort is very crucial. But we have to provide them and other stakeholders with the necessary wherewithal to lighten their burden and hasten the desired development. The approval of the proposed amendments needs the support of the national leadership.

The enactment of the present code unto law, after four tortuous years of floor debates in both houses of Congress, was made possible due to the unqualified support of then President Corazon Aquino, the herculean work of Senator Pimentel in the floor of the Senate, and the effective leadership of Speaker Ramon Mitra in the House of Representatives.

President Gloria Macapagal-Arroyo could do the same by certifying SB 1121 as urgent bill and prod Senate President Manuel Villar and House Speaker Jose de Venecia to hasten floor debate on the proposed amendatory measure.

Good day!

## GENERAL ASSESSMENT OF THE

is capable of reaching even higher growth performance, if we tap the potentials of LGUs. For the next five years, therefore, we will continue to



rationalization program under Executive Order (EO) 366 and the continuing review on devolution under EO 444, we hope to transform the role of national governments in reinforcing the initiatives at the local level.

At this point, we invite our partners to join us propagate these endeavors.

This forum, I believe, will provide us fresh insights from various vantage points that will bring us further down the road to truly empowering local governments.

Let me now identify some fundamental review questions that may guide us in this afternoon's discussion:

1. Up to what extent supervision must be exercised by the national government to the LGUs?
2. What mechanisms should be put in place to protect genuine local autonomy?
3. What codal provisions must be emphasized to improve national-local relations?
4. What are the political considerations and implications that we must consider to avoid conflicts between and among local and national leaders (*e.g.*, enforcing suspension orders)?

Ladies and gentlemen, I am very confident that our deliberations this afternoon will bring light to how we will be able to move forward the decentralization agenda. We in the DILG, in partnership with the LGUs and key oversight agencies, are committed to attain the promise of decentralization.

We also need to bear in mind that decentralization is not meant to dismember and weaken the Philippine State. On the contrary, it is supposed to unleash and harness the genius and multifaceted skill of the Filipino through empowered local governments and communities. At the end of the day, even in our decentralized diversity, we should be pulling in the same direction, building a nation we can all take pride in.

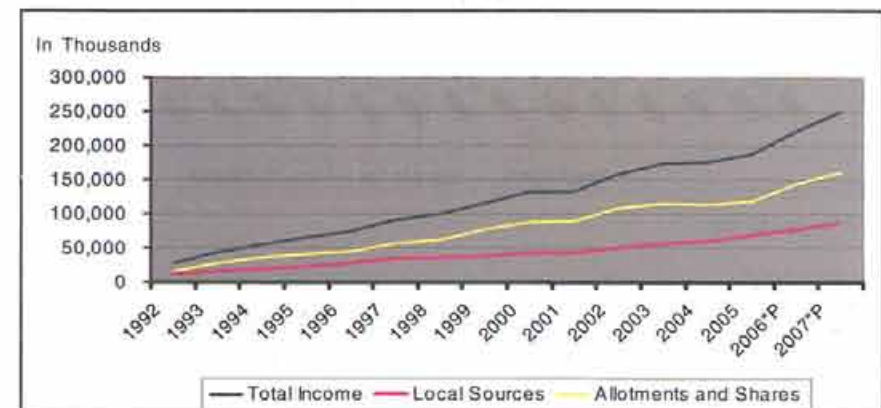
*Mabuhay ang pamahalaang lokal! Maraming salamat po.*

## STATUS OF LOCAL GOVERNMENT FINANCE

Norberto G. Malvar\*

I will not really deliver a speech, but rather provide insights on local resource mobilization. It has been 15 years, so I intend to give you some reports on the trends and patterns and, eventually, some of the policies that we have been doing or pushing through for the next few years. So may I just run through the slide presentation and I will answer your questions later.

Figure 1. Local Government Income, 1992-2007



\* P = projected

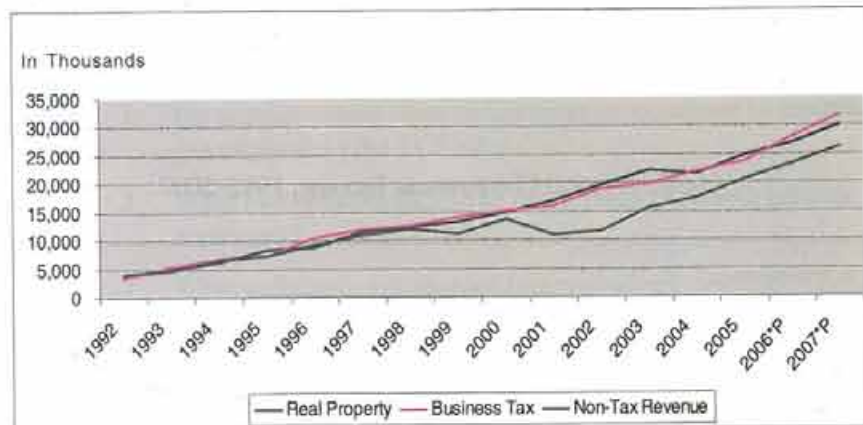
We start with 15 years of local government performance by looking at the total local government income from 1992 to 2007. The last two years

\* Officer-in-Charge Deputy Executive Director, Bureau of Local Government Finance, Department of Finance.



are projected. We can see that income has been experiencing continuing increases and that ratio is almost 2/3:1/3. Two-thirds are usually allotment of shares or income from the internal revenue allotment (IRA) and shares from national wealth, while local sources include tax and non-tax revenue, which will comprise 30 percent of local income. Total government income projected for the year 2007 is about PHP250 million. From almost PHP30 million to PHP35 million in 1992, it registered an increase of more than 800 percent for the past 15 years.

Figure 2. Local Taxes, 1992-2007



\* P = projected

When you look at local taxes, the real property tax and business taxes are dominant. They are just almost the same. They did not change in terms of dominance in the local tax scene. So it is more or less thirty-thirty-thirty or one-third/one-third/one-third. But as we move along from 1992 to year 2007, the non-tax revenues faltered. By now, the business tax is more dominant than the real property tax, but it is concentrated in cities. The real property tax remains to be the most important, because it is shared by the province, component municipalities and *barangays*. It has an add-on, which is the special education fund (SEF). But our data does not actually include the SEF, which is actually benefiting the education sector.

Table 5. Percentage of Accomplishment on the Conduct of General Revision in 1994, as Mandated Under Section 219 of Local Government Code

Region	No. of LGUs			General Revision Compliance			
	Province	City	Total	First (1994)			Percentage
				Province	City	Total	
NCR							
CAR	6	1	7	6	1	7	100%
I	4	5	9	3	5	8	89%
II	5	1	6	5	1	6	100%
III	6	5	11	4	6	10	91%
IV-A			0	7	4	11	
IV-B			0	5	1	6	
V	6	3	9				
VI	6	8	14	6	8	14	100%
VII	4	9	13	4	6	10	77%
VIII	6	3	9	6	3	9	100%
IX	5	4	9	5	4	9	100%
X	7	7	14	5	8	13	93%
XI	7	2	9	3	1	4	44%
XII	5	3	8	5	3	8	100%
CARAGA	0	0	0	4	3	7	

Although we are missing figures for some regions, this is actually the conduct of the general revision of real property assessment, which is mandatory under the Local Government Code, supposed to be done in 1992 to 1994 and three years thereafter. What we are looking at is compliance level of local government units (LGUs) in 1992 and 1994 to conduct a revaluation of their values. On the left side would be the number of cities and provinces, and on the right side, the provinces and cities that actually conducted the general revision. In 1994, we experienced an average of 85 percent compliance. It slowly declined in the subsequent years in 1997, 2000 and 2003.

Table 6. Percentage of Accomplishment on the Conduct of General Revision in 1997, as Mandated Under Section 219 of Local Government Code

Region	No. of LGUs			General Revision Compliance			
	Province	City	Total	Second (1997)			
				Province	City	Total	Percentage
NCR							
CAR	6	1	7	3	0	3	43%
I	4	7	11	3	7	10	91%
II	5	1	6	4	1	5	83%
III	6	6	12	4	4	8	67%
IV-A			0	3	6	9	
IV-B			0	3	1	4	
V	6	3	9				0%
VI	6	13	19	3	15	18	95%
VII	4	7	11	4	7	11	100%
VIII	6	4	10	6	4	10	100%
IX	5	4	9	3	2	5	56%
X	4	6	10	2	6	8	80%
XI	7	4	11	3	0	3	27%
XII	4	4	8	4	2	6	75%
CARAGA	4	2	6	4	2	6	100%

Table 7. Percentage of Accomplishment on the Conduct of General Revision in 2000, as Mandated Under Section 219 of Local Government Code

Region	No. of LGUs			General Revision Compliance			
	Province	City	Total	Third (2000)			
				Province	City	Total	Percentage
NCR							
CAR	6	1	7	1	0	1	14%
I	4	7	11	1	1	2	18%
II	5	3	8	5	1	6	75%
III	6	11	17	3	3	6	35%
IV-A			0	2	2	4	
IV-B			0	3	0	3	
V	6	3	9				0%
VI	6	13	19	3	11	14	74%
VII	4	10	14	1	1	2	14%
VIII	6	4	10	4	3	7	70%
IX	3	4	7	0	2	2	29%
X	5	7	12	2	1	3	25%
XI	4	3	7	4	2	6	86%
XII	4	3	7	4	2	6	86%
CARAGA	4	2	6	2	1	3	50%

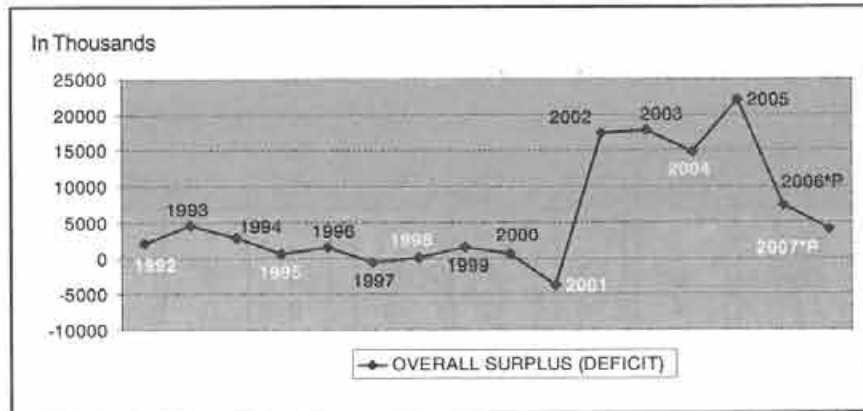
Table 8. Percentage of Accomplishment on the Conduct of General Revision in 2003, as Mandated Under Section 219 of Local Government Code

Region	No. of LGUs			General Revision Compliance			
	Province	City	Total	Fourth (2003)			
				Province	City	Total	Percentage
NCR							
CAR	6	1	7	0	0	0	0%
I	4	8	12	0	0	0	0%
II	5	3	8	1	2	3	38%
III	7	12	19	1	0	1	5%
IV-A	5	11	16	0	0	0	0%
IV-B	5	2	7	0	1	1	14%
V	5	2	7				0%
VI	6	16	22	3	6	9	41%
VII	4	12	16	0	0	0	0%
VIII	6	4	10	3	2	5	50%
IX	6	5	11	0	0	0	0%
X	5	8	13	1	1	2	15%
XI	4	5	9	3	1	4	44%
XII	6	6	12	0	1	1	8%
CARAGA	4	3	7	0	0	0	0%

Compliance plummeted from 85 percent in 1994 to approximately 22 percent in 2003. It means real property tax administration seems to have declined in terms of importance, because, maybe, local government units have not been putting in enough efforts in revising their values, plus the fact that there are still three serious challenges: first, collection efficiency; second, cost of collection or how efficient LGUs manage the administration of property tax; and lastly, coping with the values because it is quite political, as the *Sanggunian* issues the schedule of market values for real property tax administration purposes.



Figure 3. Overall Surplus (Deficit), 1992-2007

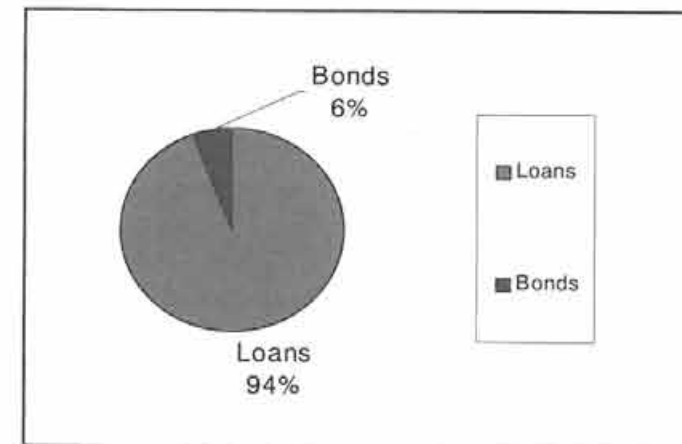


Let us look at overall surplus and deficit. Normally, local governments are experiencing surplus, except for years 1997 and 2001. The local government sector, in consolidated public sector deficit, contributed a positive report. If we look at the figure, it seems that, in years 2001 to 2005, there seems to be a huge amount of surplus. We cannot really understand why, and our interpretation is, maybe, there are some inconsistencies in the IRA. Especially at this time, we have three variables that we can think about. First of all, we have changed the format of the financial report; we shifted to New Government Accounting System and there were some confusion. Secondly, there is a huge amount in the Local Government Stabilization and Equalization Fund, which was released to the local government much later than expected; lastly, there might be LGUs that were not able to disburse, which led to surpluses; this holds true for years 2002 to 2005. We expect LGUs to have declining surplus for the next years to come.

What seems to be interesting in this graph is that years 1992, 1995, 1998, 2001, 2004 and 2007 are election years. If you look at the trend, the surpluses of LGUs always go down as it approaches election years or during election years. So you see the decline in 2001 and 2004, except in 1998, which is almost co-equal to 2001. Maybe, in Filipino, we call it *bumubwelo* for the election: they have the propensity to spend during election periods.

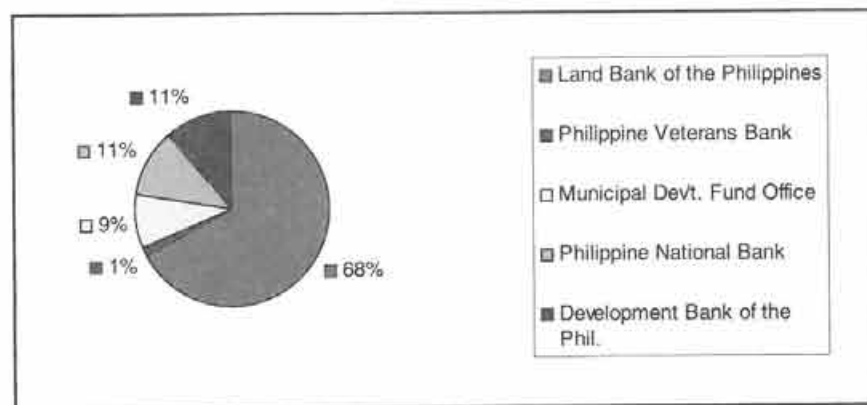
Next, we go to borrowings. The level of borrowing of local governments for 2006 is about PHP54.23 billion, which is very much higher than the 1992 level, estimated at something like PHP2.8 billion for the municipal development fund; and, I think, most of the government financial institutions (GFIs) have closed their windows during those periods. So it increased from about PHP2.8 billion to PHP54.23 billion. As you look at the chart, loans seem to be the most popular source of financing; and 94 percent of LGUs utilize loans for development projects, and it is because of transparency. People can easily understand loaning as compared to other modes of financing, such as floating bonds or public-private partnerships. The PHP54.23 billion is the amount we monitored. Some loans are not monitored because, although they are somewhere in the balance sheets, they are not declared as loans or borrowings.

Figure 4. Borrowings, 2006



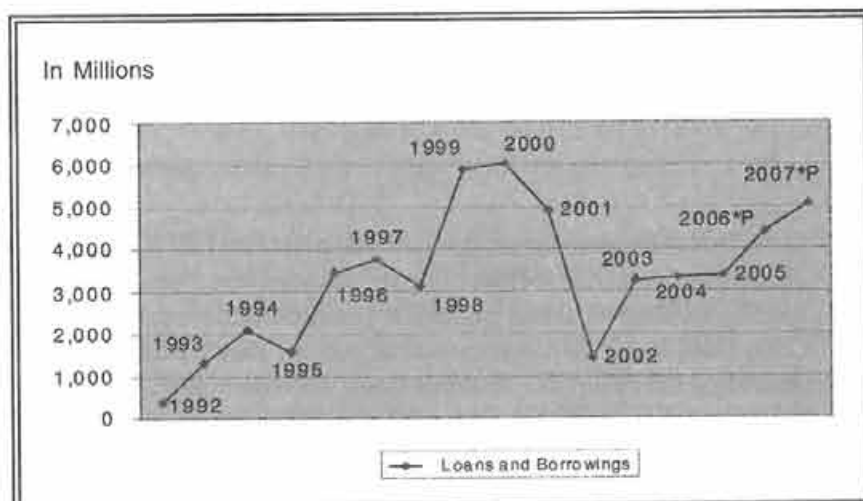
If we look at the next figure, the loan availment is at PHP52.23 billion. You can see that the private sector or private financial institutions (PFIs) are still closed to local government lending. If you look at the sources of funds for LGUs, Land Bank dominates with 68 percent share, while the other GFIs, including the Philippine National Bank, have the remaining share of 32 percent. The Municipal Development Fund Office has its share; it is the one concentrating on the third- to sixth-class LGUs.

Figure 5. Loan Availments, 2006



The next graph shows the story of the debt service. It seems that it is fluctuating; the highest seems to be from 1999 to 2000, the lowest in 2002. The maximum debt service ceiling is 20 percent of the regular income; the debt service ratio, as a ratio of income, is approximately 2 percent. So if the local governments combine, it is way off the 20 percent. However, there are local governments already nearing the 20 percent debt service ceiling.

Figure 6. Loans and Borrowings, 1992-2007



Here is a comparison of profiles of LGUs from a four-year period: 1992, 1996, 2000, and 2004, as well as the projection for 2007. In 1992, the IRA was around 58 percent, while local sources is at 41.9 percent; the ratio in 1996 declined to 61.6 percent and 38.4 percent. This means that, from 1992 to 1996, the LGUs were becoming more dependent. The ratio was caused by the fact that—for 1992, 1993, and 1994—the IRA increased from 30 percent, to 35 percent, and to 40 percent, respectively. I think it shows a semblance of a substitutive effect of IRA to taxes, because, during those times, IRA was increasing at approximately 85 percent.

Only after the period of transition that local governments realized that the increments or the acceleration was actually decelerating; and the IRA declined to something like 14 percent and, towards year 2004, the increase became single digits to approximately 7 percent. So when you look at the trend between 2000 and 2007, the ratio is increasing, which means the local resources are increasing at a much faster rate than the IRA. Hence the ratio of local sources increased from 33.2 percent to 35.2 percent. Over a seven-year period, we have gained 2 percent in the IRA, because IRA will now become like 64.8 percent.

Table 9. Consolidated Statement of Income and Expenditures

Particulars	Percentage Distribution				
	1992	1996	2000	2004	2007(P)
<b>TOTAL INCOME</b>					
<b>A. Local Sources</b>	<b>41.9%</b>	<b>38.4%</b>	<b>33.2%</b>	<b>34.6%</b>	<b>35.2%</b>
1. Tax Revenues	27.2	26.2	22.8	24.8	24.7
Real Property Tax	14.4	12.0	11.3	12.3	12.0
Business Tax	12.8	14.2	11.5	12.5	12.7
2. Non-Tax Revenues	14.8	12.3	10.4	9.8	10.5
Receipts from Economic Enterprise	5.4	3.9	3.5	3.6	3.5
Fees/Charges	3.1	3.3	2.6	3.0	3.1
Other Receipts	6.2	5.1	4.3	3.2	3.8
<b>B. Allotments and Shares</b>	<b>58.1</b>	<b>61.6</b>	<b>66.8</b>	<b>65.4</b>	<b>64.8</b>
1. Internal Revenue Allotment	56.7	60.8	66.2	64.4	63.8
2. National Aids	1.4	0.6	0.6	0.8	0.6
3. National Wealth	0.0	0.2	0.1	0.2	0.3
<b>OVERALL SURPLUS (DEFICIT)</b>					
Loans and Borrowings	7.3	2.0	0.5	8.5	1.6
	1.4	4.7	4.6	1.9	2.0

\* P = Projected

Let me now give you some of the things that we are doing, which is actually our thrust for the next few years on the fiscal side. This would be the development and harmonization of capacity-building programs on revenue generation, expenditure management, planning and financial management, planning, project development, enterprise management, and debt management.

We also propose for the revisiting of the central transfers, *i.e.*, the IRA. We actually have a technical assistance (TA) program, TA 4778, to be spearheaded by DILG, to revisit the IRA. The thrust would be to look at the 40-percent share and the vertical and horizontal distribution and matching of responsibilities against the resources that are made available to LGUs. We are also looking into the procedural problems related to the release of the LGU shares from the national wealth, because, at this point, LGUs have been complaining about delayed releases or, most often, the unreleased portion of their shares from the national wealth and their direct shares from national taxes. On issues of resource mobilization, our objective is to ensure that real property assessments are at pace with changes in market values. We are pursuing a project we call Land Administration and Management Project, which seeks to improve the regulatory environment of Land Administration and Management. There will be some legislative measures: the creation of a National Appraisal Authority, which will regulate the conduct of general revision; and the enactment of the Real Estate Service Act, which intends to accredit appraisers.

We also would like to address the different reporting systems and conflicting guidelines in resource mobilization. We tried to look at or compare our data with the Commission on Audit (COA). We found out the main problem is the harmonization of accounts. We have embarked on a dialogue, and we are now ready to reissue a reporting format that coincides with the reporting system of COA. The next thing to do is to reconcile our reporting system with the Department of Budget and Management. There is also a proposal to review the situs rule on taxation. Situs rule is actually Section 150 of the 1991 Local Government Code, which allocates the business tax depending on the kind of service delivered within an assembly line or whether it is a factory or a showroom. I think that local governments have issues on equity of the business tax, *i.e.*, most of the taxes are being paid at the principal office, which is normally based at Metro Manila or other cities. Of course, we would want to explore new areas of resource mobilization.

We also would like to harmonize the credit facilities by adopting the LGU financing framework. In 1996, we started a financing framework that tried to cluster local governments according to credit worthiness and to whether their proposed projects are credit worthy and are revenue generating. What we would like to do is to re-establish the LGU financing framework and to help LGUs establish the national government-local government cost sharing scheme, wherein LGUs at the lower income classification would be given subsidized credits.

Of course, there is another study, conducted by the World Bank, to move towards a performance-based grants. We have already agreed, in principle, that the fiscal performance base will be the basis for giving additional grants. There is a policy of the Investment Coordination Committee that the maximum grant that LGUs can receive is 50 percent. But given some performance measurements report done on the fiscal side of the LGU, there is a proposal for them to be given an additional grant of 20 percent. We have already established the criteria and we are ready to implement one project in Mindanao.

Then, we are looking forward to enhance public-private partnership; we are also looking at build-operate-transfer (BOT) scheme, so we want to disseminate the rules and procedures in BOT project approval process, to improve coordination among oversight agencies, and to review the BOT for local governments, whether it is effective or not. We are also looking at the possibility of giving some information packages on bond flotation, because, it has now been implemented at the local government level, but only about 20 LGUs have successfully floated bonds.

As a means of increasing access to private capital, what we want to do is to accredit some PFIs as depository banks. We would want to start a relationship between local governments and PFIs, so that there would be clear understanding of the operations of local governments by these PFIs. Although there is already a procedure that local governments can be accredited by the Monetary Board, what we are looking at would be a selective basis of accreditation of some bigger banks or PFIs. Under TA 4556 of ADB, we are also assessing mechanisms for credit worthiness. I think we will be ready by May to reissue a credit worthiness assessment facility. And we have already started talking with the Bureau of the Treasury to list LGU

bonds to the fixed-income securities market. I think those negotiations are going on.

Another policy we want to pursue is to use official development assistance (ODA) to assist low income-generating LGUs. This can be done by streamlining approval for LGU projects, because, in most instances, the processes of 'project development' up to 'project approval,' under the municipal development fund, will take about nine months. So the LGUs, given the three-year period, are in a hurry. We have to streamline the process to a minimum period of maybe 3 to 6 months. We also would like to use ODA to finance project preparation activities of the LGUs, and to harmonize GFIs' lending terms using ODA funds. Of course, we want to use ODA funds to secure access to private capital. There is an ongoing study to leverage the ODA funds and to utilize these to attract private investment or capital.

On the economic enterprise, we want to first look at policy and legal review of municipal enterprises, and then look into their accounting system, and maybe lessen the burden by exempting economic enterprises from the 45-55 personal services limit. Of course, the debt service to a good LGU is too low for them to pursue quality projects. The improvement we want to pursue is to exempt them from the 20 percent debt service limitation. The rest of the measures are: develop the relationship between and among oversight agencies and LGUs; develop databases; improve access to information (websites); and harmonize reporting systems.

That is all. Thank you.

## REACTION

Leonor M. Briones\*

You will excuse me if I speak very fast because of the time constraint. I apologize that I do not have a PowerPoint presentation, because I only received a copy of the presentation of Director Malvar this morning. I could have provided additional data and information with regard to the financing of local governments.

Director Malvar is a very dear and treasured colleague in the field of local government finance. Thank you to Dean Alex Brillantes for selecting the issue of financial autonomy as a major concern—as a major test on how decentralization has fared for the past 15 years. Actually, I am tempted to respond to the four questions that were raised; but I think I should concentrate on local finance, because that is my assignment.

Director Malvar gave us a broad picture and the opportunities for further enhancing fiscal autonomy among local government units (LGUs), as well as initiatives that have been undertaken by their bureau to create a much more enabling environments for LGUs. My task, as usual, is to identify the challenges. And I will go over them very quickly. Atty. Dumogho pointed out the fact that LGUs, since the 1990s, have received billions and billions of the internal revenue allotment (IRA). As additional information—I am just talking off the top of my head, because the data are all in my office—in the 2007 budget, which has been recommended by Congress, the allocation for local governments totaled PHP193 billion. So we, citizens, local governments, as well as civil society, have PHP193 billion to monitor and to watch. And about PHP183 billion will go to IRA. Director Malvar correctly pointed out that there is no going back. The IRA is going up. For

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as long as the economy grows, IRA will grow automatically. But the allocations for LGUs is not only IRA, which is PHP183 billion; you have, as he pointed out, shares that accrue to the national government in national wealth.

Local governments are supposed to have a share in national wealth, but what is not clear is the accounting as to who is getting this share of the national wealth, because some LGUs are also complaining that they are not getting their just share in the national wealth. As a matter of fact, there is PHP2.5 billion in arrears due to local governments for their shares from the national wealth. There are also shares in special taxes, like tobacco tax. Then you have the allocation for the Metro Manila Development Authority, and shares of the local governments from the value-added tax. We should also be watching out for this: for the years 2005 and 2006, the allocation for insurance premiums of indigents—all of a sudden, we are worried about the indigents—rose from PHP500 million to PHP3.5 billion.

In one city alone, and Director Malvar pointed the correlation between levels of expenditure and elections, they allotted budget for 60000 indigents. Then, by 2005 and 2006, this went down sharply to about 20000; and, now for 2007, they are allocating for 70000 indigents. Since this will be financed from national funds, as well as local funds—you have this interesting practice of putting photographs of local officials in the insurance cards—the correlation becomes clear. Why this sevenfold increase for insurance for indigents?

What is also very interesting is how indigents are defined. There is an official definition of an indigent, but the practice in this high-profile local government, which claims to have the highest level of revenue, is that, if you are nominated, and if you are recommended by the *barangay* captain, and you faithfully attend all the *barangay* meetings about Charter Change (Cha-Cha), then you are an indigent. I have challenged my class to test this practice, that they should attend *barangay* assemblies and demand their free insurance cards with the photographs of the local official and that of President Gloria Macapagal-Arroyo.

So we are not only talking about IRA here. We are talking about the allocations for LGUs for 2007, which has gone up sharply to PHP193 billion. There has also been a sharp increase in the allocation from the national wealth; and so, for those who think that they have not been getting their share from the national wealth, then that is something to watch out for.

The second issue—which Director Malvar also pointed out, he is very polite and very gentle, so I have to be the *bastos* one—is on the matter of the IRA. All of us here are either students of local governments or local government officials; you know for a fact that the dependency of LGUs to the IRA is very high. Director Malvar presented to you wonderful and beautiful charts about how revenues (tax and non-tax) are increasing vis-à-vis IRA, but the problem here is that these are national totals. When you disaggregate, you will see the very high level of dependency, ranging from 96 percent to 99 percent, of the smaller municipalities. So the objective of the IRA, which was provided for and protected by the Constitution and affirmed by the Supreme Court, is to ensure the fiscal autonomy of LGUs. What has been happening is ‘to ensure the LGUs continued dependency on IRA.’ So, even as we continually nag and lecture and tell LGUs to collect more real property taxes, to collect more business taxes, they have the IRA to depend on.

The second challenge related to IRA is the call for a bill for new IRA formula or more IRA, which is what this one congressman is going to file. One problem with the IRA is the uncollected part of it; and you know all of that. Because the LGUs have been asking for the uncollected portions of their IRA, they have been advised to monetize through the Land Bank of the Philippines, with the intercession of the Union of Local Authorities of the Philippines. And you know how much it costs? It costs 29 percent, if you want your uncollected IRA now. Otherwise, you wait until the national government decides that it has sufficient funds. This is very much higher than commercial rates. I know some mayors, who know how to add and who know the difference between 39 percent and 12 percent, who said that they would rather borrow from private commercial banks than go through the monetization process, which the government is recommending, and pay 29 percent. That is practically 30 percent of what the LGUs are supposed to get.

Another problem—and all of you know this, because we have always been discussing whenever we have meetings and forums—is how iniquitous the sharing of the IRA is. Because the cities are lesser in number, they tend to get a bigger share of the IRA. So now you have the phenomenon of many municipalities wanting to be cities. You have provinces that have more cities than they can possibly handle. The municipalities complain.

The provinces complain. The cities complain. But why? I always ask the Department of the Interior and Local Government (DILG) officials, 'You all know what is wrong with the IRA distribution, why are you not doing anything about it?' And the answer always is, 'If you increase the allocation for the provinces, the municipalities and cities will complain; if you increase the *barangay* shares, then somebody will lose and there will be trouble. So we are very happy, and we are very contented with the present distribution of IRA.'

I also wonder why some LGUs need IRA, like they need a hole in the head, especially since they are publicizing the fact that they are not IRA-dependent. Perhaps they should be encouraged to adopt poor LGUs and share their billions of IRA.

The third issue is also a matter on revenue. Again, Director Malvar pointed out that, through the years, the shares of real property taxes have been going down. You know, taxes are so difficult to collect—take it from any treasurer who will tell you that—especially real property taxes, because the biggest owners of real property are municipal officials, provincial officials, or the big business leaders of LGUs. So it is better, easier, and faster to borrow; it is easier to monetize your IRA; it is easier and faster to issue bonds; it is easier to borrow from a bank, than collect real property taxes. Director Malvar also said that we should encourage LGUs to revisit and renew their revenue codes. Now, I have been involved—please do not mistake me, I am a genuine *promdi*; I live in Valencia, which is a tiny town in Negros Occidental, and I believe in the potential of LGUs—and I have been looking at revenue structures for a very long time. What is happening is that there is great reluctance to collect real property taxes. It is always easier to borrow.

Now, some of the LGUs, they are properly listed in DILG, have supposedly revised their revenue codes. I went through some of the revenue codes of one of the poorest provinces. I was wondering why there were fees for internet cafes, fees for very sophisticated blood tests, fees for night clubs and karaoke bars, in a province, where the main mode of transportation is the *trisikad*. This is because there is a tendency to be lazy and just copy somebody else's revenue code. Maybe the DILG should look at revenue codes, which have already been reported. Maybe they will notice this.

Revenue codes may be there, but they are meaningless, in so far as the real situation of local governments is concerned. Now, still with revenue, Director Malvar gently pointed out that LGUs have the habit of treating their loans and borrowings in such a manner that they are not noticed or they did not come out in the reports. The main issue in revenue raising, because sometimes you classify borrowings as revenue, is how you balance it with the pressure to borrow and to follow the magnificent example of the national government. I was once in a seminar where we were faithfully exhorting, teaching, and convincing a provincial government that real property tax is a more sustainable source of revenue. Then they saw materials on what is available on the municipal development funds, how much World Bank is giving in loans, how much Asian Development Bank is giving, how much provincial governments can borrow, and if they can issue bonds, they can borrow from the private banking sector. Then the eyes of the provincial treasurer started gleaming, and the direction of the discussions suddenly changed.

As I said, if, on the one hand, we tell and exhort LGUs to be fiscally dependent and to collect more taxes, and, on the other hand, we tell them the good news of additional funds for borrowing and how easy it is to borrow. Tell them that bonds are the future of local government finance, then the LGUs will go for whatever is the easier way. Let me give you an example of the experience of local governments with issuance of bonds. I know many of you are fascinated by bonds, because they are sophisticated. You deal with banks and you have a financial adviser. It really sounds very nice. You go to Manila for consultation; and you have a big private bank, who serves as your financial adviser for as long as they receive their usual fee.

We had a doctoral student here in the National College of Public Administration and Governance, who conducted a study of five LGUs who issued bonds; and these are not small LGUs. Out of the five who issued bonds with practically the same financial adviser, only one was able to pay its bonds from the income generated by the projects. All four were paying their bonds—including Tagaytay City and Palawan, which are high-profile LGUs—from their IRA. What is happening is the IRA is pawned for bonds and for loans. The banks understandably are very wise. What the LGUs do not realize is that there is a very high risk involved and that feasibility

studies are important. I will not mention the name of the local government. It is dangerous these days to mention local governments. Anyway, you have this little local government somewhere in Mindanao, which won an award from the United Nations for faithfulness in delivering services related to the Millennium Development Goals. But this little local government, at the same time, is unable to pay the salaries of its personnel, because its IRA has already been hawked to a particular loan. So you might have seemingly high performing LGUs, but who are actually mired in debt, used up their IRA and have difficulty paying their personnel. LGUs have to balance between the irresistible seduction of international funds available for borrowing, the domestic funds which the banks are putting under your nose, and the real need to raise more revenues by the sweat of your brow, by collecting taxes whether they are non-tax revenue or tax revenue for sustainable operations of your local government.

Another item related to local finance is expenditure habits. We have LGUs exhibited to the country as icons of success in collecting revenue. But they also have billions of IRA. Now, I have observed two local governments that are well known for collecting high levels of revenue. One local government claims to have the most local revenue. Another local government says they have collected more. They have this habit of visiting other local governments as an educational visit. One city mayor decided to go one step further. Since they have such huge income, he sent his *barangay* captains to Singapore with dollar allowances; and all that as a reward to the *barangay* captains. In another province, which is considered an icon in provincial management, two weeks ago, I asked where the governor and his team are; the staff said 'the entire team is now in Los Angeles conducting a trade fair.' Also, if you collect money because you are efficient, then you are lionized. You are rewarded. And you appear on TV. Your picture is all over the streets and the highways. There has to be prudence also in what you spend with your increased revenue. One mayor I know celebrated his birthday by giving money to *barangay* officials. One *barangay kagawad* received PHP5,000. So how much did the *barangay* captains receive? Let us hope it was his personal money, but this city also has the highest number of dengue case.

This is why, when you compare two LGUs—one that has a hospital and has zero maternal mortality rate, very low infant mortality rate; and the other that has a high income, that can afford to send their *barangay* captains to Singapore, but has a very high level of dengue case—there really is a correlation between expenditures and election period. So I think I have said enough, I have used up my 15 minutes. I hope I have given food for thought to all of us who are committed, who are loyal, who believe that local governments are the hope of the future, who believe that they should be given more autonomy, but at the same time they should be imbued with more authority and accountability. For all of us who believe that we should not be silent when autonomy and local government officials are threatened, thank you very much!



## REACTION

Benjamin V. Cariño\*

You know I always have the misfortune of following the heels of a very fiery speaker like Professor Briones. It is just like listening to a real revolutionary all over again.

Since I represent the planning discipline, I will discuss two things that were presented this morning: central-local relations, and local finance in the context of the planning process. And I think that is just fair. I will, in the process, report some of the findings of a preparatory study that I was involved in, which was done for Asian Development Bank and National Economic and Development Authority for provincial planning and expenditure management.

I am afraid that, like Professor Briones here, I might be playing the role of devil's advocate. Many of the findings of this study that we conducted are not very encouraging, insofar as decentralization and local autonomy are concerned. I suppose the overall theme that I want to emphasize is the fact that, while certain structures and systems have been put in place, following the passage of the Local Government Code after 15 years of experience, such structures and systems are not as yet operating as they should be. In other words, there is a gap between political realities and dynamics, on the one hand, and the achievements of ideals envisioned in the Local Government Code, on the other.

Let me now turn to some specific comments. In terms of central-local relations, there is a hierarchy of plans, from the national, regional, provincial, to local levels; and these plans are supposedly related to each other. The reality, however, is that linkages are hardly existent. They are virtually non-

existent. There are no relationships. In other words, while municipal plans are supposedly inputs to provincial plans, and municipal plans should be prepared in the context of provincial plans, and the interim provincial plans are supposedly prepared in the context of regional plans, and regional plans prepared in the context of a medium-term national plan, such linkages do not exist and virtually non-existent. There are no relationships between lower-level planning and higher-level plans substantively. That, I think, is symptomatic of inadequate central-local relations, and symptomatic of the lack of interface between personnel and planners at various levels.

More disturbing, horizontally, there is a lack of linkage among plans, the investment program, and the budget or local financing. Ideally, there is a linkage. Plans and programs that are identified are supposed to serve as inputs to the investment programming process. Investment programs are nothing but a list of priority projects per year of implementation with cost estimates. So investment programs are prepared independent of plans and programs that are identified in the plan; and annual investment program (AIPs) are prepared independently from the plans. The AIP is supposedly the basis of the capital budget. The budget, after all, is nothing more than allocations for personal services, MOOE (maintenance, operating and other expenses) and investments. Again, the link between AIP and the capital budget is virtually non-existent. What it means is that the plans are virtually useless. They are not taken into account in the preparation of investment programs, and, eventually, the preparation of the budget.

There are several reasons why this is the case. There are many reasons, such minor reasons, like the local government unit (LGU) has no plans. That is the reason why consultancy firms, like our foundation, UP-PLANADES, have remained in business. We have prepared numerous plans or Comprehensive Land Use Plans (CLUPs) for many LGUs, because the capability level in many LGUs is simply not there. Many of them have to rely on external consultants to fill this particular requirement of the Local Government Code.

The development plan is virtually non-existent now. There is so much focus on the preparation of the physical framework plan and the CLUPs. The development plan has virtually been forgotten. Moreover, of course, there is room for improvement in the quality of plans. The snapshots of existing conditions show there is ignorance and virtually no projections of

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the planning logic. The most important reason I would like to cite, however, is that the budgeting process and investment program processes are highly politicized processes. What do I mean by this? One of our speakers spoke about the politics of the pork barrel at the national level. Well, let me tell you. Findings of our preparatory study suggest that there is much politics of the pork barrel at the local level. What do I mean by this? Our study had provincial administrators and planners as respondents in a national survey. The local development fund and the provincial development fund (PDF) are treated like a source of countrywide development fund (CDF)-like allocations to the members of the *sanggunian* and local political leaders. In other words, Chat Manasan refers to this as the 'divided-by-n' syndrome. Now, you have so many funds in the PDF, which is 20 percent of the internal revenue allotment (IRA) as mandated by Local Government Code, and is treated like the CDF of the congressmen. Now, each *sanggunian* member gets almost the same share. In reality, the local political leaders decide upon the plans and programs that are to be included in the AIP. The result of this is that the AIP, instead of containing strategic projects related to the medium-term plan, is a mixed bag of small unrelated projects that are not strategic in character. So what this means is that the plan is virtually a useless document. It is a technical document that is not integral to the political process. It is a very technical document that is ignored in the end. So what is the use of the planning school, which has been training people to make good quality plans, when, in the end, the local political process ignores these plans? That is the reality and the politics of the mini-pork barrel at the local level: divide the PDF among the local political leaders, who are pretty much like our congressmen at the national level.

The other reason, of course, why plans and programs are really nowhere implemented for almost, in many cases, is that most LGUs completely rely on the PDF as a source of financing. Since the PDF is small, only small projects are implemented. These are the ones identified by the members of the *sanggunian*, the mayor and other political leaders. In the meantime, large strategic projects are never really implemented, because they do not have clear connections to the funding sources at the national level and external sources.

An overwhelming number of LGUs relies on the IRA for investments and operations. There are insufficient efforts in raising local revenues. We

have encountered numerous LGUs, whose revenue codes have never been revised for the past 10 years. Real property taxes have, therefore, been based on values 10 to 15 years old. Just imagine the loss of revenues. Given the fact that property values are rising very fast, and you are basing your property assessment on values 10 years old, you are obviously losing a lot of money.

There does not seem to be sufficient political will. And, in some cases, it is political suicide to revise revenue codes, especially near election years. In many cases, the IRA of some provinces I know is over 90 percent of their total budget. Local revenues, therefore, consist of much less than 10 percent.

Beyond the fact that own source revenues are not maximized, there is a lot of conservatism in LGUs. It should console Professor Briones to know that there is little reliance on bond flotation and borrowing as yet, and much less on such schemes as build-operate-transfer (BOT), joint-venture agreements, and various variants of BOT schemes. You can count the number of LGUs availing of these schemes, which are available to them under the Local Government Code. They can even engage in local enterprises; and, again, there are very few LGUs that engage in local enterprises as a basis for raising revenues.

Let me read a paragraph of the report we prepared for NEDA and ADB as my closing statement:

*Unless provinces and local government units are able to significantly improve their own source revenue efforts and/or tap non-traditional sources of financing, they will remain dependent on their local development funds to finance their development plans. Their ability to do this is hampered by the poor incentives that also perversely effect the planning-budgeting linkage gap, weak tax administration, large allocations for personal services and MOOE, and constraints in LGU credit and capital financing framework.*

Thank you very much.

## REACTION

Lourdes M. Fernandez\*

I also suffer from the difficulty of speaking after Professor Briones, whose work I have admired all these years in her various incarnations, as professor here in the University of the Philippines, as national treasurer, as founder of the Freedom from Debt Coalition, and, now, as a columnist for our paper, *BusinessMirror*. Based on the presentation of Director Malvar and from what I have seen, witnessed, sometimes commented on and reported about as a journalist, I would like to make a few observations on how it has been these past 15 years. I will start with the data that he gave us, regarding the increases in the ways in which local government units (LGUs) have been deriving their income, and where they have not been making progress.

I think that, in the past 15 years, the gain from decentralization and the Local Government Code is that it has given everybody, especially the LGUs, the impetus to be more creative in raising revenues. It has provided the legal framework and mandated the national government to provide the necessary environment to encourage or empower the local governments to raise their funds.

So we have seen a lot; and most of us have seen certain pockets of progress happening right before our eyes. We would hear about a particular city in the south that would notch or choke up tremendous gains in 5 to 10 years. And we would find out that there is a good local government leader there, where there has been good interaction between local leaders and civil society, or much support from private organizations, or maybe good synergy between the mayor and the private sector.

There have been a lot of best practices and good ideas on how LGUs have become more creative in raising money. At the same time, that creativity has also come with greater fiscal responsibility, and is one issue that should be highlighted in the coming elections. Even if we focus on the national government, we should also look at the local governments, as Professor Briones pointed out, how prudent and wise they are in spending money for the common good.

One area that I think is rather good is that some local governments have created good synergy with the private sector and civil society. There are also LGUs that have been able to use technology for progress, for instance, tax mapping at the local level, providing a better demographics or statistical resource for planning in areas, such as Makati, Manila and Quezon City, and has helped improved the work of the local treasurer.

There has been one issue raised recently, that is, the relationship between local treasurers and the Bureau of Internal Revenue (BIR). I think our good friends from the LGUs will be able to expand it later. It seems that local treasurers do not have the same level of access to local businesses' book of accounts as the BIR has. And the BIR understandably invokes the rule on confidentiality that it cannot just share the data that it gets from the business tax payers. I understand this is one of the reforms that Secretary Teves has been trying to push: providing for a better synergy between local treasurers and the BIR, in order to help local governments improve their collections and, thereby, be more independent of internal revenue allotment (IRA) and other politically-loaded sources of funds.

Yet another improvement or gain is that there is a greater interest among stakeholders, among local units, for greater accountabilities from the mayors and the governors. There is also a lot of room for greater engagement with civil society. We see that at the local level, whether they are discussing assessment of real property or new taxes, or certain new rules proposed by the *sanggunian*, or even the *barangay*, or whether they are discussing transcendental issues, like whether or not to allow a certain mining firm to operate in their territory. I think that the Local Government Code must be substantially credited with helping provide that kind of environment framework, where there is a lot of engagement and greater room for demanding accountability at the local level. At the same time, there has also

\* Editor-in-Chief, *BusinessMirror*.





## REACTION

Gerardo V. Calderon\*

*Maraming salamat po at nagbibigay pugay po ako sa ating lahat na kasama sa harapan at sa atin pong mga tagapakinig. Katulad po ng nasabi ni Professor Briones, ngayon ko lamang po nalaman na kailangang mag-present kami. I will analyze in terms of my experiences as elected official. I was once a *barangay kagawad*, a councilor, a vice-mayor, and, at present, a mayor on third term. I was always independent. I saw, 15 years ago, the difference between a highly-centralized government and a devolved one. There is a discrepancy. We should not put the blame on the local government units (LGUs); instead, generally speaking, devolution should have been ripened before it was implemented. Local and fiscal management, health and social services were given to local governments, but the funds were not given to us to spend for these services.*

In fairness to other municipalities, some LGUs are capitalizing on their internal revenue allotment (IRA), not in a developmental or result-oriented way. In terms of IRA distribution, the cities' share should not be increased, but that of the lower-class municipalities should. It is neither the fault of elected officials nor of the Constitution. It would have been better to have a highly-centralized government.

The qualifications for chief executives should be changed. For what reason, you might ask? Because when powers were devolved, the mayors and local officials became supervisors of peace and order, of health, of the environment. However, the elected mayors may not have finished high school or elementary, because, for as long as you can write and you are qualified in age, you can run for mayor. It is not the fault of local officials, but we must revisit the law.

Secondly, in the Local Government Code of 1991, local governments are given the power to innovate. I would like to share the experiences of the municipality of Angono in Rizal. To those who remember Angono six years ago, it took three hours to reach it from the University of the Philippines. The administration before me was IRA-dependent. A fourth-class municipality, Angono's IRA currently is PHP35 million, while local taxes amount to only PHP12 million. How can you rehabilitate a town when the mining company that was provided license by the national government can argue that there is nothing in the law that says they should pay for rehabilitations? It was only in the 1990s that mining companies were compelled to share in the rehabilitation of towns.

Local governments know that when the national government demands land expropriation for road use, problems arise when the mayors are not anymore in office and the expropriation process is not yet finished. *Dito po pumapasok ang innovation; sabi nga po ng mga nag-present, nakita po ninyo ang positive at negative, but at the end of my reaction, sana po tingnan in a holistic way, where we can assist our local government officials in a developmental way. Sa akin pong pagtingin ay kinausap lang po namin ang mga may-ari ng lupa sa lakeside, pero nang kami ay gumagalaw na sa lakeside, here comes another agency of the government asking us to stop doing the lakeside road, because merong violation na tinatawag na 12.5 elevation ang Laguna Lake Development Authority (LLDA) law. Hindi po naman kasalanan ng local government, dahil nang ginawa ang LLDA law, hindi po naman nire-assess ang dahilan na kaya ginawa ang 12.5 elevation limit ng LLDA is because of preserving the pumping level ng Laguna Lake sa Kaliraya Pumping Station. Pero ang problema, those taxpayers and legitimate owners of properties sa lakeside ng Laguna nag-suffer, even the development ng LGUs na-hamper. Nilakasan na lang namin ang aming loob. Ginawa namin ang kalye sa tabing-dagat, nagkaroon kami ng access road, no more three hours going to Angono; 45 minutes na lang to UP.*

Where is the national government to direct us and liberate us from that kind of economic and developmental opportunity? *Ang aming mga rekomendasyon, sabi nga po, ang mga siyudad o sa mga munisipiyong*

really a subdivision look-alike, is it really balance and peaceful, where there is security from squatters?'

Conversion into a city should not be done just because you are legally qualified through income and land area, but also through the basis of what we call a peaceful and balanced community. *Marami pong nagsu-syudad dito, maganda ang pangalan, pero puntahan mo, ang squatter at poverty rate nakakaawa. Nakakaawa ang mga Filipino, because of that dualism power of the national government. Binigay sa amin ang official autonomy, ano po ang ginagawa ng Department of Public Works and Highways (DPWH)? Ano po ang ginagawa ng mga trapong local officials? Kapag gusto ng boto, pikit-mata sila, ang mga easement pinatatayuan. Ano po naman ang magagawa ng DPWH natin, na wala namang manpower even*

to clear our canals even to maintain our roads. Kailang po ng law.

professional squatters, given time, will appear immediately. *Kasaraman pamahalaang lokal? Kailangan po mag-unify at magkaroon ng... Ang nakikita po namin sa aming pag-aaral ay ang polisiya... Binigay po sa amin ang authority, pero ang problema, even downstairs sa national agencies, hindi nila alam kung ano ang... kung paano ang mga local government na binigyan ng power... n po para i-absorb iyong technical o guidelines na hindi naman... case of Angono, regarding the issue of toxic waste, binigyan... ment of the Environment and Natural Resources (DENR) ng... tal Compliance Certificate, binigyan ng DENR Monitoring... unlad ang bayan, kaawa-awa ang bayan. Wala naman po sa... gulatory powers in terms of the environmental monitoring. Ang... media: ang local government na dating binabaha, ang local... na dating trapik, ang local government na umausok ang bundok... government na madumi na binago na namin ang mukha. Kapag... a. Kapag po hirap at innovation, kami.*

ain po sa League of Municipalities of the Philippines (LMP),... r assessment and re-assessment studies, *meron pong mga LGUs... g tradisyonal ang isip, pero marami na po ang developmental... on sa ginagawa ng Galing Pook and other institutions recognizing... plary and innovative practices, may pag-asa pa. And based on... eather Station survey, twice that there is a big hope sa Filipinas... level of the LGU. Ang tingin po namin dito sa lessons learned*

and the way forward is why local governments are gearing towards Charter Change (Cha-Cha)? *Kasi wala na kaming makitang options sa itaas, the national leaders. Kami sa lokal, para na lang kaming nanonood. Kami po sa baba ang problema namin is to answer that vacuum na dapat ina-amend, whoever is in-charge of the committee on devolution, ang Local Government Code.*

*Umuunlad po ang mga pamahalaang lokal, iyong sinabi po kanina ni Professor Briones, in terms of revenue. Paniwala po naming, if a town is a performer, pumapasok po ang negosyo. Kung hindi po performer ang bayan ay talagang hindi papasok. Pero sinasabi po namin na marami ng pamahalaang lokal na nagbibigay ng kontribusyon; kaya lang marami rin ang walang klarong programa. Buti pa sa panahon ni Marcos, kahit kakont...*

ang programa. *Pero ngayon po, merong mga officer, pero walang malmaw; sa dami po ng guidelines na ibibigay sa mga local governments, hindi na namin alam kung ano ang una. Kaya po ang role ng LMP ay mag-develop ng mga programs na pwede naming i-assist nang direkta ang mga local officials. Mayroon na rin kaming Mayor's Development Center, na pwedeng three days or pwedeng one week ang training. At ang mismong nagko-coach at nagpa-facilitate ay mga performers na mayors.*

*Sa amin po, if ever po na may pagbabago sa usapin ng IRA, dapat po ay tingnan ang mga maliliit na munisipyo; at yung maunlad na ay huwag na pong iparehas dun sa maliliit.*

*Meron kaming freedom of choice. Kung ano sa tingin natin ang pwedeng tanggapin ng tao, ang message po ng mga local governments is to give them technical support in the implementation of these programs. Marami pa po kaming mga advocacy sa LMP. Our office is very much willing to accept your visits. We are soliciting your support. We can partner with you on some technical program; we can both assist our traditional, but vibrant, local officials to become a development-oriented local chief executive.*

*Sana po marinig na ibigay ang aming mga kapangyarihan, dagdagan ang aming mga pansuporta. Sa inyo pong lahat, nagpapasalamat kami.*

sa mahisubvo, sa laawigan, sa region. Timatagan...

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## OPEN FORUM

Moderated by Wilhelmina A. Cabo\*

### **Atty. Antonio Gallardo**

*Chief of Staff, Office of Senator Franklin Drilon*

I was governor for almost 12 years, the problem really in the national government is that there are some policies that should be changed. Now we have been talking here of some initiatives from the local officials, but the problem is in the national government. There are some policies that stifle or prevent these self-initiatives from the local officials to come out because of bureaucratic procedures. The oversight committee should go over this, and examine carefully our procedures in approving, especially in grants.

### **Congresswoman Loretta Ann Rosales**

*Akbayan Party*

Thank you very much for inviting me. I just like to put in a few comments. We had a *barangay* development plan forum in Quezon City, where Akbayan tried to join forces with the *barangay* captains, and tried to find out how non-government organizations and people's organizations could participate in a progressive and more holistic *barangay* development effort. Mayor Belmonte is really happy about it. And we think this is something we should really encourage. In this case, we should know how the *barangay* captains themselves were very successful in pushing for the collections of property tax, which seems to be a central theme discussed here. I think Mayor Belmonte has successfully tried to correct the problems of finance and fiscal deficit Quezon City had.

The second comment is that, a few days ago, up in Cagayan, and I did not see it in the discussions, I think one of the things we should encourage and develop is the cooperative development movement in the Philippines. We should try to relate the problem of the lack of employment, or the problems of unemployment and underemployment in our municipalities, to the idea that maybe, just maybe, government, both at the national and local levels, should try to strengthen the development of cooperatives, where you try to mobilize the resources of fisherfolk, farmers and little people to micro-finance and small and medium enterprises. So that the capital base you develop at the local level can be utilized to provide the kind of employment that is so necessary. That will encourage people to stay in your municipalities.

### **Dr. Alex B. Brillantes Jr.**

*Dean, National College of Public Administration and Governance*

I would like to support the point of Former Governor Gallardo. When we had devolution in 1991/1992, one major concern was capacity building. The focus of capacity building was at the local level. But one thing we did not do in the Philippines was the capacity building at the national level. It is like a four-wheel car; the wheels in front are moving quickly, but the wheels in the back are not moving, simply because we were very presumptuous to say that the local government cannot do this. That is why we focused on them through capacity building. Capacity also includes procedures, so what happened now is that some procedures in the national government serve as hindrances to meaningful implementation. People at the national level should not be very presumptuous that it is only the local that needs capacity building, but also those of us at the national level.

### **Mr. Amando T. Bugayong**

*Barangay Kagawad, Laging Handa, Quezon City*

I look at that caption 'Fifteen Years of Decentralization in the Philippines: Lessons Learned and the Way Forward,' and I think the only word that is positive in the caption is 'forward.' Forward is non-existent yet. It is still a dream and, insofar as moving forward, it is sad that we have indulged so much on politics. I was a student of economics in this university

\* Professor, National College of Public Administration and Governance, University of the Philippines.



way back in 1963, and I never dreamt of a time wherein I would mention trillions in our national budget. Yet, where are we? I am very happy with decentralization, but the problem is it does not include evolution. Where do we go from decentralization? We should have less politics. We should have less dependence on our national government. We should do our work and create wealth, not politics. Politics does not produce any wealth, and wealth is what we should produce.

### **Professor Cabo**

Thank you very much, sir. I think everyone agrees with you that we want less politics in this country. We also agree with the earlier points raised that we should unleash the power of the local governments. But we also recognize that, while we want to unleash their creativity and resourcefulness, something at the higher level also stops them. This is an issue that this forum should be addressing.

### **Mayor Gerardo Calderon**

*Municipality of Angono, Rizal*

Please visit the local governments. We have hope. If you visit some local governments—like in Biliran that exports coconuts to China, these are not initiated by the national government—you would know that other provinces have many innovations. What we need is technical support. That is why the League of Municipalities of the Philippines has partnered with international agencies. We have been trying to access global technology. We should not only focus on Metro Manila, because hope can be found at the lower levels.

### **Government Employee**

We are developing standards and policies for the local governments for compliance. We are confronted by the issues, hence we develop national policies and standards. But it seems that many local governments are unmindful of complying with the standards. We keep on reviewing policy to ensure that it is based on the national plans and so on, down to the lower

levels, also to improve delivery of devolved services. But the implementers say that local governments are unsupportive to comply with these standards. If local governments are not complying with these standards what can we do? The standards and policies are on paper, but, in terms of enforcement, it is very difficult. Is this just an exercise in futility, because we cannot expect compliance from the local governments? What remedies are available for non-enforcement of standards, and how can we enjoin local governments to comply with the standards?

### **Mayor Calderon**

The assessment is good, but we see some problems. We observe that policies are unclear as to who will implement and monitor them? Many local governments are willing to develop policies, but we see that the problem of devolution is that there are some policies that nobody in the local governments knows how to implement. Many local governments have done innovations. In terms of uniformity, some officials in the national government are concentrating on a regulatory function rather than on a developmental mindset, where local governments can be partners rather than customers. We are soliciting your support. We can meet halfway. We can develop those templates, at least to fast track them and invite officials from national agencies. We are sometimes treated as juveniles, but we do not need great teachers. We need partners. That is what we are looking for.

### **Mrs. Rosario L. Dadulo**

*Punong Barangay, Payatas, Quezon City*

We are happy because we were invited to this forum. The topics are very good, especially devolution. We feel the spirit of devolution in Quezon City, but still there are shortcomings as far as the involvement of the national government is concerned. As Mayor Calderon said, the partnership is still limited between the national government and the local government. As far as the national government is concerned, the policies are good, but we see that they are still lacking, especially those related to squatting. The influx of squatters is so easy in Metro Manila, because of the failure of decentralization. If we can strengthen the devolution in the different provinces,

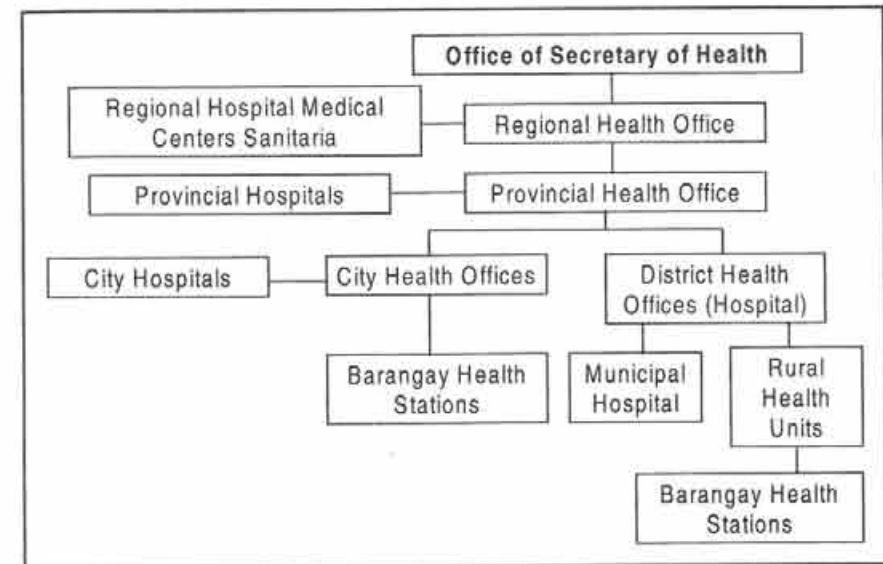
we can empower them and lessen the influx of squatters. We would like to say that Professor Briones' remark, that *barangay* captains only give help to indigents who attend Charter Change forum, is not true especially in Payatas, because we really involve our constituents in the development process. We use our *barangay* assemblies twice a year, which are attended by very participative constituents. We must revisit decentralization to empower the Filipinos, because it would be very difficult if we just point fingers. We are good in words, but if we do not make contributions, nothing will happen.

## FIFTEEN YEARS OF DECENTRALIZATION IN HEALTH

Nemesio T. Gako\*

I am happy to present to you 15 years of decentralization in health from the viewpoint of the Department of Health (DOH). We used to be the primary responsible agency in the health services. The devolution in 1991 brought the different structures to the different local government units (LGUs).

Figure 7. Organizational Chart of the Health Service in the Philippines



From the office of the Secretary of Health, we have the regional health office (RHO). Under the RHO, we have the medical centers and the regional hospitals. Then we have the provincial health office, provincial

\* Assistant Secretary, Department of Health.

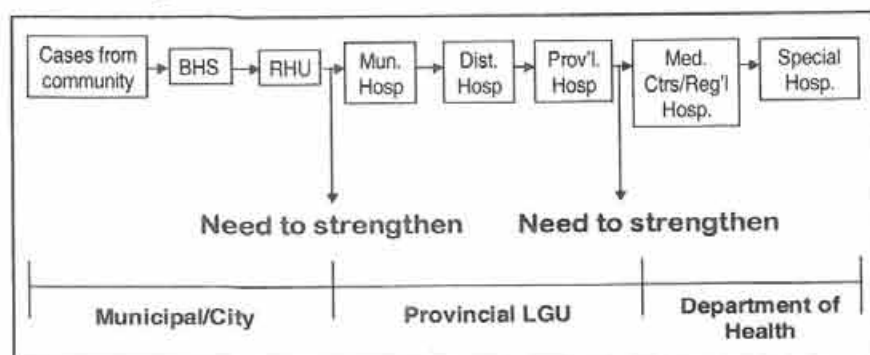
hospitals, district hospitals, then the city health office with the city hospitals, and the *barangay* health stations under them.

In the devolution, all of these—the provincial health office, the provincial hospitals and all hospitals in the province—were devolved to the provincial government, while the rural health units (RHUs) and the *barangay* health stations were devolved to the municipalities; and to the cities, the city health office, the city hospitals and the *barangay* health stations.

In the organization of the health system in the Local Government Code of 1991, DOH continues to formulate policies, standards and regulations, as well as provide tertiary care in tertiary hospitals and special hospitals, while the LGUs are responsible for the primary and secondary cases in the hospitals and some of the general tertiary hospitals, which are provided by the provincial hospitals. By the way, primary hospitals are hospitals with no surgical capability, like municipal hospitals. The secondary hospitals are those with little capability of surgery, like caesarian section and appendectomy. These are devolved to the LGUs. The first-level tertiary, also devolved, is the provincial hospitals. Tertiary hospitals are already departmentalized.

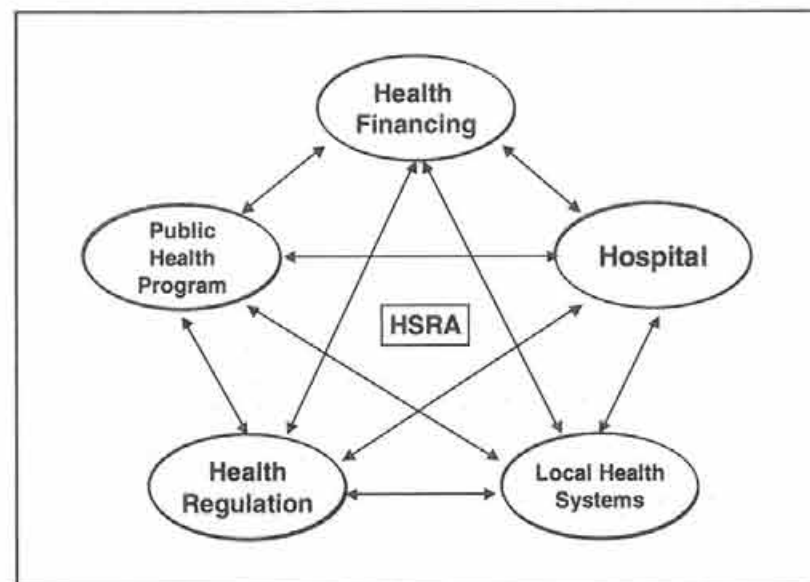
The DOH-tertiary hospitals in the regions—some are called regional hospitals, while others are called medical centers—cater to some specialties already. We have ophthalmology, eyes-ears-nose-throat, and thoracic surgery. The specialized hospitals are the Heart Center, Lung Center and Kidney Center, among others. The model below is another way of looking at the healthcare service.

Figure 8. Continuum of Healthcare in the Philippines



There is already a break in the continuum of healthcare under the Local Government Code between the municipality and the province, and between the province and DOH, which takes care of tertiary care. We need to improve this linkage to have a continuum of healthcare between the municipality and the province, and between the province and DOH. The Department is looking into the inter-relation of the different aspects that provide total healthcare services. It is not only the provision of drugs or treatment of patients; the entire health service must contain these different aspects: healthcare financing, hospital services, public health programs or preventive aspects, health regulation and the local health systems, which involve the governance of the programs in the locality.

Figure 9. Linkage between and among Health Services in the Philippines

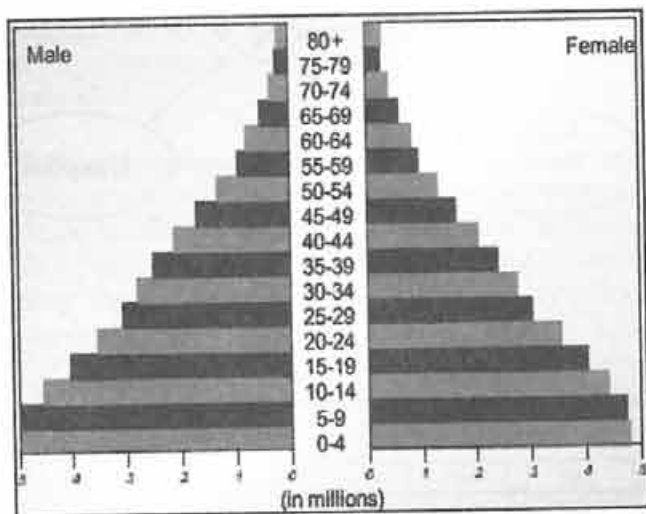


Looking back, DOH has been trying to strengthen the linkage or the break in the continuum of healthcare, between the local government and DOH. Most of the activities of the Department were to connect and strengthen these connections, and to integrate the different aspects to provide a holistic approach to healthcare services. We have the National Oversight Committee, which started the inventory of the physical, material and health

human resource assets to the LGUs. We have the Comprehensive Healthcare Agreement, which defines what each of the parties can provide or offer. The following are the rest of the activities done in the last 15 years:

- Comprehensive Healthcare Agreement
- Nationwide program campaigns (polio, measles, etc.)
- Matching Grant Program and other various local grants
- Conduct of Health Summits with recognition and awarding of Outstanding LGUs in Health
- Provision of PHPI-2 million per province nationwide
- *Sentrong Sigla* Program
- Health Passport Program in 1 city and 3 provinces
- Re-engineering of DOH and creation of Centers for Health Development

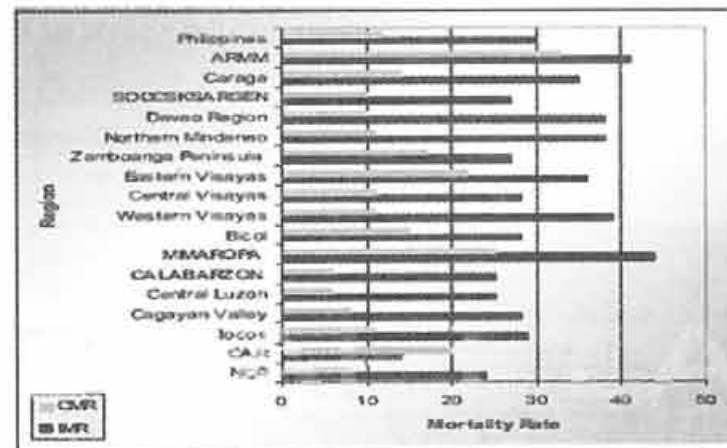
Figure 10. Population Pyramid in the Philippines, 2004



Source: Philippine Statistical Yearbook, 2004.

Thus, after 15 years, the picture of the population is still a pyramid, with half of the population below 21 years old, but there is already a longer life expectancy, which is now at about 71 for females and 69 for males. The proportion of the older people has increased, but the population growth rate is still quite high.

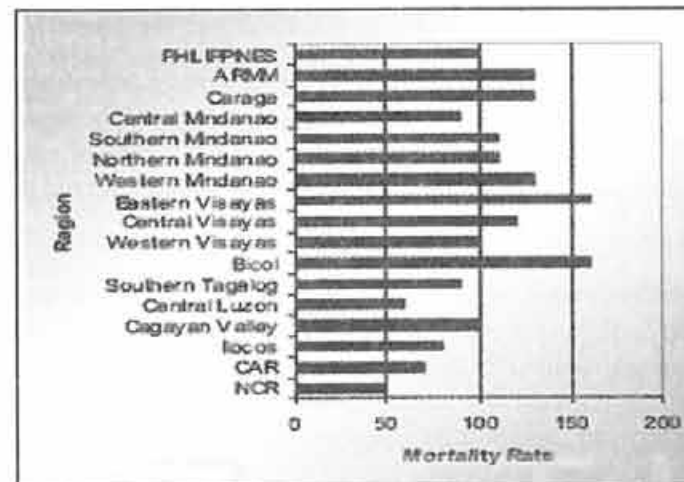
Figure 11. Infant and Child Mortality Rates



Source: National Demographic and Health Survey, 2003.

Infant mortality rate is still quite high and the figures are conflicting. There is a declining infant mortality rates, but it is quite slow.

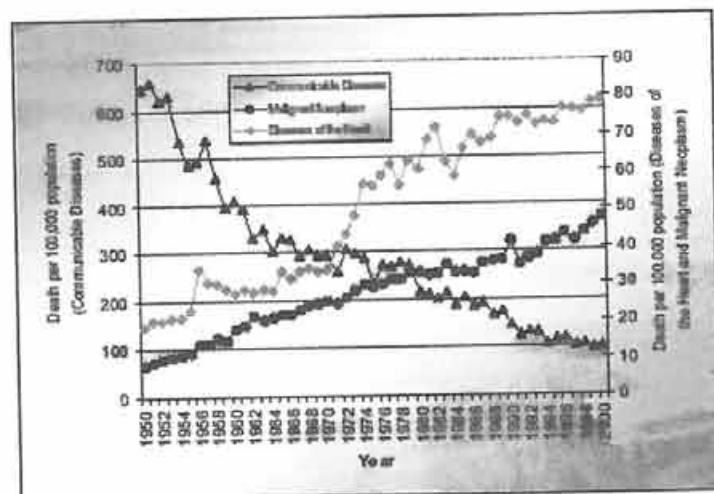
Figure 12. Maternal Mortality Rate



Source: Philippine Health Statistics, 2000.

Maternal mortality is still 0.9 per 1000 live births or 9 per 10000. Out of the maternal mortalities, only 62 percent were attended. But what is good is it is also declining. The maternal mortality rates that we have are still the highest in Asia.

Figure 13. Mortality Trends: Communicable Diseases, Diseases of the Heart and Malignant Neoplasm



Source: Philippine Health Statistics, 2000.

The leading causes of morbidity are still communicable diseases, but the leading causes of mortality are heart diseases, cancer and the degenerative diseases. We are tackling both types of diseases now, plus, of course, the emerging diseases, like the severe acute respiratory syndrome and the avian flu.

On the healthcare facilities, it is observed that up to 50 percent of the local health facilities are poorly equipped and poorly stocked. The district hospitals are not handling the primary and secondary cases in some instances. So most of our regional and tertiary hospitals are congested, catering not only to tertiary care, which is their primary responsibility, but also catering to primary and secondary cases.

Table 10. Number and Bed Capacity of Government and Private Hospitals

Hospital	Number	Percent
Government	661	38
Private	1,077	62
Total	1,738	100
Bed Capacity	Number	Percent
Government	45,395	53
Private	39,771	47
Total	85,166	100

Bed to Population Ratio = 10.7 beds per 10,000 population

Source: Philippine Statistical Yearbook, 2004.

As to the total number of hospitals in the country, the government has 38 percent; bed capacity in government hospitals is at 53 percent, while the private is at 47 percent.

*Senstrong Sigla* certification is a certification of quality of the RHUs; because, when we provide service, there should be good facility, good manpower, and good supply of equipment, in order to effectively deliver service. It is now being applied to all the RHUs and rural health centers (RHCs) nationwide. But to date, there are only 61 percent that are *Senstrong Sigla*-certified. In first- to third-class municipalities, 786 (64%) of the 1234 RHUs/RHCs are certified. In fourth- to sixth-class municipalities, 662 (58%) of the 1140 RHUs/RHCs are certified.

After devolution, 21 hospitals were re-nationalized; 15 of 21 are provincial tertiary hospitals, while 9 of 15 were upgraded to regional hospitals or medical centers, while the others were either placed as extension hospitals of the medical or regional hospitals of the DOH or returned to the national government. The main reason was the lack of funds for operation and maintenance.



Table 11. Net Satisfaction with Most-Used Health Facility by Area, 2000

	Philippines	Metro Manila	Luzon	Visayas	Mindanao
Over-all satisfaction	87	87	88	88	83
For-profit hospital	96	95	96	100	93
Traditional healers	94	100	88	97	93
Non-profit hospital	91	100	71	100	100
RHU	82	100	90	81	62
Government hospital	79	72	85	70	76
Barangay health station	74	50	59	84	75

Source: *Filipino Report Card on Pro-poor Services*, World Bank, 2000.

The net satisfaction with most-used health facility by area in the Philippines is 87 percent. Satisfaction was higher in private hospitals than in public hospitals.

As to the health human resource, the Philippines is producing more and better human resource for health, compared to other Asian countries. But these human resources are unevenly distributed in the country. We have so much nurses but we have unskilled nurses, because the skilled ones are leaving. The Magna Carta was supposed to bring them to stay in the RHUs and help the LGUs.

The current status of Magna Carta benefits are:

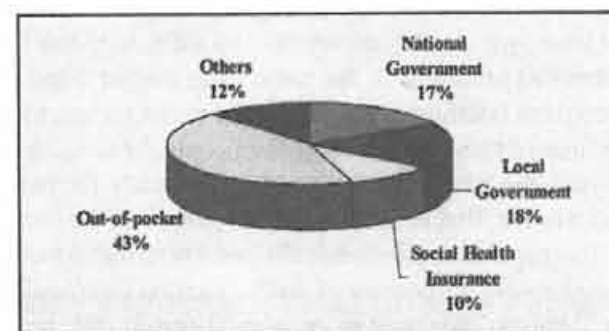
- 97% to 98% of municipalities provide subsistence and laundry allowance
- 87% of municipalities provide representation and travel allowance
- 22% of municipalities provide hazard pay
- 11% provide medico-legal and longevity allowances
- 1.5% provide remote assignment pay
- Not all LGUs that provide Magna Carta benefits provide them in full

- Practically, all municipalities, regardless of income class, provide subsistence and laundry allowances.

These may lead to some consequences, although not all are attributable to the non-provision of Magna Carta benefits. The following are the consequences:

- 85% of all Filipino nurses are working outside the country, in at least 46 countries
- 200 hospitals closed down within the past two years (Source: PHA, November 2005)
- 800 hospitals partially closed down, with 1 to 2 wards closed (Source: PHA, November, 2005)
- Nurse to patient ratios in provincial and district hospitals is now at 1:40-1:60 (Ideal ratio is 1:12)
- Loss of highly-skilled nurses in all hospitals across the country
- The Philippines is a major source of health professionals to other countries, leading exporter of nurses to the world, and second major exporter of physicians
- Large exodus of nurses and physicians (as nurses) in the last four years has been unparalleled in the migration history of the country.

Figure 14. Distribution of Health Expenditure

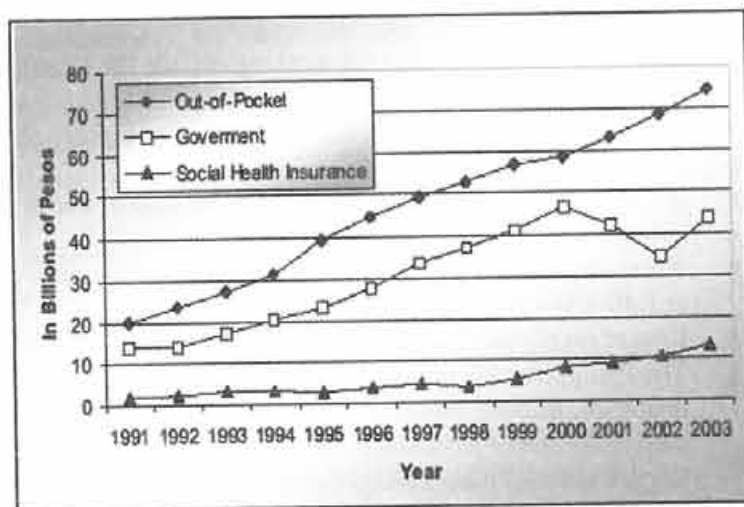


Source: *Philippine National Health Account*, 2003.

For health expenditures, the biggest proportion is still out-of-pocket costs. The patient has to shell out money, either because they are not covered by social health insurance or the government has already exhausted its funds,

which are 17 percent from the national government and 18 percent from local governments. The other 12 percent of the health expenditures comes from Philippine Charity Sweepstakes Office and other foundations.

Figure 15. Trends of Health Expenditure, by Source of Funds



Source: Philippine National Health Account, 2003.

The figure above shows that out-of-pocket expenditure is rising. The social health insurance is catching up, but still quite very low in coverage. The government expenditure is the same. The budget coming from the national government is almost at the plateau. So we encourage the PhilHealth Coverage to finance the health care of the people, because, at only about PHP1200 a year, the whole family is covered already for hospitalization and other health needs. But, as of now, only 74 percent of the total population is enrolled. The poverty incidence is 34 percent of the total population, while the indigents are 33 percent of the population (30.6 million), or 6.1 million poor families. We need to encourage enrollment, because, when people are enrolled in PhilHealth, they can go to hospitals, and the reimbursement of the Philippine Health Insurance Company to the hospitals would provide the hospitals additional income. With additional income, the hospitals can provide better and quality service, and, of course, can satisfy the clients.

On the management side, which is governance of the systems and networking at the local setting, we encourage the establishments of convergence sites for the Health Sector Reform Agenda or the five aspects of total healthcare and the concept of FOURmula One (F1) sites in 16 provinces of the convergence sites. In these F1 sites, we emphasize the rationalization of health facilities, because there are municipal or district hospitals with low occupancy rates. So we try to assess, together with the LGUs, whether these health facilities should continue or not, or we try to recognize the reasons for low occupancy rates. In the setup, before there were plenty of hospitals that were sponsored to be created, but these hospitals proved to be not very useful, because they only had about 50 or 40 percent occupancy rate. So, in the rationalization, we could suggest that one, two or three hospitals be merged into one, and upgrade the hospitals that will be identified to better serve the populace.

The Inter-Local Health Zones (ILHZs) is another concept that could generate better health service, as well as networking among LGUs, where the municipalities under a district hospital can support the operations of the hospitals, because, when their constituents are hospitalized, of course, the district hospitals will spend for them. In these ILHZs, each can contribute support in the district health system; identifying prevention mechanisms is also part of the provision of healthcare.

All Local Health Boards (LHBs) nationwide are said to be organized. However, those functional are 41 (55%) provincial LHBs, 66 (57%) city LHBs, and 910 (65%) municipal LHBs.

The following are some constraints to decentralization in health, according to DOH:

1. Unreliability of submitted data and information
2. Reporting at the discretion of the LGU health workers
3. Religious convictions of LGUs
4. LGU still thinks the primary function of health is still with DOH
5. Poor relationship between local chief executive and health personnel



6. Magna Carta benefits not given uniformly
7. Health not priority of some LGUs
8. Security of tenure of health workers not guaranteed
9. Continuous dependence on grants and on provisions of essential drugs and medicines from DOH
10. Assets intended for health services used for other purposes (*e.g.*, ambulance, pick-up trucks, motorcycles, and medical dispensing in office of local chief executives)
11. More health workers entered politics and went abroad
12. Change in leadership needs understanding of LGU's mandate under devolution.

The following are the recommendations to address the challenges in health decentralization:

1. LGU to give priority to health
2. Specify the health sector budget in the IRA of the LGUs
3. Strengthen ILHZs and LHBs
4. Increase PhilHealth enrollment by LGUs
5. Assert the regular and full implementation of the Magna Carta benefits to all health workers without exception; Magna Carta benefits be a regular item in the budget
6. DOH to provide continuous training and guidance on health matters to LGUs.

LGUs must consider that health combines the discipline of medical science, economics, behavioral and social sciences, marketing, and politics. In conclusion, though funds improve the LGUs' capability of implementing health programs, it does not follow that the poorer the areas, the poorer the health status. The health status of the population is dependent on the knowledge, level of education, and the leadership and commitment of the local chief executives to health (Source: Local Government Assistance and Monitoring Service Manuscript, 1995).

## **FIFTEEN YEARS OF DECENTRALIZED AGRICULTURE**

Asterio P. Saliot\*

Being dynamic, the country's agriculture and fishery sectors have been continuously faced with challenges and situations that influenced its performance in the past years. The agricultural extension system in the Philippines became a little more complicated when Executive Order 116 was issued by then President Corazon Aquino in 1987. The agricultural decentralization, which took effect during the devolution of powers to the local government units (LGUs) as per Local Government Code of 1991, further complicated the situation.

From one central government that would supervise and facilitate agricultural extension and training services for farmers, fisherfolks and other beneficiaries, extension and training activities were passed on to the LGUs. As agricultural extension services became decentralized, several issues and concerns that directly affected the farmers and fisherfolks at the grassroots level, surfaced.

Often, agricultural extension in the provinces and municipalities became less of a priority. In a lot of localities, it became more of a luxury rather than a need. However, due to the decentralization of functions in the agriculture sector, the people in the grassroots level were not able to experience these programs on a first-hand basis.

These are the bureaus and attached agencies with extension and training activities: Bureau of Animal Industry, Bureau of Plant Industry, Bureau of Fisheries and Aquatic Resources, Bureau of Post-Harvest Research and Extension, Bureau of Soils and Water Management, Agricultural Training

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Institute, Cotton Development Authority, Fiber Development Authority, National Tobacco Administration, Philippine Coconut Authority, Philippine Carabao Center, Philippine Rice Research Institute, and Sugar Regulatory Authority.

Extension and training activities of the Department of Agriculture (DA) include technology demonstration, training services, diffusion of information through tri-media, and advisory services.

This paper aims to look into the current situation of the agriculture extension and training in the country. It also looks into some of the weaknesses of the current agricultural training and extension system. Thus, corresponding recommendations will be given.

### **The Decentralized Agriculture Extension System: An Overview**

Republic Act 7160, known as the Local Government Code (LGC) of 1991, is the legal instrument of decentralization of the agricultural extension system in the Philippines. On the basis of the LGC, DA's extension services were devolved to the provinces, cities and municipalities.

#### *Agricultural Extension Work of the Local Government Units*

The largest proportion of the country's agricultural extension force is with the LGUs, which consist of 79 provinces, 84 cities and 1525 municipalities and more or less 42000 *barangays*. The LGU inherited the general agriculture extension.

#### *Some Limitations Encountered by the LGUs*

Knowledge management strategies are more restricted than when extension was not yet devolved. Reports indicate that extension workers are office-bound due to shortage of operational funds for travel and information materials. In the context of the Agricultural Knowledge and Information Systems, the devolved extension seems isolated and, therefore, has a very weak linkage with national and international agricultural research. Strangely, the LGU extension service is highly dependent on the national government for funding.

### *The Legal and Institutional Aspect of Decentralization*

As per LGC of 1991, the entire budget and personnel of DA assigned at the local level were transferred to the LGUs, composed of 79 provincial, 84 cities and about 1525 municipalities. These 1687 LGUs provide services to more than 42000 *barangays*.

The Bureau of Agricultural Extension remained at the central level, but became part of the national Agricultural Training Institute (ATI), which is mandated to train the agriculture staff of the DA and the extension staff of the LGUs. It now serves as the national policy and coordination agency for the decentralized and fisheries modernization system.

#### *LGU Clientele*

- Men, women and youth within their geographical boundaries
- Small, medium and big farmers of different commodities as well as fishermen
- Traders and consumers

#### *Objective of Decentralization*

- Bring government service closer to the people
- Give the local people the control and opportunity to participate in the planning and implementation of extension program
- Make the responsible local government less dependent on the central government for support of extension services that benefits the constituents
- Reduce the top-heavy central government budget and personnel
- Make the LGUs responsible for the cost of providing needed agricultural services to their constituents

## Scope of LGU Extension Services as Mandated by the Government

### *Barangay Level*

- Agricultural support services, including distribution of planting materials and operation of farm produce collection and buying stations.

### *Municipal Level*

- Extension and on-site research services and facilities related to agriculture and fisheries activities, including dispersal of livestock and poultry, fingerlings and other seedling materials for aquaculture, *palay*, corn and vegetable seed farms, medicinal plant gardens, fruit trees, coconut and other kinds of seedling nurseries, demonstration farms, quality control of *copra* and improvement and development of local distribution channels, preferably through cooperatives, inter-*barangay* irrigation system, water and soil resource utilization and conservation projects; and enforcement of fishery laws in municipal waters, including the conservation of mangroves.
- Pursuant to national policies and subject to supervision, control and review of the Department of Environment and Natural Resources (DENR), implementation of community-based forestry projects, which include integrated social forestry programs and similar projects; management and control of communal forests with an area not exceeding 50 square kilometers; establishments of tree parks, green belts and similar forest development projects.
- Information services, which include investment and job placement information systems, tax and marketing information systems, and maintenance of public library.
- Infrastructure facilities communal irrigation, small water impounding projects and other similar projects, fish ports, artesian wells, spring development, rainwater collectors and water supply systems, seawalls, dikes, drainage and sewerage and flood control, traffic signals and road signs similar facilities.

- Public markets, slaughterhouses and other municipal enterprises.

### *Provincial Level*

- Agricultural extension and on-site research services and facilities, which include the prevention and control of plant and animal pests and diseases, dairy farms, livestock markets, animal breeding stations and artificial insemination centers and assistance in the organization of farmers and fishermen's cooperatives, and other collective organizations, as well as the transfer of appropriate technology.
- Pursuant to national policies and subject to supervision, control and review of the DENR, enforcement of forestry laws limited to community-based forestry projects, pollution control law, small-scale mining law and other laws on the protection of the environment, and mini-hydroelectric projects for local purposes.
- Irrigation systems, reclamation projects and similar facilities.

### *City Level*

- Disseminate information
- Render technical assistance to clientele
- Assist and coordinate with local and national agency representatives
- Promote and maintain clientele organizations
- Monitor and evaluate agricultural projects and programs
- Assist Subject Matter Specialists and clientele
- Implement regulatory quarantine laws
- Formulate farm and family development plans
- Assist in the development of agri-business projects
- Conduct farm and home surveys
- Assist in formulation plans, programs and home visit, followed by training and technology demonstration approaches.

## Structure of Agricultural Extension Services in the Agriculture and Fisheries Modernization Act of 1997 (AFMA)

The AFMA mandates the:

*provision of training, information and support services by the government and non-government organizations to the agriculture and fisheries sectors to improve the technical, business and social capabilities of farmers and fisherfolks*

However, the LGC failed to provide mechanisms for the central government or next higher level of LGU to direct assistance or augment services and facilities assigned to the LGUs.

### *Corrective Measures Included in the AFMA*

- Chapter 2 of AFMA calls for the 'utilization of research results through formal and non-formal education, extension and training services.'
- 'Development of national extension system that will help accelerate the transformation of Philippine agriculture and fisheries from a resource-based to a technology-based industry.'
- Agriculture and fisheries services include training services, farm or business advisory services, demonstration services, and information and communication support services through tri-media.
- The 'delivery of agriculture and fisheries extension services shall be multidisciplinary and shall involve the farmers, fisherfolks and their organizations and those engaged in food and non-food production and processing, including the private and public sectors.'
- Participation of LGUs, state colleges and universities (SUCs) was clearly defined.

### *Defined Roles of LGUs, SUCs and Private Sector*

The local government is responsible for delivering direct agriculture and fisheries extension services. The province is mandated to 'integrate the operations of the agriculture extension services and undertake an annual evaluation of all municipal extension programs.'

Private sector contribution is encouraged, especially the participation of farmers and fisherfolk cooperatives and associations and those in the private sector, in the training and other complimentary extension services, especially in community organizing, use of participatory approaches, popularization of training materials, regenerative agricultural technologies, agri-business and management skills.

SUCs shall assist in the LGUs' extension system by improving their effectiveness and efficiency through capability-building and complementary extension activities, such as technical assistance, training of LGU extension personnel, improvement of physical facilities, extension cum research, and information support services.

### *Other Provisions of the AFMA*

The AFMA also provides for the financing of agriculture through allocation of multi-year budgets that shall be treated as grants, transfer of funds from the DA to the LGUs as extension grants, and placing the budget for agriculture and fishery at minimum of one percent of the gross value added.

## Problems and Issues on the Decentralization of Agricultural Service

There is no provision in the LGC for LGUs' agricultural extension to have functional relationship with the central government, particularly the DA. The LGC does not have a specific provision for a functional and support relationship with the DA.



The LGC allows national government programs at the local government levels. Although national banners programs involve the provision of agricultural services, they are still managed by the central government agencies through the LGUs.

The Fisheries Code of 1998 (Republic Act 8550) empowered the DA, through the Bureau of Fisheries and Aquatic Resources, to develop cost-effective, practical and efficient extension services on a sustained basis to municipal fishers in under-develop areas. This is in contradiction to the LGC, which provided that direct extension delivery services for farmers and fishermen is the responsibility of LGUs.

There is no functional apex agency for agricultural extension at the national level. The Department of Agriculture has no institutional channel to work with LGUs on agricultural extension policy, coordination, support and monitoring. Also, the LGUs do not have a national institution to work with on matters of agricultural extension policy and coordination and partnership support on agricultural extension.

The legal basis for ATI to serve as the apex agricultural extension agency of the country is unclear and inadequate. Until a study of the agricultural extension system was conducted in 2000, the national agency's records and profile on the decentralized agricultural extension services were inaccurate.

Municipalities are too small operational units for agricultural extension. As such, they cannot afford to hire the needed Subject Matter Specialists. Thus, extension is isolated from the agricultural research system. Also, these units cannot afford the needed administrative personnel that would provide logistical support.

There is no hierarchy of authority on agricultural extension program in the provinces. The provincial agricultural extension service does not seem to have the authority to provide policy direction, to allocate extension resources, to coordinate/supervise and to monitor the implementation of agricultural extension programs in the territory.

Decentralization of agriculture to 15 regions has no positive impact on the devolved agricultural extension service. The DA's resource allocation for the decentralization of agricultural services is not felt at the local level. Also, the DA does not have policies, coordinative and resource allocation functions for the devolved agricultural function.

### Human Resource-Related Concerns

In 1992, 59 percent (17673) of the 29638 DA personnel were devolved. When the Philippine Institute for Development Studies conducted a study in 2000, results show that there were about 25097 personnel in the devolved agricultural services. This trend may be favorable to the devolution policy; however, it clearly shows that the municipality is a small operational unit of agricultural extension compared to the provincial level, which could maximize the functions of the devolved personnel within its geographical coverage.

The interest and priorities of each local government official vary; thus, funding for agricultural services depended on the economic class of the LGUs and interests of local officials.

One of the most common complaints of devolved agricultural extension staff was the limited opportunities for career growth. From stable and promising position, agricultural workers have closed priorities of climbing the career ladder, since most of the provincial offices are not connected with the regional and national DA structure.

### Financial Concerns

There is a need for funds for programs and projects for national agricultural development agenda. The national agenda is not shared as a joint agenda with the decentralized government. In addition, when the extension components of the funds are directly administered by the DA agencies instead of coursing it through the LGU, it causes field operation disruption instead of improving and strengthening the extension work.



There is lack of cooperation or interdependence in pursuing the country's agricultural and development agenda. When the LGC of 1991 was passed, agricultural services were assigned to the LGU without any reference to being part of the national responsibility and authority for agricultural modernization and development.

There is lack of an institutional system of financial transfer for agricultural extension. When the Bureau of Agricultural Extension was abolished, the central government lost a mechanism of working with the devolved agricultural extension service. On the other hand, the devolved agricultural extension does not have an organizational setup for the agricultural extension, through which assistance in extension can be achieved.

### **Recommendations to Make Decentralization Work**

If the partnership of LGUs and the central government is not clearly spelled out in the LGC, a legislation, which includes terms of partnership specifically on planning and financial sharing and transfers, should be passed.

How else can partnership be institutionalized and strengthened? There should be a state policy that defines agricultural and fisheries production, trade, safe and sustainable development as joint responsibilities between the central government and the LGUs. The government should also declare a policy that financing the devolved agricultural extension work is a joint responsibility of the LGUs and the central government.

The government should also strengthen the existing but useful mechanisms, and should create new instruments and mechanisms of partnership between central government and LGUs on making the devolved agricultural extension work more efficient and cost-effective.

There must be performance-based financial incentives. The central government may use its financial contribution to the LGUs in exchange of well-defined outputs and achievements. Further, the national government must respond to personnel who need retooling and energizing so that they can conduct themselves knowingly, with the right attitude and needed competence.

Agricultural Training Institute must be strengthened as the national agricultural extension and training agency. It should have the mandate and adequate resource allotment to perform the following essential functions:

- Provide policy direction
- Serve as the administrator of the transfer of national funds to support the devolved agricultural extension operation, in accordance with defined performance targets
- Coordinate and stimulate the exchange of experiences on extension among the LGU extension officials
- Monitor, evaluate and plan the over-all decentralized agricultural extension service of the country
- Ensure access to research knowledge
- Set standards to ensure cost-effective quality extension service
- Achieve national and structural goals.

National goals—such as poverty alleviation, competitiveness, safe and sustainable agriculture—could be realized more efficiently and effectively, if shared with the LGUs.

Every farmer in the locality should belong to a participatory farmers' organization under the guidance of a well-trained, highly-motivated and well-paid devolved agricultural extension worker.

### **General Recommendations**

LGUs in the Philippines suffer from vertical fiscal gap because many types of taxes are either easier to administer at the central level or are deemed unsuitable for local government imposition. This imbalance should be addressed by assigning more tax bases to the LGUs.

There is a mismatch between the assignment of revenues and expenditure responsibilities to the different levels of local government. Hence, the tax revenue assignment across LGU levels must be re-assessed.

Create a realistic program of re-orienting LGU and central government officials to make their partnership interdependent.

Amend the LGC and the AFMA or enact a new law on agriculture and fisheries extension in the Philippines, with the following functions:

- Spearhead in the development of national extension policies and agenda
- Develop and implement national policies and programs for continuous improvement of the quality of extension methods
- Manage the national information, education and communication (IEC) budget for agriculture and fisheries
- National leadership in the development and implementation of the National Information Network
- National leadership in developing IEC partnerships towards increased investment and private sector participation
- National leadership in developing and implementing a national system of strengthening institutional IEC capacities
- Ensure access to research knowledge
- Set standards to ensure cost-effective quality extension services.

## **FIFTEEN YEARS OF DECENTRALIZATION: THE DSWD EXPERIENCE**

Alicia D. Bala\*

I am going to report to you the gains we have made using the key result areas of the Department of Social Welfare and Development (DSWD). In the area of policy and plan development, DSWD has provided technical assistance to the local government units (LGUs), particularly to the Local Social Welfare and Development Offices in the preparation of the Social Welfare Development Situationers. These situationers became inputs in the planning and integration of the local development plan.

We also advocated the passage of local ordinances and resolutions in support of national laws. We wanted to share with you that, for this first semester of 2006, out of the reports of our regional offices, there were about 125 resolutions and local ordinances that were passed in support of Solo Parents Act, Anti-Trafficking against Persons Act, and Anti-violence against Women and Children Act. We also supported LGUs in the formulation of their sectoral plan for children, families, women, older persons and persons with disability.

In the area of social technology development, DSWD partnered with the LGUs. We provided technical assistance and financial support, while the LGUs provided the manpower and actual implementation. In terms of monitoring and evaluation, both the national and local governments were involved. At the same time, under the Social Technology Development, we are also promoting the implementation and replication of good practices.

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\* Undersecretary, Department of Social Welfare and Development.

One example that we have is the National Neighborhood Support Services for Older Persons. Another area where the DSWD is involved in support of LGUs is in terms of social protection and capability building. We continuously provide training programs to our partners, not only in the LGUs, but also to non-government organizations (NGOs). So far, in 2005 we have trained a total of 39,255 individuals.

In terms of resource augmentation in relief and rehabilitation, we are supporting the first line of defense, the local governments. The DSWD would provide them with rehabilitation support in the form of relief goods or in the area of rehabilitation shelter assistance or what we call core shelters. While the local government provides support to individuals and families in crisis, the DSWD still maintains, in all of our regional offices, 16 crisis intervention units to provide crisis interventions.

In the matter of accessing resources for the construction of the LGUs' day-care centers, supplemental feeding and the like, we are supporting LGUs in tapping the Priority Development Assistance Fund of the legislators, and two corporate organizations, the Ronald McDonald House of Charities and the Jollibee Corporation.

In the matter of partnerships and cost-sharing, other examples of projects are the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS), Early Childhood Development, and the Self-Employment Assistance Kaunlaran (SEA-K).

On the matter of standards setting and compliance, as part of the major functions of the DSWD, we have issued guidelines for the delivery of social services amongst LGUs, such as accreditation of day-care centers and day-care workers, marriage counselors, and social workers handling court-related cases. We have been continuously accrediting these day-care centers and workers. And for those accreditors coming from LGUs or NGOs, we provide PHP200 for every day-care center that they accredit.

To sustain partnerships, we have organized area-based standards network, which is composed of LGUs, NGOs and other accredited social welfare and development agencies. The function is to strengthen the cooperation and coordination among all agencies involved in social welfare

and development; and we want to ensure quality implementation of programs and services. And to ensure that we get information on DSWD's performance after devolution, we have a feedback mechanism through satisfaction survey by conducting focus group discussions (FGDs).

### Issues in Devolution

To date, in terms of compliance or reporting on the status of implementation, only 2.1 percent of the total LGUs across the nation have submitted their first semester of calendar year 2000 report on social welfare and development implementation.

There are various issues identified through FGDs and surveys on DSWD programs in 2004. These include the perspectives of the partners and clients. According to partners, the access to programs and services is affected by political influence; there are problems in coordination and communication; there are insufficient resources and the facilities are not conducive for counseling; there are no monitoring and evaluation systems, as well as partnership and networking mechanisms; there are issues about the condition of the social workers (*e.g.*, political appointees of non-social workers in LGUs, and weak advocacy of the Magna Carta for social workers).

The clients, on the other hand, identified the following issues: inadequate programs and services, such as limited educational assistance and opportunities for employment of persons with disabilities; weak advocacy on the provisions of relevant laws, such as Magna Carta and Senior Citizens Act; inadequate facilities; limited resources, such as lack of transportation for attending court hearings/emergency situations, low quality food in centers, low subsidy for foster parents, and limited supplies; and issues in systems and procedures, such as delays in processing and delivery of services and funds, tedious process and numerous requirements, and absence of feedback on requests.

### Policy Proposals to Sustain Devolution

1. Harmonization of planning and budgeting processes between national and local levels

2. Capability-building programs for LGUs on planning, budgeting, resource mobilization and service delivery
3. Establishment of a reporting system and a rationalized planning system
4. Setting criteria for the identification of pilot areas for implementation of projects funded by national government agencies and official development assistance
5. Maximization of the different leagues as conduits between the national agencies and LGUs
6. Continuous promotion of good practices on the delivery system of social welfare and development
7. Institutionalization of a feedback mechanism
8. Advocacy for the adoption of the Community-Based Monitoring System among the LGUs as a tool to monitor poverty reduction efforts
9. Amendment of 1991 Local Government Code to make the appointment of the local social welfare and development officer mandatory

### **The Way Forward**

For a more meaningful and responsive social welfare and development, better and faster services should be delivered. The government should focus on services that make the most impact, such as social services (centers and institutions, adoption services and foster care, other frontline services), social development (KALAHI-CIDSS, SEA-K and livelihood programs), and social protection (emergency response and preparedness, assistance to individuals in crisis situations).

Services will be delivered smartly through the use of data and research. There must be right programs for the right people; important projects include mapping the gaps in programs (social welfare and development situationer, data management and analysis), mapping the poor and monitoring outcomes,

prioritizing programs and projects, and conducting evaluation and impact assessment of all programs.

In governance, training programs and networking mechanisms are essential. There should be institutional clarity of the vision, mission and goals. Competencies should be improved through continuous capacity building. Partnerships should be built and intensified. Social marketing is likewise essential. This includes performance systems, strategies, and communication, both external and internal.

These are the things that we need to carry on as a government that has devolved the basic services to the LGUs.

*Maraming salamat po at mabuhay kayong lahat!*



## REACTION

Victoria A. Bautista\*

Thank you very much for the opportunity to give my reactions to the presentations of the different representatives of agencies. *Talagang nasa oras po ito; dahil sa 15 years of devolution, sinusuri natin kung ano ba ang nangyari? Makabuluhan ba ito? Dapat ba nating i-sustain o baka ibang porma ng gobyerno ang ating naiisip na ihubog, base sa ating karanasan sa decentralization?*

*Unang-una, ibibigay ko muna ang obserbasyon hinggil sa mga presentasyon ng tatlong representante ng mga kagawaran. Pangalawa, ano ba ang challenges with respect to devolution?*

*Unang-unang obserbasyon, nakita ko ang sari-saring sidhi ng emosyon with respect to devolution. Nakita ko na ang Department of Agriculture (DA), mukhang marami siyang problema dahil sa kakulangan sa policy, clarity ng policy hinggil sa partnership ng national and local government units (LGUs). Sa parte naman ng Department of Health (DOH) at Department of Social Welfare and Development (DSWD), ang karaniwang problemang pinahayag ay ang lack of commitment and funds on the part of LGUs. Mukhang hindi masyadong na-tackle ang national-local relations. In fact, maganda pa nga ang napahayag na practices in terms of national and local government relations. In terms of innovations, dalawa yung nakita kong innovations bilang response to improved governance of devolution.*

The convergence principle is applicable to all. We see this, for instance, doon sa Inter-Local Health Zone (ILHZ) na ginagawa ng DOH, dahil hindi nag-confine sa isa lamang LGU, kundi nakipag-partner sa ibang

LGUs upang mapalakas ang service delivery. And we see na mataas na ang bilang ng mga ILHZs being established in the different parts of the country. On the part of DA, nakita natin na gusto niyang mapasidhi ang partnership in terms of research. An example of convergence would be the partnerships with state colleges and universities to do research, as well as involving different stakeholders, preferably, sana daw, ang private sector, although sinasabi nila na mukhang mahina ang policy or processes in order to define the type of relations that could be fostered between the private sector and the LGUs or even the farmers themselves.

Then, of course, another example common to all of them, but sounds like a motherhood statement, is participatory governance. We see, mahalaga ang partisipasyon ng mga tao, ng mga sektor, ng komunidad sa pangangasiwa ng kaunlaran. For instance, sa DOH, maliwanag po ito sa primary healthcare. Hindi lang primary care ang hinahatid natin, kundi ang nasa pilosopiya ng primary healthcare na dapat makapasok ang mga tao sa pakikiisa sa pagsulong ng kanilang kalusugan. Naka-embed po ito sa Local Government Code na ang primary function devolved to the LGUs ay yung primary healthcare approach, and not only primary care strategy, because we have to ask the question 'to what extent has participatory approach really filtered down to the LGUs?' Totoo bang napasidhi nila ang partisipasyon ng mga tao, kasi, when we speak about participation, hindi lang paghahatid ng serbisyo at willingnes ng mga tao na makiisa sa mga serbisyong binabahagi sa kanila, kundi ang pakikiisa nila sa paggawa ng desisyon. Ito ang mga katanungan natin hinggil sa level of participation na pinapakita ngayon sa primary healthcare na binaba natin sa LGUs.

On the part of DSWD, makikita natin ang maraming halimbawa ng naging successful community engagement with local government representatives from social welfare and other sectors through the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHY-CIDSS) program. We have personally evaluated KALAHY-CIDSS, as well as the earlier program na ang DSWD ang nagpasimuno, which is a nationally-funded program. We found it to be effective in terms of encouraging people participation, dahil pagpapalano pa lamang, kasama na ang komunidad. Sa pagpili ng proyekto, ang komunidad ay nakiisa sa prosesong ito. Ang malungkot lamang ay ang KALAHY-CIDSS ay utang, samantalang ang dating CIDSS ay ang national government

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*ang nakayanang magpondo; at sayang at tinapos agad. Nag-phase out na ang CIDSS at we are hoping na i-institutionalize na ito. So we hope to see more of this kind in DA.*

Now let me go to the challenges. For me, a critical expression of success would be to compare what transpired in pre-devolution years vis-à-vis what happened several years after devolution. I think it could be a challenge for the academe, a challenge for government implementers. I tried to do this for health ten years after devolution. One example is, in pre-devolution years, the rate of improvement of mortality rate was 0.3 percent; in devolution years, it is 1.5 per 1000 live births. This means that the pace of improvement in infant mortality was faster during post-devolution years. I hope more data could be shown to point to us that we have improved over time. We should all be challenged to continue keeping track.

A critical challenge that I see is the duty of the local chief executives (LCEs) to make devolution work. *Kailangang magka-paradigm shift na sila. Hindi sila nagde-depend sa national government and they should take the initiatives to look for resources. Kamina, yung apprehension ng DA representative natin about papaano ba ang mag-i-invest ang private sector sa agriculture, actually kung masigasig ang LCE, you do not even have to tell them at the national level. They will take the initiative.*

That is why we are empowering them and giving them responsibility *para sila ang gumawa ng paraan at huwag lahat hingin sa national offices. Ang implikasyon nito ay, kada pasok ng bagong LCE, panibagong orientasyon dahil hindi natin ine-expect na lahat sila ay alam ang gagawin lalo na ang modern o innovative strategies na gusto nating pairalin nila, at hindi yung trad-pol (traditional politics) mentality. They should be the first to imbibe the principles of participatory governance and convergence. Kung wala ito sa kanilang kamulatan, mahihirapan ang devolved personnel. Babalikan natin ang mamamayan dito. Piliin natin kung sino ang mahusay na opisyal. Hindi lang ang mga local officials ang may kasalanan, pati tayo ay bahagi ng problema.*

*Mahirap mag-train and it is very expensive to undertake training. Since I come from UP Open University, I would like you to take into consideration other technologies. Hindi lang ang training nasa loob ng*

*classroom o nasa loob ng hotel; there are new technologies that can be imparted to the LGUs, like self-instructional materials. But make sure that technologies are linked up with institutions that can give certification for it, because, if they do not have a certification, participants will not take it seriously.*

Another challenge for me is that poverty remains to be a critical problem. We have been tackling these over a long time. I am sure this is the platform of DSWD and was shifted to LGUs to tackle the depressed, deprived and underserved persons. It is not only DSWD that should bear this problem but all sectors, because we must give primary consideration to those who are very poor and needy. The target must not be universal. If our budget is short, why should we try to immunize all children, when there are people who can afford to have their children immunized?

The implication is that poverty remains to be a critical problem, which the members of the Association of Schools of Public Administration in the Philippines schools are committed to monitor to make sure poverty is reducing over time. Poverty cannot be effectively addressed if there is no information system. So I do agree with DSWD's platform. I am an advocate of setting up a Community-Based Monitoring System (CBMS) that will enable the community members to participate in gathering data about themselves and witnessing the really critical problems that we should face.

It is difficult to plan with insufficient data. And we can eliminate the problem of having politicians choose infrastructure projects when they see that the biggest problem in their areas is malnutrition. We strongly support this. And there is also an imprimatur from the National Statistics Office that the CBMS is recognized officially as a reliable system. We should wage this nationwide. The CBMS is not any different from the Minimum Basic Needs (MBN) Information System, which was adopted in CIDSS, but it is an improvement over the deficiencies over the MBN Information System. It is important to have an information system, because we can now rationally identify who we are targeting in the community. If we have information system, 'Mang Pandoy' will have a face.

The problem about allocation of resources is a common problem among the three reports. I do agree that the tax base of the LGUs should be increased.

They should be responsible in the utilization of resources. If they are able to do this in a rational way, it can help in the solution of our problems and also avoid losing our professional workers abroad. In fact, we should object to platforms that promote sending our professionals abroad. We should not see sending professionals abroad as a contribution to solving the problems of the economy. That is an indication that we have not really solved the problem, because we cannot provide jobs for them here.

I also saw another dominant problem: the career path of the devolved workers. This can be corrected if the local officials have commitment and wide vision, and will not limit themselves in finding opportunities for their devolved workers. I also hope that national offices should continue experimenting on new methodologies to implement basic services. I do not think the Local Government Code has stopped them from doing that. Ultimately, if the technology is successful, then it can be passed on to LGUs. We have seen that happen in the CIDSS, and we hope we can propagate that technology, because it really reinvents the wheel in terms of governance of basic services.

In the end, the critical issues to address are: are we trying to move back to centralization? I do not believe that is a wise decision in spite of the difficulties we are encountering. Policy change should not happen if the concept is good but the problem is implementation. What we should correct is the implementation, which is the root cause of the problem, not the concept itself.

Another issue that we can raise is: is it decentralization now or are we moving towards parliamentary form of government? It seems to be the hottest topic lately, that is why Senator Pimentel seemed to backtrack because parliamentarism was used as a political strategy. When we look at devolution issues, I think we should stay under the present system of government, because our local politicians are not yet prepared to stake their claims on power and responsibility. Until they are able to do that, we cannot support a parliamentary form of government. The capacity of our local governments is a good testing ground for devolution.

Thank you very much for giving me the opportunity to share my thoughts and views about the papers presented.

## REACTION

Sixto Donato C. Macasaet\*

First, I would like to introduce CODE-NGO. It is a network of non-government organizations (NGOs). We are composed of 10 NGO networks, including 4 regional networks (1 in Mindanao, 1 in the Visayas, 1 in the Cordilleras, and 1 in Bicol), and 6 national networks. It also includes a network of social welfare and development agencies that usually works with Department of Social Welfare and Development (DSWD); a network of rural development NGOs, which usually works with Department of Agrarian Reform and Department of Agriculture (DA); a network of service and health NGOs, which works with Department of Health (DOH); and a network of cooperatives. That is CODE-NGO.

I would like to focus my reaction on what is important for NGOs and peoples' organizations (POs) when it comes to decentralization. The most important thing, I guess, which Dr. Bautista also mentioned, is participatory governance, which is the heart of the work of most development NGOs and POs. That is why many NGOs and POs were very happy about the passage of the Local Government Code 15 years ago, because of the opportunities we saw for promoting people's participation in governance through decentralization. Some examples are in primary healthcare and agricultural extension, which also has strong farmer and fisherfolk associations. There are also women, child and youth activities.

Why is people's participation important? Well, we all know this already. But just to level off on the framework, we know that people's participation is important, because it ensures appropriateness and responsiveness of the programs and projects of the government, and it would also help in promoting effectiveness and efficiency. It would also help promote ownership of the programs and projects by the people, which promotes sustainability.

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\* Executive Director, CODE-NGO

All of these are for social justice, development and poverty reduction. That is why we want people's participation to be promoted in decentralization. It will not be acceptable if we only have decentralization without participation.

How do we promote people's participation? First is information. It is difficult to participate when we do not know what is going on. So we need information and transparency from local government units (LGUs) and national government agencies (NGAs). Second is capability building, both for POs and NGOs, and also for the government side, both at the local level and the national level. Third is the attitude or orientation towards participation. If the attitude is that participation merely delays the process, then there is no use and hope for participation. Finally, as far as we see, are the systems, structures and processes, then we will go back to decentralization as one of the ways to structure governance, so that it becomes more open to people's participation.

When POs and NGOs discuss participation, what are the emerging challenges and the lessons from the past and challenges for the future? First, and this has been discussed again and again, because it is very important, is the link between local planning and budgeting. Planning and budgeting must be participatory, and there must be a strong link between the two. In the Local Government Code, there are local special bodies, and I am happy with what Assistant Secretary Gako said that local health boards have 60 percent functionality. But in local special bodies, only a minority is functional. The last report I saw said that only around one-third or one-fourth is functional for local development councils. Why are they not functional? Again, it is related to capability building and information, as well as the frustration that, after working out the plans and making sure that the plans are appropriate and responsive, there is actually no budget.

Related to that, the link between national and local policies, including budgets for national government agencies, is weak. For example, one of the presenters spoke about the re-nationalization of hospitals, and the main reason cited was the lack of budget. My question, however, is why was the budget not transferred from the national agencies to the local level instead? The mandate and responsibilities have been devolved, but the budget remains with the national government. If that is the problem, is re-nationalization of institution the solution or is it the devolution of budget?

The second challenge that I see is the access to information. Our call is for LGUs and the NGAs to become more proactive. We acknowledge that several agencies have been very proactive, like the Department of Budget and Management (DBM), which has a website on the releases of the notices of cash allocation and special allotment release orders. We in CODE-NGO have been implementing a project called 'Pork Barrel Watch.' But when we face the government, it is called 'Priority Development Assistance Fund (PDAF) Watch.' It involves training monitors from POs and NGOs from the different districts to monitor selected pork-barrel projects of their legislators.

Our experience is that we wrote to all the 250 senators and congresspersons twice. We called them up several times over a period of more than six months. At the end of which, only eight percent, or around 20 congressmen and senators, gave information on their PDAF and congressional allocation projects. Our monitoring teams went to the field to monitor the projects, and they found it hard to gather data from the district offices and LGUs. So we said, it is an important challenge for all of us to promote access of information so people will have the opportunity to participate in governance.

Another challenge is capacity building, which was mentioned before. And I would like to note that, in the actual budget, there is a ten-percent allocation for the training of POs or for farmers' and fisherfolks' organizations, but it is not really implemented, because there is no ample budget. The point is that capacity building is needed in order for local special bodies and local development councils to be organized and functional, and in order for NGOs and POs to participate outside the special bodies. Capacity building involves POs, NGOs, LGUs and NGAs.

In our recent local anti-poverty projects, one of the important learnings was that trainings, where NGOs and LGUs both participated, were very helpful. Of course, there are trainings that need to be done only for the NGAs or only for NGOs and POs; but they all appreciated the trainings where they worked together, because it builds up bonding, as well as share a common framework on how to fight poverty or how to develop their area.

The next challenge, which is a recent contribution from the DA and DSWD, is the role of information, education and communication (IEC) technology in improving coordination and efficiency even for reporting and



### **Undersecretary Alicia D. Bala**

*Department of Social Welfare and Development*

Female psychotic vagrants, who do not manifest psychotic behavior, do not need confinement, according to the NCMH. We have a facility in Mandaluyong, called the Sanctuary, which is only for vagrant females who are not accepted for confinement in the NCMH. We do not have a facility for male psychotic vagrants. I encouraged LGUs and NGOs, when I was Regional Director for Metro Manila, to construct a facility for male psychotic vagrants. We need community-based support. And we are going to spend more if they are confined in a facility. As much as possible, we must trace their origins. We used to publish them in the newspaper or contact television and radio stations to inform the families. However, some families do not want them back. This is an area where we can all act together. We need small support systems for them.

### **Mr. Federico Jong**

*Punong Barangay, Teachers Village West, Quezon City*

I have a question for Director Saliot. Farmers and businessmen have a problem, because, even though you give trainings and loans to them, when certain elements of society come, especially when revolutionary taxes are extorted from them, it does not look good. Also, the importation of agricultural products from abroad, especially smuggled ones, tends to destroy the investments made by our businessmen. What could farmers and businessmen do?

My second question is on juvenile delinquency. Youth below 17 years of age cannot be sent to jail even though they commit heinous crimes. They are being used by crazy parents and syndicates and, even if we, *barangay* officials, catch them, we still could not send them to jail. We want data, because we want to stop this Republic Act 9344, as it causes a lot of headaches. We catch them, but nothing happens. In aid of legislation, we need data.

### **Undersecretary Bala**

Thank you for the information on Republic Act 9344 or the Juvenile Justice and Welfare Act. Do you know that I am the Chairperson of the Juvenile Justice Welfare Council? So the question is very appropriate. This council has different levels as to who has responsibility. It does not say that, when you catch these young people, you just let them go. What the law says is that those 15 years and below are exempted from criminal liability. If a child committed a crime, and you caught them, you have to turn them over to the Local Social Worker, who will assess if the young person will have to undergo an intervention program. You must not let them go just like that. The Social Workers need to check their backgrounds, their families, and their views on the offense they have committed. In short, there are studies that need to be done; and if the Social Worker thinks that confinement in a rehabilitation center is necessary, he/she needs to petition a court.

If, for example, the victim is not content with this rule, we must remember that they are only exempted from criminal liability, but they are still responsible for any civil liabilities. Third, this is where we can test how we really treat our children. We know that the criminal justice system is for those who are old enough. So there are other ways to rehabilitate these juvenile delinquents. In our inventory from the different jails and rehabilitation centers, there are no more than 20000 juvenile delinquents.

This law is to protect the rights of the youth. We should not look at the children as if they like what they did. They are the offenders, but, at the same time, they are the victims. It starts in the family. Why should we punish the children when they lack parental supervision? What support does the community provide? This law actually provides a restorative justice framework. This means that the offending youth, the victim and the community must work together to help the youth. You have a big role in this law, and we hope that you give it a chance to work. It entails a big change in how we treat our young people, because we usually want to treat them as adults. So when this news broke out in Cable News Network, we got angry, because juvenile delinquents are with older inmates. But when we already have a law, and we do not want them to be with older inmates, we want the law abolished. So what do we really want? Give this law a chance to work.

**Director Asterio P. Saliot***Agriculture Training Institute, Department of Agriculture*

Agricultural clientele also includes traders and consumers. It is very expensive to bring, for example, corn from General Santos to Metro Manila, compared to importing it from America, because of shipping and handling costs. The roll-on roll-off system is part of the efforts to lessen the cost of the marketing of products. Storage facilities, not only transport facilities, are also being constructed. We want to eliminate middlemen to provide support to farmers. The producers are not the only ones victimized, but also the consumers: Imagine the compounded cost on the price of the products, if there are nine middlemen from Benguet to Balintawak.

One bureau in the DA has already implemented a tram system of delivery of vegetables. It has already negotiated with North and South Luzon Expressways to allow these carriers of perishable goods to pass through, because not only are they stopped and delayed, but, sometimes, they are also being extorted. Aside from these transport facilities, we are also encouraging the establishment of storage systems. The National Food Authority (NFA) cannot buy or provide all of these. It can only afford 4 to 5 percent of the produced *palay*, because, last year alone, NFA was short of PHP25 billion. The national government cannot continue subsidizing the operations of the NFA.

On smuggling, the DA has no police power; that is why we are coordinating with the Bureau of Customs and other agencies. This is part of the problems of society. Unless we work together, we cannot resolve this. The problem is quite big, therefore, cooperation among the national government, local governments and the private sector is necessary, as no single agency can solve this.

**SYNTHESIS**

Simeon A. Ilago\*

The theme of the discussion is: 'Fifteen years of decentralization: lessons learned and the way forward.' So what are the lessons learned?

There is an implicit acceptance of decentralization as policy governing local governance. And there is no discussion whatsoever whether we should be going back to a centralized framework for local governance. That is an implicit recognition that decentralization has been consolidated in terms of policy and implementation in our local government system.

At the same time, it raises issues in terms of its operationalization. This morning, some of the issues that had been discussed focused on the fiscal issues. Let me cite them in terms of quotable quotes like: Dependency or the predictability of the internal revenue allotment (IRA), at the same time as the difficulty of maximizing the revenues from local sources have led to what one of our resource persons described as the seeming substitutionary effect of IRA.

There is also a word about fiscal empowerment. On the one hand, you have fiscal dependency; on the other hand, you have fiscal empowerment, and that refers to local governments who had been able to innovate and maximize their sources of revenue under the Local Government Code. Thus, we come to the idea of balance. Balance refers not only to the matching of functions with the fiscal authority under a devolved setup, but also in terms of responsibility and accountability. We are reminded all through out today's session that decentralization is not only about the transfer of powers and functions, but also the shifting of responsibility and accountability to local government units (LGUs).

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\* Director, Center for Local and Regional Governance, National College of Public Administration and Governance, University of the Philippines.



The Makati issue was also in our minds about central-local relations, but we see that there have been efforts to improve coordination between national government agencies (NGAs) and LGUs. But, at the same time, there is still the recognition that there is a weak linkage among plans, investment programs and budgets. That is a continuing issue on decentralization. There is a challenge to create an enabling and regulatory framework that would provide for more incentives for LGU innovation.

This afternoon, we had three presentations from three different agencies that substantially devolved functions and services to local governments. Now the operative words that we can remember from their discussion are the following:

1. *Harmonization*, of policies and efforts of capacity-building programs, financing mechanisms, and so on.
2. *Building through the process*. We see from the experience of the Department of Health (DOH) how they tried to make adjustments, in terms of how to deliver health services in a devolved setup, which also leads us to a question of whether DOH experience can be replicated by the Department of Agriculture (DA), given the situationer that has been provided to us.
3. *Partnerships*. As our resource persons and reactors pointed out, in a decentralized setup, partnership is important. Participation is important. Participatory governance is important. We see it from DOH and from the Department of Social Welfare and Development, and it was also recognized by DA as important in the delivery of extension services.
4. *Revenue collection*. There are challenges in improving revenue collection, redressing the inequality in the IRA distribution, as well as the continuing NGAs. One challenge is also making wise use of whatever resources that have been devolved to LGUs.

I will close in terms of major lessons that may have been learned from the discussion. One, as mentioned by our resource persons, fiscal resource is a major issue in decentralization and inter-governmental relations. It is not just about finances, it is also a question of knowledge, training, capacity

building, and understanding. The world has shifted in focus, that among the NGAs, the LGUs and the NGOs, there is a need for collaboration, interdependence and partnership.

The second point is, perhaps, decentralization is not just a transfer of powers, but a continuing process of cooperation and interdependence. It is also a transfer of responsibility and accountability, which reminds us again of a dictum that 'to whom much is given, much is expected.' Much responsibility has been given to local governments; much is also expected of them in how they use it. Most of our resource persons and reactors pointed out that part of the challenge of decentralization is accounting for performance of both national and local institutions.

This is the synthesis of our forum. And before I turn over the microphone to our beloved Chancellor, just allow me to thank the staff of the Center for Local and Regional Governance, who tirelessly worked to organize this governance forum. I would like to thank them for the work they had done. And on behalf of our Center, I would like to thank our resource persons and reactors for investing their time. Finally, of course, there is no successful seminar without the participants, who have chosen to come and listen to the discussion and to participate.

*Maraming, maraming salamat sa inyong lahat at mabuhay kayo!*

## CLOSING REMARKS

Sergio S. Cao\*

Allow me first to read some prepared remarks. And, then, if you do not mind, I would like to share some personal notes towards the end.

I am very pleased to join you today in this very important forum. First, let me express my appreciation to the guest speakers and the reactors. I commend the Center for Local and Regional Governance for organizing this event. The Center has been supporting the study and practice of local governments in the country, long before the enactment of the first Local Government Code in 1983.

Since its implementation in January of 1992, several assessments of the Local Government Code had been conducted, albeit piecemeal. Hence, in the Code's 15th year, now is an opportune time to reassess the objectives of decentralization.

You have gathered here today to discuss the lessons you have learned and identify the course of action that must be taken. As the theme says 'lessons learned and the way forward,' although, believe me, the lessons you learned in the past will hold you back, and it is so difficult to move forward.

I would like to believe that the objectives of this forum have been achieved. The University of the Philippines, through NCPAG, has enthusiastically provided the venue for discourse. And our excellent speakers and reactors have effectively presented their own assessment of decentralization in the country.

This forum reflects the high interest on decentralization and on local governance. I am pleased to observe that policies have been prescribed to enhance development at the local level of government.

Moreover, this forum has spoken, not only of the successes and failures of the national and local governments in relation to the implementation of the Local Government Code, but also of our responsibility to provide quality service for people.

In this regard, it is not only the policy environment that needs assessment; we also need to reassess ourselves as public servants, local leaders and concerned citizens. We need strong and effective leaders and public servants to show us the way, as we allow ourselves to be guided. We need committed and able students and practitioners of public administration to fight corruption and social indifference. Equally important, we need the support of civil society, the business sector, the media, and the donor agencies to make all these happen.

Despite the shaky state of our economy and society, I am hopeful that, through discourses, such as this one, we are contributing to the advancement of the Local Government Code and its principles. I also hope that this forum will jumpstart a comprehensive review of the Code. I hope that Congress takes note of this advocacy.

Now, on a personal note, I would like to share that this idea of devolution and decentralization are also very important issues in the University, as a whole, and in UP-Diliman campus, where I am Chancellor. Incidentally, one of our *barangay* officials spoke earlier about rabies and psychotic vagrants. As chancellor of this campus, I would like to assure you that the cases have not reached alarming levels. Although one issue in governance in the campus is this thing about UP-Diliman as a campus headed by a chancellor, and the fact that there are five *barangays* in UP-Diliman campus. There are five *barangay* captains, and each believes that they are not under the authority of the chancellor. The chancellor is head of the campus, and he has problems with this setup. For example, when the typhoon struck the campus, the uprooted trees were the problems of the chancellor. People will say it is the problem of the chancellor, because the *barangays* will not make this their problem. But that is a real issue in this campus, because there are security concerns in the campus; there are waste management concerns in campus. Therefore, there is always an issue as to who is in charge and who is accountable for problems in the campus.

\* Chancellor, University of the Philippines.

The UP system level is composed of seven constituent universities. I was Vice-President for Planning and Finance. In the context of the budget, decentralization is an important issue. This is because you can have a system, where you can have a very powerful UP president, who holds the budget, and where all the campuses, which want funds, will have to ask for them. That is, of course, an extreme point in decentralization. You can also decentralize all the funds to the campuses, which would lead to a possibility that, in the end, you may not need a president, because, if you have devolved everything and each campus is headed by a chancellor, then why the need for a president?

There must be a balance or a middle ground between a too centralized system of governance and a decentralized system. In the UP-Diliman experience, I am Chancellor of 26-degree granting units. I have 26 deans, each of whom wants funds, each wants attention and freedom to administer his unit. In my experience, what we have done through the years is to partly decentralize. The budget process has many parts, and, I believe, this should be given to the units. The chancellor should not be signing vouchers, because that is the problem of a centralized institution. Although I have to admit we still have problems with that, because the electric bills of all units are still charged to the chancellor's office. I hope that, before my term ends, I would have devolved that.

But I think there is a problem when authorities, while they say they want to devolve and decentralize, only say so but do not do so. I think that, if you devolved something, you have already let go. There are units in UP system and parallel units in the campuses that should be rightly devolved, because the functions are already being done in the campuses. That is the real essence of devolution.

There are many problems in the issue of governance related to devolution and decentralization. And I think this is a very good opportunity for you to assess the issues. These concepts are not static. Governance is dynamic. So, while decentralization is essential and fit a certain period of our history, it is still dynamic.

Again, I greet all of you. And those who came from the provinces, I hope you have a safe trip back home.

*Magandang hanon sa inyong lahat!*

## APPENDIX A

### List of Participants

NAME	POSITION	OFFICE
1. ABAD, FELIX	Consultant	Office of Congressman Fuentebella
2. ABAS, ADELA M.	Staff	NCPAG
3. ABDON, NESTOR	ASPAP Board Member	University of Negros Occidental - Recoletos
4. ABDULA, AISA	Chief of Staff	Office of Congressman Sonny Angara
5. ABESAMIS, LUPITO	<i>Barangay Kagawad</i>	Old Capitol Site, Q.C.
6. ABILA, ALEX	Employee (QC Gov't)	Quezon City Hall
7. ABUDA, ELMA	<i>Barangay Kagawad</i>	Matandang Balara, Q.C.
8. ABUEVA, JOSE V.	President	Kalayaan College
9. AGATEP, MICHELLE I.C.	Student (PA 251)	NCPAG, UP
10. AGUILAR, AIDA	<i>Barangay Kagawad</i>	North Fairview, Q.C.
11. AGUIRRE, DOMINADOR	Dean, Graduate School	Eastern Visayas State University
12. ALANO, MA. TERESA	Asst. Secretary and ARMM Coach Monitor	Department of Social Welfare and Development
13. ALBANO, DOMINADOR	<i>Barangay Kagawad</i>	Fairview, Quezon City
14. ALICIO, MA. CARMEN		Educational Research Development Assistance OXFAM
15. ALMODA, AYI		UCPB
16. AMISTAD, EDGARDO	President	Kalinga-Apayao State College
17. AMMATTW, JEREMIAS S.	Extension Coordinator	
18. ANCIANO, LANI	NATCO	
19. ANGELES, ADELINE M.	Student (PA 251)	NCPAG, UP
20. ANGELIA, MARCELO M.	Dean, CGBE	University of Southern Philippines
21. ANTES, JOHN PAUL		Council for the Welfare of Children
22. ANTONIO, IRENE B.	Dean/School Director	Valencia Colleges
23. ANTONIO, REYNALDO B.	Dean	
24. ARCEO, DOLORES G.	<i>Barangay Kagawad</i>	San Antonio, Quezon City
25. ASIA, NIMFA	Program Coordinator, Public Adm.	DMMSU
26. ATIENZA, MARIA ELA L.	Associate Professor	UP Diliman
27. AVILA, RENE T.	Associate Professor V	Catanduanes State Colleges
28. BACANI, MISAEL A.	Student	UP-SIO
29. BADILLA, DINO	Student (PA 251)	NCPAG, UP
30. BAJETA, NELIA M.	<i>Barangay Kagawad</i>	Payatas, Quezon City

NAME	POSITION	OFFICE
31. BALA, ALICIA R.	Undersecretary	DSWD
32. BARTOLOME, ARLYN G.	<i>Barangay Kagawad</i>	San Antonio, Quezon City
33. BAUTISTA, VICTORIA	Professor	NCPAG, UP
34. BEDERIO, CONCEPCION L.	Director	DMMMSU
35. BERNARDINO, CRISTINA	<i>Barangay Kagawad</i>	Culiat, Quezon City
36. BICHARA, MICHAEL C.	Student	UP Diliman
37. BORJA, EDWIN M.	<i>Barangay Kagawad</i>	Fairview, Quezon City
38. BRIONES, LEONOR	Profesor	NCPAG, UP
39. BUENAVENTURA, KRISHNA	ASPAP Member	Tarlac State University
40. BUENVIAJE, MYRNA R.	Staff	CLRG-NCPAG
41. BUGAYONG, ARMANDO	<i>Barangay Kagawad</i>	Laging Handa, Quezon City
42. BUNAO, RICKY	SWO III	DSWD
43. CABILAO, FINARDO	Director	Policy & Plans Bureau-DSWD
44. CABILE, RUEL C.	Program Officer	CODE-NGO
45. CABO, WILHELMINA	Professor	NCPAG, UP
46. CAINGAT, NICANOR	ASPAP Member	Tarlac State University
47. CALDERON, GERARDO	Mayor	Angono, Rizal
48. CALEDA, MARY JEAN	Student (PA 251)	NCPAG, UP
49. CARIÑO, BENJAMIN	Professor	SURP, UP
50. CARIÑO, LEDIVINA V.	Professor	NCPAG, UP
51. CARREON, RACEL G.	CDH-4A	Department of Health, CALABARZON
52. CARRILLO, LUIS D.	COS	COOP-NATCCO
53. CASTAÑEDA, JOHN M.	Director	National Barangay Operations Office
54. CASTILLO, ERIC	Planning & Dev. Office	Malabon City
55. CASTILLO, LERMA	<i>Barangay Kagawad</i>	Matandang Balara, Q.C.
56. CAULAN, NELIA Z.	Dean, Public Adm.	Cagayan State University
57. CHAKAS, REXTON F.	Dean	Mt. Province State Polytechnic College
58. CINCO, DOMINIC		Office of Congressman Roces
59. CLAVESO, LORENZO A.	NSC	Quezon City
60. CORTES, JOAN M.	Professor	UP
61. CORTES, JOAN N.	Graduate School of Management	Pamantasan ng Lungsod ng Maynila
62. CREDO, ALBERTO E.	<i>Barangay Kagawad</i>	Broadway, Quezon City
63. CRUZ, ROMULO T.	Administrative Officer	Marikina City
64. CUARESMA, JOYCE	Professor	NCPAG, UP
65. DADULO, ROSARIO L.	<i>Punong Barangay</i>	Payatas, Quezon City
66. DALLONG, RICSER L.	ASPAP Member	NVSU - Bambang, Nueva Vizcaya
67. DALUREYA, BETH	<i>Barangay Kagawad</i>	Escopa, Quezon City
68. DAVID, FELY P.	Dean, Graduate School	CPU
69. DE GUZMAN, RAUL P.	Professor Emeritus	NCPAG, UP

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71. DELA CRUZ, RENATO	AO	Agricultural Training Institute, DA
72. DELA PEÑA, JENICE CAMARO	<i>Barangay Kagawad</i>	Culiat, Quezon City
73. DIG, GENE-NO		NCPAG
74. DIOKNO, HILDA		Civil Service Commission
75. DIZON, GUILLERMO	<i>Barangay Kagawad</i>	Pansol, Quezon City
76. DIZON, PRECY	Staff	DBM
77. DUMUGHO, ELEUTERIO C.	Director	Office of Sen. Aquilino Q. Pimentel, Jr.
78. ENDRIGA, JOSE N.	Retired Professor	NCPAG, UP
79. ESCUTIN, SALLY		DSWD
80. ESGUERRA, WILLY	<i>Barangay Kagawad</i>	San Isidro, Galas, Q.C.
81. ESPERO, THIRD	Executive Officer	MDC
82. F.G. DELFIN, JR.	Student	NCPAG
83. FERNANDEZ, EDERLINA	ASPAP VP for Mindanao	Western Mindanao State University
84. FERNANDEZ, LOURDES	Editor	Business Mirror
85. FERNANDEZ, MARICEL T.	ASPAP Staff	NCPAG, UP
86. FERNANDEZ, MELBA	Student	
87. FERNANDO, MIRIAM R.	Executive Director	Women's Health Care Foundation
88. FLORANO, EBINEZER R.	Professor	NCPAG, UP
89. FRANCISCO, LENITA	Officer I	Malabon City Planning & Development Office
90. FRANCISCO, MA. CRISTETA	Budget & Local Finance Specialist	InFres, Department of Agriculture
91. FRANZA, ALLAN P.	<i>Barangay Kagawad</i>	Matandang Balara, Q.C.
92. FRIDELL, MIKAEL		Embassy of Sweden
93. FUENTES, DELILAH S.	SWO V	DSWD
94. FUSE, MICHITARO		Embassy of Japan
95. GAKO, NEMESIO	Assistant Secretary	Department of Health
96. GALERO, FRITZ	<i>Barangay Kagawad</i>	Payatas, Quezon City
97. GALLANO, LINDA S.	<i>Barangay Kagawad</i>	Fairview, Quezon City
98. GALLARDO, ANTONIO	Chief of Staff	Office of Senator Drilon
99. GARCIA, BERT	MPA Student	UP
100. GARCIA, ENRIQUE	PhD Candidate	San Beda Alabang
101. GARMING, MAXIMO B.	Director for Extension	Kalinga-Apayao State College
102. GRAVIDES, ISABELITA P.	<i>Punong Barangay</i>	UP Campus, Quezon City
103. GO, JENNIFER	ASPAP Member	Tarlac State University
104. GOTIS, DULCE BERNARDITA	Officer In Charge	PED-DILG
105. GURO, NASRODEN B.	Vice President	Mindanao State University Marawi



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108. JAMON, GRACE G.	President	DAP/ASPAP
109. JINFENG, MARY NIU	Student	ASI
110. JINLONG, JOSEPH YUE	Student	UST
111. JONG, FEDERICO S.	<i>Punong Barangay</i>	Mahinhin St., Quezon City
112. LABOY, VIRGINIA FRANCIA	OIC, Policy, Planning & Advocacy Division	BFAD
113. LACZA, NONOY		Business Mirror
114. LAGASCA, CYNTHIA	Planning Officer V	DSWD
115. LAGDAMEO, DONNA	Director	DAP
116. LAGULA, ROGER F.	Dean	CAS, NVSU
117. LANGE, ANDREAS	Lecturer	Humboldt University
118. LANTICAU, JOSIE	Staff	Bureau of Agricultural Research, DA
119. LAPIRA, EDUARDO A.	<i>Barangay Kagawad</i>	Bungad, Quezon City
120. LAUZON, GLORIA E.	Director	Administrative Service - DBM
121. LEDESMA, DULCE AMOR	IEO III	DOLE
122. LEDESMA, GENAR R.	<i>Barangay Kagawad</i>	Greater Fairview, Q.C.
123. LEE, GLORIA R.	ASPAP PRO	Benguet State University
124. LEGASPI, PERLA E.	Professor	NCPAG, UP
125. LIAMZON, CATHERINE	Project Officer	ANGOC
126. LIM, DAIZY C.	ASPAP Board Member	Isabela State University
127. LUBIANO, IMELDA	Medical Technologist	Women's Health Care
128. LUCENTALES, RUEL G.	Assistant Secretary	Visayas & Mindanao Field Office, DSWD
129. MACABINQUIL, ELIZABETH T.	<i>Barangay Kagawad</i>	Pinyahan, Quezon City
130. MACALANDONG, NAZAROLLAH R.	ASPAP Board Member	Mindanao State University
131. MACASAET, SIXTO DONATO	Executive Director	CODE-NGO
132. MAGSAYSAY, MAY	MPA Student	NCPAG, UP
133. MAGTOLIS, CARLOS M. JR.	ASPAP VP for Visayas	Silliman University
134. MALINAO, ERNA T.	Division Chief, Planning Department	COMELEC
135. MALUPAY, MELVIN	Student	Emilio Aguinaldo College
136. MALVAR, NORBERTO	OIC-Deputy Director	Department of Finance
137. MANESA, FLORENCIO	<i>Barangay Kagawad</i>	San Isidro, Quezon City
138. MAPA, CRISELDA C.	Department Head	Trinity University
139. MARCELINO, RAMON BENEDICTO N.		Trinity University of Asia
140. MARIANO, VICENTE	Professor	NCPAG, UP
141. MARILAG, NICETAS	Program Head	Divine Word College
		Legazpi
142. MARTINEZ, CELIAFLOR T.	Faculty Member	St. Mary's University

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143. MOKHMAD, GUIAMALUDIN A.	Professor	
144. MORCO, GODOFREDO S.	<i>Barangay Kagawad</i>	Nayong Kanluran, Q.C.
145. MORENO, FREDE G.		WMSU, Zamboanga City
146. MUNGAL, ANDREW L.	Professor/Lecturer	University of Makati
147. NOMA, CHONCHITA S.	<i>Barangay Kagawad</i>	Kamuning, Quezon City
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150. OROLA, LILITH MAE	Student (PA 251)	NCPAG, UP
151. PABELONA, DING	Staff	Office of Congressman Nereus O. Acosta
152. PABELONA, GERTRUDE	Staff	Office of Congressman Nereus O. Acosta
153. PABILLARE, FEDERICO G.	<i>Barangay Kagawad</i>	Damayan, Quezon City
154. PALISUC, EMILIO O. JR.	President	Philippine Western University College
155. PANAHON, HONORATO P.		NEUST
156. PEÑALBA, MAILEENITA	Convenor	Governance & Public Policy Program
157. PETEZA, GODOFREDO E. JR.	Dean, Graduate School	Camarines Norte State College
158. PIMENTEL, ARLYCE B.	Chairman, DB Dept.	DMMSU
159. PORTA, GERARDO		United States Agency for International Development
160. PRIETO, PREU	Staff	NCPAG, UP
161. RACMAD, IBRAHIM	BAPS	Department of Agriculture
162. RAYMOND, JOSEPH T.	Faculty	Silliman University
163. REBONEDO, TIFFANY B.	Instructor, AB Dept.	DMMSU
164. REBULLIDA, MA. LOURDES G.	Convenor	UPCIDS
165. REY, JAZ I.	Staff	NCPAG, UP
166. REYES, BENJAMIN E.	<i>Barangay Kagawad</i>	Matandang Balara, Q.C.
167. REYES, MERLY	Staff	National Barangay Operations Office
168. REYES, RYAN BENJAMIN	CBL	
169. RIXHON, FELICITAS		Philippine Center for Population and Development
170. RODRIGUEZ, TERESITA	ASPAP Member	UP Cebu College
171. RONDAL, JOSE D.	Chief, Soil Conservation & Management Division	Bureau of Soils & Water Management
172. ROSALES, ARIELITO	<i>Barangay Kagawad</i>	Tatalon, Quezon City
173. ROSALES, ETTA	Congresswoman	AKBAYAN Party
174. ROXAS, MARICHELLE	Staff	Office of Congressman Herminio Teves
175. ROYERAS, CARLOS P.	Legislative and Programs Officer III	CHR (Gov Link)



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176. RYE, RANJID		CSSP, UP Diliman
177. SACENDONCILLO, MARIVEL	Executive Director	Local Government Academy, DILG
178. SACIO, ROBERT	Staff	NEDA - PMS
179. SALINAS, EDILBERTO H.		NVSU
180. SALIOT, ASTERIO	Director	ATI-DA
181. SALVADORA, AYDELFE	Staff	Foundation for Philippine Environment
182. SALVOSA, CRISTY	DPA Student	NCPAG, UP
183. SANTELICES, SUSAN T.	ASPAP Member	Catanduanes State Colleges
184. SANTIAGO SEVILLA, ANN	Staff	DBM
185. SARMIENTO, JULIO A.	NVSU Chair	Nueva Vizcaya State University
186. SOBREPENA, ALLAN GERARD	Staff	NCPAG, UP
187. SOLAYAO, GENEVIEVE M.		PNP-IAS
188. SORIANO, KEITH BLANCA	Data Analyst	DOT
189. STA. MARIA, CELSO	Attorney, OVM	Valenzuela City
190. TABBADA, JOSE	Professor	NCPAG, UP
191. TAHAR, MYLA SONJA		Indonesian Embassy
192. TALEON, JUANITO		Bureau of Local Health Development, DOH
193. TANDJUNG, IRIZAN	Ambassador	Indonesian Embassy
194. TARADJI, PARISYA H.	Assistant Secretary	DSWD
195. TIUSONCO, JOSE O. II	Staff	NCPAG, UP
196. TOLENTINO, IVY JOY A.	Student (PA 251)	NCPAG, UP
197. VARONA, BERNICE	Staff	UP System Information Office
198. VENTURA, MARY	Faculty	SPUP
199. VILLAREAL, ROMANA V.	Faculty	UP Visayas, Iloilo
200. YNARES, JUN	MPA-NCPAG	LLDA
201. YUDLUM, WALTER H.	Student	UP
202. ZIPAGAN, AIDA	Barangay Kagawad	Payatas, Quezon City

## APPENDIX B

### Program

8:30- 9:25 am	REGISTRATION
9:25-9:30	NATIONAL ANTHEM
9:30-9:40	WELCOME REMARKS AND BACKGROUND OF DGF
9:40-9:50	SPECIAL MESSAGE

**Dr. Alex B. Brillantes, Jr.**  
*Dean, UP-NCPAG*

**Hon. Aquilino Q. Pimentel, Jr.**  
*Senator, Republic of the Philippines*

### Morning Session

9:50-10:10	GENERAL ASSESSMENT OF THE CENTRAL-LOCAL RELATIONS
10:10-10:30	STATUS OF LOCAL GOVERNMENT FINANCE
10:30-10:40	Coffee Break
10:40-11:40	REACTION

**Ms. Marivel C. Sacendoncillo**  
*Executive Director  
Local Government Academy, DILG*

**Dir. Norberto G. Malvar**  
*Bureau of Local Government Finance  
DOF*

Panel of Reactors

**Prof. Leonor M. Briones**  
*UP-NCPAG*  
**Dr. Benjamin V. Cariño**  
*Professor, UP-SURP*  
**Ms. Lourdes M. Fernandez**  
*Editor-in-Chief, Business Mirror*  
**Mayor Gerardo V. Calderon**  
*Secretary-General  
League of Municipalities*

Moderator

**Prof. Wilhelmina L. Cabo**  
*UP-NCPAG*

11:40-12:10	OPEN FORUM
12:10-1:30	Lunch Break

## Afternoon Session

1:30-1:50	FIFTEEN YEARS OF DECENTRALIZATION IN HEALTH	<b>Hon. Nemesio T. Gako</b> <i>Assistant Secretary, DOH</i>
1:50-2:10	FIFTEEN YEARS OF DECENTRALIZED AGRICULTURE	<b>Dir. Asterio P. Saliot</b> <i>Agricultural Training Institute, DA</i>
2:10-2:30	FIFTEEN YEARS OF DECENTRALIZATION: THE DSWD EXPERIENCE	<b>Hon. Alicia D. Bala</b> <i>Undersecretary for Policy and Program Group, DSWD</i>
2:30-3:00	REACTION	
	Panel of Reactors	<b>Dr. Victoria A. Bautista</b> <i>Vice-Chancellor, UP Open University</i> <b>Mr. Sixto Donato C. Macasaet</b> <i>Executive Director, CODE-NGO</i>
	Moderator	<b>Dr. Perla E. Legaspi</b> <i>Professor, UP-NCPAG</i>
3:00-3:15	Coffee Break	
3:15-3:45	OPEN FORUM	
3:45-3:50	SYNTHESIS	<b>Prof. Simeon A. Ilago</b> <i>Director, Center for Local and Regional Governance, NCPAG</i>
3:50-4:00	CLOSING REMARKS	<b>Dr. Sergio S. Cao</b> <i>Chancellor</i> <i>University of the Philippines Diliman</i>

## APPENDIX C

An Assessment of Local Governments in the Philippines: Focus on the State of Decentralization and the Implementation of the Local Government Code of 1991<sup>\*</sup>

On 7 October 2005, the Center for Local and Regional Governance (CLRG), National College of Public Administration and Governance (NCPAG), University of the Philippines Diliman, in partnership with the Office of Secretary Angelo T. Reyes and the Local Government Academy (LGA) of the Department of the Interior and Local Government (DILG), organized the 11<sup>th</sup> Diliman Governance Forum (DGF). The 11<sup>th</sup> DGF focused on the state of decentralization in the Philippines 14 years after the passage of the Local Government Code.

A total of 194 participants coming from various national and local government agencies, attended the forum. Among them were Congresswoman Rosales and other legislative staff members from the House of Representatives; undersecretaries, assistant secretaries, regional and city/municipal directors, and staff from Commission on Audit (COA), Department of Health (DOH), Department of Agriculture (DA), Department of Budget and Management (DBM), Department of Environment and Natural Resources (DENR), DILG, Department of Finance (DOF), Department of Public Works and Highways (DPWH), and Department of Social Welfare and Development (DSWD); local elective and appointed officials; representatives from the academe, non-government organizations (NGOs) and media; and students of public administration from various colleges and universities throughout the country.

<sup>\*</sup> Highlights of the Proceedings of the 11<sup>th</sup> Diliman Governance Forum. Prepared by John Ermin S. Francisco, University Research Associate II, Center for Local and Regional Governance, National College of Public Administration and Governance, University of the Philippines.

The program began when Dr. Alex B. Brillantes, Jr., Dean of NCPAG, welcomed the speakers and participants of the forum. He mentioned that the DGF coincides with the celebration of the Local Government Month, which is observed every October to commemorate the passage of the Local Government Code of 1991. He said that, since the passage of the Code, institutions like the CLRG and LGA have made periodic assessments and evaluations on its implementation and on its impact on devolution and local autonomy. He mentioned that the forum aimed to re-examine the gains and challenges confronting the implementation of the Code.

Following this, LGA Assistant Director Rosalinda Lacsamana introduced the Guest of Honor, Secretary Reyes, the current Secretary of the Interior and Local Government.

## PRESENTATION

### "Fourteen Years of the Local Government Code: Assessing Trends, Issues and Challenges in Philippine Decentralization"

Secretary Angelo T. Reyes

The presentation of Secretary Reyes is divided into four parts, namely: the assessment on the current state of decentralization vis-à-vis implementation of the Local Government Code; the issues and areas for reforms on local governance; the emerging and prospective mega trends; and the DILG's strategy in dealing with the shifting environment in local autonomy.

Secretary Reyes said that, in the 14 years of the Code's implementation, it is important to ask key strategic questions that would serve as guides in assessing the success of decentralization. The first question is to what extent did decentralization and/or the Local Government Code achieve the broad political objectives manifested in achieving political stability, mobilizing support and cooperation of NGOs and local communities for specific national policies?

Secondly, has the Code increased administrative effectiveness, by promoting greater cooperation among units of national and local governments and stakeholders toward mutually accepted goals? Next, has it promoted economic and managerial efficiency by allowing governments at both central and local levels to achieve the development goals in a most cost-effective manner? Fourthly, to what extent has it increased government responsiveness to the needs and demands of various interest groups within the society? And finally, has it been contributing to greater self-determination and self-reliance? He said that the answers to these questions can be used in large measure in the review and/or possible amendments of the Local Government Code of 1991.

Secretary Reyes pointed out that one way of appreciating the gains of decentralization is by looking at the way institutions have been transformed since the Code took effect. Here are some of the trends that he enumerated:

- *From dependency to self-reliance.* We see increasing numbers of local government units (LGUs) availing of non-traditional financing options. For example, data from DOF show that the number of LGUs availing of credit financing to fund their development programs has steadily increased over the years. To date, there are more than 500 LGUs utilizing this option.
- *From traditional routine to innovations.* LGUs have become more innovative in basic service delivery, administrative systems, fiscal management, participatory approaches, and have maximized use of local resources. There is also a wider appreciation for innovations reforms in public management.
- *From a process- and structure-orientation to being performance- and results-driven.* More LGUs are crafting their executive-legislative agenda through participatory approaches toward a shared vision. Several LGUs have also submitted themselves to performance assessment and scorecard systems. These have guided them in spotting specific areas for improvement and in providing quality service to their constituencies.
- *From individualism to alliance- building.* Local governments are becoming more open to seeking out alliances with each other

and with the private sector. LGUs are reinventing governance, experimenting with new methods to encourage participation of marginalized sectors.

- The national government agencies (NGAs) on the other hand, have gradually shifted their role from regulator to facilitator and enabler. The DSWD, DOH and DA, among others, have sustained their programs to improve the capacity of the LGUs to perform the devolved function of their agencies. Notably, program initiatives are moving away from being generic to being customized to suit specific needs of LGUs.
- On the part of DILG auxiliary functions to the president in the general supervision of local governments, it serves as the primary catalyst for excellence in local governance. The Department continuously promotes self-nurturing, progressive, orderly, safe and globally competitive local communities. As a partner of LGUs toward national development, the DILG holds its ground being a pillar of decentralization and local autonomy. However, at present, the DILG is looking at rooms for improvement. Through the rationalization program by virtue of Executive Order (EO) 366, the Department adheres to the principles of efficiency and efficacy in governance, through streamlining its structure and re-engineering its internal capacities.
- The private sector and civil society, which used to be passive observers, have become more active and involved stakeholders in local governance. Business and industry associations are not only giving feedback and advice, but are also providing professional services to assist LGUs. In addition, they augment and complement the services delivered by the LGUs through their foundations.
- Civil society organizations, on the other hand, are being transformed from adversarial players to committed partners in various levels of local governance. In fact, some NGOs are already part of the LGU system in delivering basic services. NGOs and people's organizations (POs) have also participated actively in various local special bodies. To date, approximately 80 percent

of all LGUs have organized the six special bodies mandated by the Code. This is a big jump from 50 percent in 2002.

These trends are evident in the increasing number of LGUs exhibiting innovative practices and conferred with the annual *Galing Pook* Award for excellence in various efforts on local governance.

Secretary Reyes continued by saying that the aim of the Local Government Code is to promote local government self-reliance and to spur development in the countryside by equalizing delivery of critical services across the nation. He encouraged everyone to welcome the concept of local empowerment by decentralizing decision-making and service delivery through devolution, because it provides the venue for participatory governance. However, he cautioned that, in every policy formulation and implementation endeavor, there exists continuing challenges that serve, not as hindrances, but as pointers for further improvement.

The presentation proceeded in the analysis of local governance issues at the policy, institutional and program or project levels. Secretary Reyes admitted that policies in intergovernmental relations are inconsistent in some, if not many, instances. Parallel to this is the need to clarify the delineation of roles of LGUs and NGAs.

In spite of the implementation of the Local Government Code, Secretary Reyes said that the national government still exercises review power and even amounts of control over the local governments. Policy dissonances of this nature generate a net effect that results to retrogression in the implementation of relevant Code provisions. He emphasized the need to mutually reinforce policies that support the continuing growth of local autonomy. Specifically, he focused at a specific provision of the Code that states:

*The realization of local autonomy shall be facilitated through improved coordination of national government policies and programs and extension of adequate technical and material assistance to less developed and deserving local government units.*

He noted that the existing local governance framework does not also clearly spell out the relationship of local plans and budgets with national



targets and priorities. This is aggravated by the absence of a roadmap or a system of incentives for the concerned NGAs to transform themselves from direct service providers to enablers or capacity builders.

Secretary Reyes also pointed out the need to continuously monitor the Code's implementation through a functional monitoring and evaluation system, which can provide feedback to enhance national policymaking process. The Department also advocates the institutionalization of effective representation of local government concerns in the appropriate governmental bodies. This will promote dialogue to resolve pending and emerging policy issues related to Decentralization Act and other existing laws, such as the Agriculture and Fisheries Modernization Act, and the Poverty Alleviation and Social Reform Act.

Another issue discussed by Secretary Reyes is the perennial problem on dependency of LGUs on the internal revenue allotment (IRA). He said that this problem can be thoroughly examined from two perspectives: the demand side, involving the attitude of the LGUs; and the supply side, which revolves around the IRA formula.

On the demand side, he believes that no self-respecting LGU would want to be overly dependent on their IRA, provided that it can be more equitably distributed. Every LGU would know and accept their fiscal base and plan out how to augment its resources as necessary. From there, it would simply be a matter of sharing of information and building capacities that would empower LGUs to map out more independent development agenda.

Notably, he stressed that the IRA does not spur development through direct governance and delivery of services tailored to the unique needs and conditions of the localities. This is because the formula for computing the IRA fails to take into account the actual costs of devolved functions or the capacity of LGUs to carry out its functions and to raise revenues. Moreover, poverty incidence, literacy rates, access to health facilities, and other human development indicators are overlooked in the IRA computation.

As a result, Secretary Reyes lamented that some of the LGUs end up receiving more funds than they actually needed, while others incur shortages, because their IRA allocations are not even enough to cover the costs of their

devolved functions, much less initiate development projects. This situation puts many LGUs at a disadvantage and consequently prevents them from effectively providing governance and critical services at the local level. Proof to this is the sheer number of proposed bills in Congress that are aimed at addressing the inequitable distribution of IRA. He recommended that the following proposed priority Code amendments be considered: the revision of the IRA formula to make it more equitable and to provide incentives for LGUs to raise their own revenues; and amendment of the provision on the computation and collection of the real property and business taxes to realize LGUs potential as major revenue sources.

He went on to discuss the issue on capacity-building efforts for LGUs, which, he asserts, have been largely project-driven. This has made them disjointed with weak coordination among funders, service providers and targeted beneficiaries. Resource limitations also pose a major constraint in addressing the capacity-building requirements of local governments on a sustained basis. LGUs often put on hold or de-prioritize capacity-building efforts, in lieu of delivering other services needed by the locality. This is especially true for those in the fourth-, fifth- or sixth-class municipalities, whose budgets are sometimes just enough to pay for the salaries of their employees. Moreover, capacity-building institutions at the national level are often inaccessible and unaffordable. On the other hand, local structures have limited capacities to provide training and capacity-building interventions in the field.

Secretary Reyes also mentioned that the performance benchmarking efforts in LGUs have also been quite limited, due to the absence of institutionalized performance management system and due to weak capacity to generate data and identify performance benchmarks and standards. Efforts to replicate good practices in some LGUs, as a way of improving local government performance, have also been limited.

In addressing some of these concerns, the DILG has identified the following solutions:

- The need to harmonize capacity-building interventions. This may be accomplished by setting up a sustainable mechanism that will promote the integration, rationalization of value-adding capacity development activities (not limited to training) of NGAs, LGUs,



donors, service providers and beneficiaries. The DILG is currently working on this, together with partner oversight agencies and donors.

- The DILG is also establishing a knowledge management facility, through the LGA, at the national, regional and sub-regional levels. This is done by operating and expanding a network of Local Governance Resource Centers to further promote a culture of learning, sharing and replication of local governance practices in various regions. Continued access to relevant knowledge products will strengthen both management and technical competence of local government officials and practitioners. At present, the facility is reviewing policies guiding LGU operations, and is establishing knowledge centers in other regions. Other priority activities include institution building and capacity development, and improving support mechanisms for sustainability and replicability of best practices in local governance.
- The DILG is also fast tracking the national roll-out of the Local Governance Performance Management System (LGPMS) developed by the DILG; and the Local Government Financial Performance Management System (LGFPMMS) developed by the Bureau of Local Government Finance of DOF. The DILG and the DOF will synchronize and integrate their roll-out activities and ensure synergy of the two systems.

Secretary Reyes reiterated the need to address the fiscal management weaknesses of some LGUs. Towards this end, the oversight agencies are collaborating to improve the current policies for national grants to LGUs needing and deserving of national assistance. A performance-based assistance is being worked out.

He also stressed the need to prepare for the possibility of fundamental structural change that could directly affect the local governments. He said that it remains to be seen whether the 1987 Constitution would be amended to make for a shift from presidential to a parliamentary form of government. Such a shift would have far reaching implications. The changes and reforms in the present electoral system would take place down to the local level. Questions on how political representation will be institutionalized either by a

single district representation or the multi- or mixed representation will have to be resolved. Then, there is the imperative of strengthening political parties. The highly personalized practice of politics in the Philippines will just have to graduate to a higher plane of sophistication in public accountability.

Next, he emphasized the need to streamline and reform the national and local bureaucracies. He said that it is a requisite for political reform, regardless of the path to be taken in terms of government modality. The competencies and resources of every government level should be taken into account. As an example, he mentioned the establishment of the European Union (EU), which increased the number of government levels in a federal system to three: the state, the federal government, and the EU. The local authorities should brace themselves on organizational and political issues in the event of a change in the form of government.

Secretary Reyes narrated that on 4 October 2004, EO 366 was issued to rationalize and resolve functional overlaps between and among departments, agencies and other instrumentalities of the national government. Subsequently, EO 444 was also signed by the President, directing the DILG to conduct a strategic review on the continuing decentralization and devolution of services and functions of the national government to the LGUs. The main output of this strategic review is a report to the President detailing the functions, services, programs and activities that should be further devolved, as well as the courses of actions, policy and administrative proposals to implement the findings of the review. It is a by-product of the devolution survey, review of rationalization plans, studies, policies and papers, and consultations and dialogues among stakeholders from the identified priority areas.

In further explaining the link between the two EOs, Secretary Reyes noted that EO 366 provides for the rationalization of the functions and agencies of the executive branch, while EO 444 aims to delineate the functions that should be further devolved with reference to Section 17 of the Local Government Code, and to the functions that should be retained by the NGAs. The output from this strategic review shall serve as inputs for the rationalization program of the government. The envisioned ultimate outcome is enhanced local autonomy. As mandated by EO 444, the DILG has secured the collaboration with various local government leagues regarding the conduct

of the strategic review. A strategic review plan has also been crafted to guide and facilitate the process.

In undertaking these strategic initiatives, Secretary Reyes stressed that it would also be opportune to review and update the 1991 Local Government Code in a holistic manner. Aside from the recommendation to amend provisions on the IRA, the DILG recommends that the following priority amendments be considered:

- Clarify the provisions on the two-track delivery system for basic services and review expenditure assignments, to enhance effectiveness and economic efficiency of service delivery, and
- Review and revise the system for appointing and supervising key local government officials by NGAs, to promote professional career growth.

In conclusion, Secretary Reyes expressed his confidence that the forum would bring to light the next steps in local governance and decentralization. He hoped that fresh insights from the different vantage points of the participants would bring the country further down the road to truly empowering local governments. He stressed that the DILG, in partnership with LGUs, is committed to attain the promise of decentralization. He also reminded the participants that the spirit of decentralization has to be complemented by a strong sense of community. Decentralization is not meant to dismember and weaken the Philippine state, it is supposed to unleash and harness the genius and multi-faceted skills of the Filipino through empowered local governments and communities, he added. At the end of the day, even with a decentralized diversity, everyone should be pulling in the same direction, building a nation we can all take pride in, he ended.

## **REACTIONS**

### **Justice Rodolfo Palatao**

Justice Rodolfo Palatao commented that the assessment was historical, as it cited facts and figures that show the growth and evolution of local governments, and its relation with the national government and implementing

agencies. He agreed with Secretary Reyes' recommended strategy on the shifting roles of local governments, since it is based on fact and law, particularly the rationalization of NGAs, as contained in EO 366 and EO 444.

However, Justice Palatao mentioned other issues and areas that need reforms. He went on to suggest the inclusion of the protection of life and liberty as prime responsibilities of local government officials. This includes placing the local police force under the supervision and control of the LGUs, in order for it to impose administrative discipline.

### **Former Secretary Rafael Alunan III**

Former DILG Secretary Rafael Alunan III summarized the four parts of Secretary Reyes' presentation, namely: how far and deep the Local Government Code had been implemented for the past 14 years; the current issues and areas for reform; emerging and probable megatrends; and the DILG strategy to deal with the changing environment that continuously affects local governance. He also mentioned that Secretary Reyes' assessment was cued by these five questions:

- Were broad political objectives achieved, such as political stability, NGO cooperation and local community support for specific national policies?
- Did the Code foster greater cooperation among LGUs, NGAs and stakeholders to work for mutually acceptable goals?
- Was the government at the national and local levels able to promote economic development and improve administrative efficiency in a cost-effective manner?
- Did government become more responsive to the needs of the citizenry?
- Are the LGUs self-assured and self-reliant today?

But before Former Secretary Alunan gave his reactions to the presentation, he sketched the implementation of the Code during his tenure at the DILG. He recalled it was during his incumbency that the Local Government Code had begun to be institutionalized. The DILG and its training arm, the Local Government Academy, then headed by Dr. Alex Brillantes, collaborated to begin systematizing the training of local government executives, and raising the capabilities of the LGUs to enable them to reach their desired levels of self-reliance and synergy with the national government and its stakeholders towards the attainment of common goals.

Former Secretary Alunan narrated that they faced a host of problems at the start. Foremost among them was the resistance to change of NGAs towards devolution. Corollary to this was the paternalistic behavior of national leaders towards local executives. Having just emerged from dictatorship in 1986 and from centralized government that spanned two decades, cooperation between the national and local governments was understandably a very rare commodity. The Code was implemented after a brief transitory period that smacked right into the 1992 presidential campaign and election period. Therefore, the time needed to “sell” the Code to NGAs and to alter mindsets was obliterated by the distractions posed by the elections. The smooth implementation of the Code required sufficient mental preparation, as well as comprehension of what it aimed for and what it demanded from each one concerned.

Another problem encountered by the DILG was the adversarial stance, sometimes a fanatically negative stance of NGOs and POs towards their LGUs, particularly those LGUs that had a history of abuse. This hampered the effort to cultivate a sense of community and a spirit of teamwork. The NGOs during those times were deeply suspicious of anything that smacked of government. Many in the NGO community had been smeared as communists and had undergone traumatic experiences as a result. Their hostility was exacerbated by the return to power of local officials or warlords that lorded over their local communities during the authoritarian regime.

Another major drawback described by Former Secretary Alunan was the mendicancy of many LGUs, who were used to dole-outs from the national government. They lacked the “going concern” mentality because they did not understand what the Code provided and expected of local governments, and to a large extent, they lacked a formal community development

background. With the advent of IRA, most LGU’s retained their mendicant posture as they were content with their increasing allotment, considering they were receiving more money than in the past. Consequently, this impacted on their ability to spur local growth and to gain financial health to fight poverty and address the minimum basic needs of their constituencies.

Former Secretary Alunan mentioned that the IRA was also the cause of intense debate among LGU’s, as the cities were alleged to be receiving a larger share of the pie than the municipalities or provinces due to infirmities in the allocation formula. He recalled hosting several dialogues among the leagues of provinces, cities and municipalities to thresh out this problem. He noted that the land area of some cities were so large that it skewed the IRA in their favor. He said that the clamor then, and even today, was for the equitable distribution of the IRA, either through an amendment to the Code or an agreement among all the parties on a fair and just formula. But as human experience points out, he remarked that, once you give somebody something, it will be very difficult to take it away or reduce it. The resistance was very stiff and the issue was still unresolved by the time he left DILG in 1996. He added that, from the report of Secretary Reyes, this issue still prevails.

Former Secretary Alunan then proceeded to his reaction on Secretary Reyes’ paper, which took note of the gains over the past 14 years, namely:

1. *The shift from dependency to self-reliance by LGUs, who have learned to avail of credit financing to fund their development programs. Based on the report, more than 500 LGUs are reportedly utilizing this option.*

Former Secretary Alunan opined that it would be instructive to get a profile of these LGUs and their local chief executives, the lending institutions, the tenure of the loans, the projects, and whether the loans achieved the desired purpose. It would also be good to know the basis of the lenders’ confidence and how the loans are impacting on the government’s total debt portfolio. He expressed his hopes that these are being tracked or monitored. The paper trail is important to serve as part of the database for learning and knowledge management.



2. *LGUs are becoming more innovative in delivering basic services in fiscal management, in maximizing the use of local resources, in managing or developing administrative systems and in participatory approaches.*

Former Secretary Alunan said he would like to read more about these successes, particularly the adoption of best practices that aim to improve administrative and operating efficiencies, on the one hand, and to reduce the political, economic and social costs of governance, on the other. He recalled the *Galing Pook* Awards that Dr. Brillantes, as head of the LGA, had initiated with Asian Institute of Management and the Ford Foundation to precisely chronicle innovations and best practice in local governance, and to recognize the LGUs that excelled accordingly. He also requested from the LGA and NCPAG a document that details such innovations and best practices over the past 14 years.

3. *The LGUs of today are now more performance- and results-driven, and moving away from a process and structure orientation.*

Former Secretary Alunan supposed that more and more LGUs are professionally-run, being more “entrepreneurial” and “inclusive” in their approach. He said that managing LGUs, like corporations, is not easy. There are many components to good governance. It begins with vision and mission statements. Everyone in the LGU and in the community must know, and comprehend, what their desired end-state is and what needs to be done to attain it.

He added that staffing the bureaucracy with the right people and equipping them with the resources and knowledge to implement policies and programs are crucial. Beyond this is the management of people, where motivation, teamwork and a good working environment are essential to get things done. He maintained that it is not enough to have a good person at the top; he must be the right person, who will develop a good working relationship with his peers, even if they belong to another political party or movement, and will build a potent team of policy and program

- implementors in the bureaucracy and from the community to transform the LGU into a “going concern.”
4. *LGUs are now more open to alliances among each other and with the private sector, and are experimenting with new approaches that aim to encourage the participation of marginalized sectors.*

Former Secretary Alunan noted that this development is very encouraging, because it recognizes the need for unity, solidarity and teamwork. “In union, there is strength,” as the saying goes. More importantly, he believed that it cultivates a sense of community, which will hopefully supplant the culture of self-service with selfless service that looks after the common good. In this regard, he allayed his interest to know more about how these alliances are being forged and how they are being maintained. He said he would like to read up on those who are succeeding and those who failed, to obtain lessons learned.

5. *NGAs like the DA, DOH and DSWD have gradually shifted from their role as regulator to facilitator and enabler, and that program initiatives are moving away from its generic orientation to one that is customized to meet the specific needs of LGUs.*

Former Secretary Alunan stressed its importance for LGUs that are performance- and results-oriented and that need a nurturing hand, instead of the heavy hand of the national government. He maintained that LGUs perform better when they are supported in the background, than when they are instructed or treated as dependents.

He pointed out that this is where the DILG plays a crucial catalytic role in the national government, which is to harness essentially the human resources and energies of the national government to assist the LGUs’ efforts to become progressive and self-reliant. In addition, the DILG’s partnerships with the multilateral, bilateral and institutional donor community—such as the United Nations, World Bank, United States Agency for International Development,



Japan International Cooperation Agency, Canadian International Development Agency, Australian Agency for International Development and the Asia Foundation—are crucial to keep the LGUs abreast with best practices and to extend their support networks overseas.

He added that a good working relationship with the NGO community has its rewards as well, since many NGOs are linked to overseas donor organizations with strong advocacies for good government, public safety, civil defense, and community development. Former Secretary Alunan gladly noted from Secretary Reyes' presentation that the private sector and civil society have become more active and involved stakeholders in local governance. He recalled during his time at the DILG the efforts to get civil society involved in the local development councils, peace and order councils, disaster coordinating councils and People's Law Enforcement Board. These were the easiest and most attractive entry points for them, areas where politics took a back seat for the most part, and where their sense of civic duty was truly challenged.

Former Secretary Alunan agreed that, while tremendous strides have been made in the past 14 years, the results are presumably mixed. He said that it is probably correct to say that local autonomy continues to be a work in progress. Therefore, he contended that it would be premature to declare, at this point, that a majority of LGUs have attained the minimum desired end-state of progress and self-reliance. Political and economic risk assessments, ranging from "cautiously optimistic" to "guardedly negative" have hindered a steady flow of capital to LGUs, which otherwise could have further spurred capability building and countryside development.

Given the many political distractions and interruptions that the nation has experienced in the past 14 years (such as local elections every three years; national elections every six years; and the political fissures and upheavals since 2001), it is to the credit of the DILG, NGAs, LGUs and their partners in development, that decentralization has traveled quite a distance since 1991, he noted.

However, he mentioned that policy dissonances and the tendency for backsliding must be keeping Secretary Reyes on his toes, and his diplomatic skills put to the test every single day. Local government budgets, sourced from local revenues, are still subjected to a review by the national government, to see to it that local revenue enhancing measures do not overlap with that of the national and do not overtax the people. He maintained that this is both good and bad, because, while it has good intentions, it can de-motivate and lead to retrogression. He also noted that there is also a reported dissonance between local plans and budgets with national targets and priorities. On the one hand, this is good, because the local government must prioritize local plans; that is their obligation to their constituents. On the other hand, it will be even better if such plans are tied to national targets and priorities, such as drawing foreign investments, poverty reduction, peacemaking and job generation.

Apparently, as Secretary Reyes pointed out, Former Secretary Alunan stated that the absence of clear information or a road map, which links national targets and priorities to local plans and budgets, is hindering the effort to harmonize the teamwork between the national and local governments. It seems that both the national and local governments need a venue—ideally the DILG, in partnership with the Union of Local Authorities of the Philippines, DBM and National Economic and Development Authority—to fuse these divergent interests in a manner that will effectively address the country's pressing concerns at the level of the local communities, where it begins and matters the most.

Furthermore, he mentioned the inequities in the allocation of the IRA, which continues to this very day. He lamented that, despite the many meetings, politics continues to hold sway over reason, such that some LGUs end up receiving more funds than they actually need, as Secretary Reyes rightfully pointed out at the expense of the poorer LGUs, particularly those classified as low-class, whose IRA is insufficient to fully cover the cost of devolved functions and, worse, to initiate much-needed development projects. Secretary Alunan asked how many of these affected LGUs are in a position to find non-traditional sources of financing to fund their capability-building and development requirements, given their lack of wherewithal. He argued that, since this matter remains unresolved after 14 years and numerous summits, it qualifies as criminal negligence on the part of the Legislature.

Regarding performance benchmarking, Former Secretary Alunan inquired whether *Galing Pook* has prevailed through the years. If not, what took its place, so that the LGUs can avail of a knowledge-based data system, from which to rate themselves vis-à-vis other LGUs. He said it is difficult to determine one's progress without any basis for comparison. As such, he was disconcerted to learn that the development of standards for performance and a rating system has yet to be accomplished. While there are solutions, these are the solutions that were discussed and drawn up a long time ago that have yet to see the light of day or have yet to reach its maximum potential.

He then mentioned the network of academic institutions nationwide to strengthen the technical and managerial competence of local officials. This network was created during the time of Dr. Brillantes at the LGA. But Secretary Alunan warned that, until and unless the budget for capability building is sufficiently increased to train new officials, the DILG will fall short of its goal to build a robust knowledge management facility. Its only other recourse is to secure sizeable grants from multilateral institutions and bilateral donor agencies. This will require a guarantee that the money will be in good hands and will be well-spent as planned, despite changes in the political leadership of the national government. He said that building that trust and confidence in the DILG and in our political institutions is crucial, as this is the only other way to raise funds for capability building other than the national budget, where continuous fiscal deficits and debt service are standing in the way of better and total service delivery.

Former Secretary Alunan also mentioned the roll-out of the LGPMS and the LGFPMS as positive steps in the right direction. He hoped they will truly help in engendering a culture of results-driven performance that will serve the people.

He also emphasized that capability building in disaster management is a vital necessity. Our country is disaster-prone, and yet we have shown how unprepared we are to methodically mitigate the effects of natural disasters. The dissonance and dysfunctions between the NGAs and the local governments are almost always evident, regardless of whether the disaster is in Metro Manila or in the provinces. He pointed out that taking charge is always a problem, as well as sufficient trained manpower, tools, supplies, space and facilities for evacuees, etc.

He asked what preparations have the national and local governments undertaken, with the civilian sector and international aid agencies, to deal with disasters. By preparations, he does not mean just on paper, but through command post and field training exercises. Although he said that we can never be fully prepared for one as large as a great earthquake measuring eight or more on the Richter scale, he encouraged everyone to be ready as government's response in the first 100 hours will spell the death or survival of many survivors.

Former Secretary Alunan mentioned that the same principle applies to man-made disasters, like terrorism. He recalled that 9-11 in New York, 4-11 in Madrid, the subway bombings in London, the Bali bombings and the Superferry bombing, are stark reminders that disaster management should be at the top of the agenda, particularly in key urban centers throughout the country, especially Metro Manila. This cannot be overemphasized, and he expressed his confidence that the international community of nations will not hesitate to lend us hand in building public safety and internal security capabilities for disaster management and anti-terrorism.

He also mentioned that the issuance of EOs 366 and 444 are more steps in the right direction. EO 366 aims to resolve functional overlaps between and among NGAs, while EO 444 aims to clearly delineate the functions of both the national and local governments.

He also expressed his optimism to see the foundations of a federal system of governance built upon the gains of the Local Government Code and the law that created the Autonomous Region in Muslim Mindanao. He reminded everyone that federalism will require a minimum level of self-reliance in each of the member states; hence, the groundwork being paved today to make each LGU progressive and self-reliant will serve the cause of federalism well, should it come to pass.

Another important issue brought by Former Secretary Alunan is the decentralization of the Philippine National Police (PNP). He said that federalism will bring the division of the PNP into three groups, a national police force, the state police and the local police. He said that the nation should prepare for the fragmentation of the police, which would require a multi-disciplinary study on how to prevent the return of private armies in the guise of law enforcement personnel. Federalism will increase the cost of

law enforcement and public safety for the local governments, and there must be sufficient safeguards in place to see to it that these vital services are not diminished, when the modality of government shifts from its present state to federalism.

Finally, as a word of caution, Former Secretary Alunan added that federalism is no panacea to our problems as a nation. Until we get into the habit of making the laws and systems we create for ourselves to work the way we intended them to, and until we develop a sense of nationhood bound together by a national conscience, we will never make any system work now or in the future.

### Director Eleuterio Dumogho

Director Eleuterio Dumogho, who represented Senator Aquilino Q. Pimentel, Jr., said that both Secretary Reyes and Former Secretary Alunan ventilated well the benefits and pitfalls of the Code as implemented in their respective terms. He recalled that during the first years of the Code's implementation, Former Secretary Alunan was concerned there was no money allotted to the LGUs for the devolved services, particularly for the payment of salaries for the devolved personnel.

Director Dumogho then delved on the self-reliance of the LGUs. He said there are two important aspects of accomplishing this: access to funds for development, and capacity building. He agreed that a lot of LGUs have availed of financing and loans, but he requested the DILG to provide information on LGU performance on borrowings. A case in point was the loan of the City of Caloocan from a private bank for the construction of a public market. But instead of constructing a public market, the city government constructed a building that houses different offices of the regional trial courts.

Director Dumogho also discussed the transition from traditional and routine modes of governance into innovative practices. He informed the participants that there are many LGUs whose leadership have been innovative and development-driven in service delivery, fiscal management and resource generation. He said that some local executives have attained certain degree

of excellence in these areas. This was validated when the Office of Senator Pimentel, in partnership with leading academic and training institutions in public administration, launched in 2002 the Local Government Leadership Awards, recognizing provincial, city and municipal leaders. He advocated the recognition of exemplary LGUs and local officials to provide inspiration to other LGUs, so they could replicate these innovative and development-oriented practices.

Director Dumogho also mentioned that some NGAs are supportive of the development thrusts of the LGUs. However, in the issue of the Magna Carta for health workers, he stressed that the national government, through the DOH, has not yet reimbursed the payment of salary differential of local health workers. With regard to NGOs and POs, he encouraged the strengthening of the local development councils by strictly implementing people's participation in the local special bodies. He said that the planning approach prescribed by the Code is bottom-up, the LGUs should plan their development from *barangay* levels, before bringing the plans to the provincial, regional and national levels. Like Secretary Reyes and Former Secretary Alunan, he is pushing for cohesiveness and cooperation of the four levels of development councils, with regard to the implementation of the development programs in the local level.

Finally, Director Dumogho delved on the IRA distribution, where he suggested that the number of *barangays* should be rationalized, decreasing it to maximize the benefits to be gained by each *barangay*. He mentioned an anomaly where 15 *barangays* with zero population get a share of PHP245000 each. He requested Secretary Reyes to look into this matter. He recommended abolishing 11000 *barangays* by integrating or combining small *barangays*. He suggested the holding of various conferences on IRA distribution and computation, before such matter of introducing amendments to the Code are brought to Malacañang and Congress.

### OPEN FORUM

Mr. Ramon Padilla of the La Salle Institute of Governance inquired on the degree of people's participation in the local special bodies. Ms. Abesamis of DBM made some suggestions on how to equitably distribute



the IRA and on how to find funding resources for local education and health programs. The DILG City Director of Mandaluyong inquired on the process of releasing *barangay* proceeds from the real property tax from city and municipal officials. Mr. Edgardo Macaranas of DBM shared his experience on the rationalization plans of NGAs, especially on the downsizing of regional offices into field offices. Finally, Ms. Amoreena Velasco of Tambuyog Development Center inquired on the compliance of LGUs on the five percent Gender and Development budget.

## SYNTHESIS

Director Simeon A. Ilago of the Center for Local and Regional Governance summarized that Secretary Reyes' assessment focused on the administrative and political gains from decentralization. In essence, it emphasized a shift in paradigm in terms of local partnerships and innovations of local governments and other stakeholders. He also said that all the speakers had recognized that, although there has been much progress in the implementation of decentralization in the Philippines, much has to be worked out. He also pointed out the need to benchmark the performance of LGUs and the need to organize knowledge management systems to draw out practical lessons and insights.

## CLOSING REMARKS

Dean Alex B. Brillantes Jr. expressed his gratitude to the invited speakers. He mentioned the need to review and revise the existing formula of the IRA and the development of performance indicators. He also assured the participants that *Gawad Galing Pook* still exists and that different schools, spearheaded by the Association of Schools of Public Administration in the Philippines, are helping build the capacities of the LGUs. He then distributed the plaques of appreciation to the invited guests.



The Diliman Governance Forum (DGF) aims to involve the academe, local governments, national government agencies, Congress, donor agencies, civil society organizations and other stakeholders in mainstream discussions on various critical issues about governance, and to accordingly advocate government reform ideas. It is an initiative that the National College of Public Administration and Governance (NCPAG) started in September 2004; and since then, numerous fora had been organized. Among the topics discussed are the bureaucracy, corruption, fiscal crisis, electoral system, autonomy and federalism, metropolitan governance and decentralization.

The forum 'Fifteen Years of Decentralization in the Philippines: Lessons Learned and the Way Forward' is the 15th installment of the DGF. It commemorated the 15th anniversary of the enactment of the 1991 Local Government Code by discussing the lessons learned in devolution from the viewpoint of the national government agencies that were affected by the devolution process, as well as the challenges of moving it forward. It was organized by the Center for Local and Regional Governance (CLRG) of NCPAG, University of the Philippines.

Established in 1965 through Republic Act 4223, CLRG has been supporting the study and practice of local government in the country, long before the enactment of the first Local Government Code in 1983. It has served as an academic base for an integrated program of research, training, management consulting, and technical assistance on local governance. It is the oldest and most experienced institution in this field.



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## Lessons Learned and the Way Forward

*Proceedings of the  
15th Diliman Governance Forum*

*19 October 2006  
Quezon City, Philippines*

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