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**Local Development Assistance Program
(LDAP)**

IMPACT EVALUATION

by

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March 28, 1995

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EXECUTIVE SUMMARY

Local Development Assistance Program (LDAP)

Description. The Local Development Assistance Program (LDAP) was a joint program of the Government of the Philippines (GOP), and the United States Agency for International Development. It was a \$66.7 million program which began in September of 1990 and ends on March 31, 1995. Major components of the program included: (a) \$43.5 million in cash transfers delivered in three tranches tied to a Program Implementation Matrix (PIM) based on policy reform indicators; (b) \$3 million in a USAID contract with Associates in Rural Development (ARD) for monitoring, policy studies, and technical services; (c) \$3 million for a cooperative agreement with Philippine Business for Social Progress (PBSP) for NGO sub-grants to support decentralization; (d) \$500,000 for Mission-administered items for contingency, audit, evaluation, and special activities; and (e) \$16.7 million in counterpart funding from the GOP, primarily to support a dramatic increase in the budget for the Local Government Academy and continued funding for implementation of the Real Property Tax Administration program of the Department of Finance.

The Philippines has recently undertaken a massive, highly complex reform of the entire system of governance. This is almost certainly the largest set of reforms the Philippine Government has implemented since independence. The first stage in the reform process has been successfully implemented. The prospects for continued improvement in local governance look positive. LDAP was a major contributor to this process and its outcome.

Major Accomplishments. The Program Implementation Matrix for LDAP focused on four broad areas of policy reform.

1. **SUPPORT IMPROVED LEVELS OF DISCRETIONARY RESOURCES FOR LOCAL GOVERNMENT UNITS**

Targets in the first policy area called for a marked and sustained increase in internal revenue allotment which the national government provides to local government units; a reduction in the mandatory contributions which LGUs make to national government programs; and continued efforts to improve LGU tax collection efficiency.

In 1991 the national government's internal revenue allotment for

local government units was eleven billion pesos and that total was subject to considerable political and bureaucratic interference; the projection for the IRA in 1995 is an automatically released fifty-two billion pesos.

2. SUPPORT GREATER ADMINISTRATIVE AUTHORITY FOR LGUs

Here the PIM called for five target national government agencies to execute Memoranda of Agreement with five pilot decentralization provinces to delegate functions, budgets and authority to the provinces along with the secondment of the appropriate national department personnel.

With the passage of the Local Government Code of 1991 this target was quite literally overwhelmed. Every LGU now has more authority than was contemplated in the pilot decentralizations and a total of roughly 70,000 national government personnel have been permanently devolved to the LGUs.

3. SUPPORT INCREASED CAPABILITY BUILDING FOR LGUs

Starting in 1990 GOP counterpart funds were to be used to increase dramatically the budget of the Local Government Academy. The increase was from about 4 million pesos in 1989 to 75 million pesos in 1990. This funding was to conduct capability building exercises for the LGUs. The other major target focused on providing environmental planning and monitoring skills to officials of the LGUs.

LDAP facilitated a massive information campaign, a wide range of training programs, and numerous technical studies all of which made it possible to implement the Local Government Code of 1991 in a very short time frame and in a way which meaningfully addressed the concerns of those who had serious doubts about the value of decentralization and devolution.

4. SUPPORT INCREASED PRIVATE SECTOR ROLE IN LOCAL DEVELOPMENT

Reforms in this policy area were aimed at providing guidance and encouragement for LGUs to test private sector delivery systems for basic services (examples contemplated included areas such as the provision of local health care, the operation of public markets, and the contract maintenance of public infrastructure).

Policy guidelines have been issued by the relevant national government agencies and a wide range of innovations in privatization and the provision of basic services are now being undertaken by provinces, cities, and municipalities throughout the nation. The support that LDAP gave to NGOs through the PBSP helped to create a climate in which NGOs have increasingly become partners in these innovations at the local level.

Remaining Problems. It was never the responsibility of LDAP to insure the implementation of the Local Government Code of 1991. Likewise, it is not the responsibility of LDAP if there are problems which remain. However, inasmuch as programming continues in the general area of decentralization it might be worthwhile to mention several problem areas which emerged during the impact evaluation. These include:

1. Many local chief executives exhibit a continued unwillingness to implement provisions of the Code related to Local Special Bodies and NGO representation thereon. This problem is exacerbated by weak enforcement mechanisms which are often not utilized because of political considerations.
2. The formula used for the distribution of the Internal Revenue Allotment is considered by many observers to be biased in favor of the cities. The formula also creates an incentive for the creation of new provinces and the transformation of municipalities into cities. Addressing these problems will require Congressional action.
3. There are many remaining uncertainties and conflicts over the distribution of rights and responsibilities between the National Government Agencies (NGAs) and the Local Government Units (LGUs). Virtually every representative of the LGUs interviewed for this evaluation could cite examples of NGAs which were resisting the spirit of the Code, holding back the best facilities and personnel from the LGUs or failing to provide needed guidance for the implementation of the reforms mandated by the Code.

Conclusion. LDAP began with relative modest goals; it was designed to generate knowledge about, to gain experience with, and to build support for decentralization. With the passage of the Local Government Code a whole range of new opportunities were made available. It is to the credit of LDAP and its managers that these opportunities were quickly recognized and seized. The goals of the program were expanded and made more ambitious.

Everyone interviewed for this evaluation who was in a position to know about the contribution of LDAP praised the tremendous volume of technical support which was provided and the quality of the Program's management team, both those from USAID and those from the GOP.

It is the position of this evaluation team that while there remains a great deal of work to be done before the goals of the Code are fully achieved, much has been accomplished already in the three years since the Code was first implemented. LDAP made a major contribution to the accomplishments which have been achieved and many aspects of its technical assistance have the potential to further contribute to the successes which are expected in the next few years.

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ACRONYMS

AID	United States Agency for International Development
ARD	Associates in Rural Development, Inc.
CDIT	Cabinet Decentralization Implementation Team
CIDA	Canadian International Development Agency
CRC	Center for Research and Communications
CSC	Civil Service Commission
DILG	Department of Interior and Local Government
EDSA	Epifanio delos Santos Avenue
ESF	Economic Support Funds
GOP	Government of the Philippines
IRR	Implementing Rules and Regulations
LDAP	Local Development Assistance Program
LGC	Republic Act 7160 or the Local Government Code of 1991
LGU	Local Government Unit
NEDA	National Economic and Development Authority
NGA	National Government Agency
OC	Oversight Committee
PBSP	Philippine Business for Social Progress
PCGR	Philippine Commission on Government Reorganization
PIM	Policy Implementation Matrix
PDAF	Philippine Development Alternatives Foundation
RFA	Rapid Field Appraisal
RPTA	Real Property Tax Administration Program

A. INTRODUCTION

The Local Development Assistance Program (LDAP) was a project of the Government of the Philippines (GOP) and the United States Agency for International Development (USAID). It was designed to support the implementation of reforms which would result in a decentralization of the government; would increase the financial resources, autonomy, and authority of local (sub-national) governments; and would enrich the quality and extent of civic participation in local governance.

Given the scope of these program goals, LDAP itself was a complex undertaking. It was comprised of three principal components: performance-based disbursements, grants to non-governmental organizations, and monitoring and technical assistance.

Under terms of the Grant Agreement, USAID provided a grant of US\$ 50 million which supported decentralization activities over a three year period (1991-1993). Disbursements of \$43.5 million were made to the GOP for successfully accomplishing mutually agreed-upon policy reforms found in the Policy Implementation Matrix (PIM). The four strategic areas of the PIM were:

- ◆ improved levels of discretionary resources for Local Government Units (LGUs),
- ◆ greater administrative authority for LGUs,
- ◆ increased capability-building for LGUs; and
- ◆ increased private sector role in government.

While LDAP was complex, it was implemented at a time and in an environment which was ripe with opportunities for change. During the three-year time frame within which LDAP was implemented, the Government of the Philippines engaged in a massive program of governmental reform and reorganization. More than seventy thousand national government employees were devolved to local governments along with a whole range of facilities and equipment. A very large, and growing share of the nation's internal revenue collections was earmarked for the local governments and released to them automatically.

Of course, along with these additional resources the local governments were given new responsibilities for the front-line provision of basic services. And the Local Government Code of 1991 gave the local government units the authority to effectively fulfill their new responsibilities. In short LDAP was being

implemented at the same time the government was engaged in what is probably the largest set of political and administrative reforms seen in the nation's entire post-independence history.

Assessing LDAP is, (like assessing the reform process itself), a complex undertaking. It involves trying to determine:

- ◆ if the decentralizing reforms have been successfully implemented,
- ◆ if LDAP made sense as a program; if it was appropriately designed and had adequate support from both the GOP and USAID, and
- ◆ if LDAP made a contribution to the implementation of the decentralizing reforms of the GOP.

Before taking up the task of answering these questions, this evaluation begins in the next section by explaining the importance of the decentralizing reforms for the Philippine political system and the context within which LDAP was conceptualized and implemented. Following this background section, the evaluation turns to a discussion of the four phases of LDAP and concludes with a section which draws together the strengths and weaknesses of LDAP.

B. HISTORICAL and POLITICAL CONTEXT

Placing the Local Development Assistance Program (LDAP) and the Local Government Code of 1991 (LGC) in their historical and political contexts is important. For readers less familiar with the Philippines, establishing the proper context will help in understanding the broader implications of LDAP and the prospects of duplicating its accomplishments elsewhere. For those who have lived through the recent history of the Philippines, it may still be of benefit to review the context and linkages of LDAP.

One way of thinking about LDAP is to examine its relationship to the process of democratization; a process which can be broken into two phases. The transition to democracy in the Philippines was fleeting. In the span of a few glorious days the nation went from living under a declining, but still feared, authoritarian ruler to the restoration of an avowedly democratic regime.

In sharp contrast, the consolidation of democracy has been a very slow and at times bloody process. Despite its cost in human life and lost opportunities, though, the process of democratic consolidation has had the beneficial effect of provoking an on-going, and educational, public debate.

The repeated coup attempts during the first years of the administration of

Corazon Aquino (1986-1992) were clear signals that the transition to democracy (and much less its consolidation) were not guaranteed with the flight of Marcos. They are also the most violent and visible indicators of the intensity of the feelings that have been generated in the public debates. Fortunately, a consensus has now been reached on the paramount importance of democracy; what is still being shaped is the exact institutional and functional nature of that democracy.

The largest step taken towards a consolidation and a definition of the nature of democracy in the Philippines was the drafting of a new constitution. On June 2, 1986, the 48 members appointed by President Aquino to the Constitutional Commission met for the first time. The Constitution drafted by the Commission was officially signed on October 15, 1986, and overwhelmingly ratified in a national plebescite on February 2, 1987.

The Commissioners were a broadly representative and highly qualified group; the only point on the political spectrum without a direct voice in the drafting process was the anti-democratic, extreme right-wing. The Commissioners collectively sought to design a Constitution which would both prevent the re-occurrence of dictatorship and address perceived flaws in the nature of state-society relations under the pre-martial law democratic system. It was an historic opportunity to redress mistakes and plan for the future. Perhaps most significantly, in light of the nation's recent experience with authoritarian rule, the Commissioners strengthened the Bill of Rights and placed important new limits on the power of future presidents to suspend the privilege of the writ of habeas corpus and to declare martial law.

But it is important to note that the Commissioners defined their role as drafters of a framework for governance, not as legislators who would implement government policy. They identified areas of concern based on their analysis of the nation's political history and charged Congress with the responsibility of tackling these concerns. As a consequence, the 1987 Constitution contains a series of clauses which can only be implemented in a fashion defined by subsequent national legislation. A further consequence is that the post-1986 congresses have had a large hand in shaping the institutional and functional dimensions of democracy.

For example, the widespread and debilitating corruption that characterized the Marcos government led the Constitutional Commission to emphasize the accountability of public officers. Section 1 of Article XI states that "Public office is a public trust. Public officers and employees must at all times be accountable to the people. . ." Section 5 created an Independent Office of the Ombudsman and Section 13 (8) gave the Ombudsman the right to "exercise such other powers or perform such functions or duties as may be provided by law." Congress, in response, passed legislation such as RA No. 6713, The

Code of Ethical Standards for Government Officials and Employees; RA No. 6770, The Ombudsman Act of 1989; and RA No. 7080, An Act Defining and Penalizing the Crime of Plunder."

However, the character of the first post-martial law Congress made the implementation of some of the Constitutional mandates highly unlikely. Article II, Sec. 26 asserts that "The State shall guarantee equal access to opportunities for public service, and prohibit political dynasties as may be defined by law."

An appointed Constitutional Commission could assert the need to prohibit political dynasties, however, the first Congress was elected. Elections (under the existing system of rules) privileged those with political machines and high levels of name recognition. Within the context of the Philippine political culture the 1987 elections returned to power the very members of the political dynasties that the Constitutional Commissioners had targeted in Article II, Section 26.

Likewise, the Constitutional Commissioners perceived that Philippine political parties were weak and that only a limited range of interests were represented in the national legislature. This led the Commission to propose in Article VI, Sec. 5 (2) the creation of a party-list system to account for 20% of the total seats in the House of Representatives. Implementation of the mechanics of a party-list system, however, was left to subsequent legislation. To date, this mandate has also not been implemented by Congress.

What these examples suggest is that some of the Constitutional mandates were widely accepted and not controversial. These measures were implemented into law with relative ease. Other mandates were doomed to an indefinite limbo because they required legislation for implementation.

In between these two categories was a third group of Constitutional mandates which were controversial, but politically conceivable, even given the conservative nature of the Congress. These measures were destined to be shaped by the democratic process of public debate, political lobbying, compromise, and consensus building. By far the most important of these measures was the Local Government Code.

Article II, Sec. 25 of the Constitution says that "The State shall ensure the autonomy of local governments." Section 3 of Article X expands on this assertion and states that "Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative and referendum, [and] allocate among the different local government units their powers, responsibilities, and resources. . . ." These constitutional mandates were implemented into law by the Local Government

Code of 1991.

That the Local Government Code of 1991 was passed by Congress has been a surprise to many knowledgeable observers. The source of surprise is quite simple. In the pre-martial law democracy of the Philippines, power was concentrated in Manila. Congress passed a national budget which provided the bulk of all funds spent at the provincial and local level. The release of budgeted funds required local level politicians to mobilize support from among their Congressional delegation and allies in the executive branch. It also required the approval of the President. In this setting, most mayors and governors were beholden to national level officials.

This hierarchical arrangement was duplicated during election campaigns when national level politicians were expected to provide most of the funds required by local level politicians to run their electoral campaigns. In this environment, winning candidates often found themselves forced to switch to the party of the President to ensure that they would get funding for their municipality or province. And even successful mayors and governors with influential allies usually found their local government budgets so limited that they could provide little more than particularistic rewards and services to their constituents. They could provide a limited number of jobs, they could contribute funds for those in need of medical care, and they could intercede with the bureaucracy to help their voters. The political economy of public administration did not provide local officials with enough money or power to actually provide programmatic services which would appeal to sectoral interests. They could seldom, if ever, provide housing for the urban poor, irrigation systems for farmers, or high quality schools for the children; to mention only a few examples. This category of services could be provided only by national level governments, (if they chose to do so). Paradoxically, ambitious elected officials who wished to provide services to their constituents at the local level often found it necessary to run for national level office.

In fact, however, the number of political leaders who sought office because they hoped to provide basic services on a programmatic basis was very limited. There is general agreement that the national leadership pursued a model of development that perpetuated the concentration of political and economic power in the hands of the elite. This has resulted in, among other things, the erosion of public accountability and the stifling of local initiative.

Prior to the decentralizing reforms, a large majority of the elected officials believed that "development" was solely the responsibility of the government. But while government continually asserted its principal role in national development, it lacked the human and financial resources to achieve its alleged mission. What occurred was a skewed distribution of the rewards from economic growth. Levels of inequality were amongst the highest in the entire

Asian region.

In this setting, the relevant question is why would the members of Congress ever give up the powers which made them political titans? Why should they devolve national government personnel and increase the share of the national budget which was automatically allocated and released to the provinces and municipalities?

Part of the answer lies in the fact that the vast majority of the voters ratified the Constitution, including the call for local autonomy and decentralization. However, as has already been suggested, not all of the Constitutional mandates have been implemented.

Another part of the answer lies in the tenor of the times. Even after the Constitution had been ratified there were seven attempted military coups. It was a time of stagnant government spending and tight fiscal discipline as the Philippines tried to regain financial stability after the irresponsibility and economic collapse of the final Marcos years. It was a time when faith in the ability of the central government to address the pressing social problems of the nation was, perhaps, at its weakest.

At least in part because of the very weakness of the government and its inability to address the people's needs, the NGO sector emerged. Over a period of four decades, three generations of NGOs can be identified. The first generation of NGOs started as "relief and welfare" oriented organizations, whose well-defined roles were providing emergency goods and care in calamity-stricken areas. The second generation of NGOs emerged with the advent of rural development planning in the 1960s and 1970s. These NGOs were engaged in the delivery of basic services in remote rural areas unserved by government agencies. A third generation of NGOs is exemplified by consortia or coalitions engaged in policy reform advocacy and in interventions that contribute to the creation of alternative development structures and processes. The third generation was particularly important during the latter years of the presidency of Ferdinand Marcos and the entire presidency of Corazon Aquino. This corresponded with a time when multilateral and bilateral lenders and donors were increasingly experimenting with NGOs as conduits and partners to ensure that assistance would actually reach the intended beneficiaries.

The long decades of relief, developmental, and organizational work by the NGOs gave them the proof that they were providing the services which an effective government should have been providing and gave them the confidence to offer a sharp critique of the elite dominated government of the day. In short, civil society was organized, mobilized, and led by articulate leaders. They demanded that government address major, even structural problems. The inability and the unwillingness of the government to address these structural problems led most

NGOs to work outside "the establishment." They chose, instead, to undertake activities in parallel with or as replacements for the absent government agencies. The common sentiment was one of mistrust and animosity, with the government perceived largely as an adversary, especially during the Marcos era. From the NGO/PO perspective, government represented mainstream, anti-people development, while they were the pro-people alternative. The government, on the other hand viewed NGOs/POs as subversive elements seeking to undermine its authority.

Yet precisely because the government had only very limited resources with which to undertake social and economic reform; because the gap between the expectations of civil society and the capacity or means at hand for the national government was so large, some within the government began to push for experiments with institutional arrangements. Institutional reform, after all, could be undertaken even in a time of fiscal restraint.

Also, and related to the point above, every member of the Senate and House of Representatives was up for re-election in 1992. By 1991, neither the executive nor the legislative branch of government had established a record of providing constituent services which could serve as the raw material for a winning re-election campaign. Senators and Representatives had been limited somewhat in their ability to engage in pork barrel spending; the kind of traditional political activity which would attract the loyalty of the local governors and mayors. In the absence of material resources, the members of the legislature saw the proposed Local Government Code with its promise of additional authority and budget shares for the local governments as an opportunity to capture local support that was vital for them to remain in power.

While generally applicable, this argument was especially true for members of Congress from the southern (Visayas and Mindanao) sections of the country. These representatives shared with their local counterparts a belief that an over-centralized government had exploited their resources and discriminated against their regions in the distribution of government services and spending.

Finally, it is relevant to mention the chronology of the Local Government Code and its relationship to the two presidents of the time---Corazon Aquino and Fidel Ramos. The Code was passed by Congress and sent for approval to a president, Corazon Aquino, who was not a traditional politician and who, strictly speaking, was not a product of the political system over which she presided. She was deeply committed to liberty and to democracy, with weaker than normal linkages to political parties and politicians of the day. She was predisposed to sign the measure into law.

Implementation of the Code, to date, has occurred primarily under the administration of President Fidel Ramos. Again, he is not a traditional politician.

He is a West Point graduate and a career military man whose last position prior to winning the presidency was Secretary of Defense for President Aquino. His election as president (with a plurality of 23% of the total votes in a seven person race) was not due to his roots in one of the major political parties or his relationships with key legislative power brokers. If anything, his victory was a product of support from the still very popular President Aquino, his image as a democratic reformer because of his role during the EDSA "revolution," and his ties to politicians at the sub-national level. He ran as a non-traditional politician and he owed less favors than most newly elected presidents to the politicians who were more traditional.

Just as not all of the mandates in the new Constitution have been enacted into law by the recent Congresses, not all of the laws which are passed by Congress are enforced by the executive branch. Understanding the willingness of President Ramos to implement the law requires keeping in mind his origins and political alliances. He has provided leadership, at least in part, because he has never served in Congress and did not have (at least initially) the kind of linkages a president would normally have with the legislative branch.

What this brief overview of the Philippine case may suggest is that, for those who seek to replicate the accomplishments of LDAP in other settings, several considerations are relevant. There are scores of countries around the world which are in the process of consolidating democratic political systems. In each case these nations are experimenting with the institutional foundations and patterns of governance. What was important in the Philippine case may not be relevant elsewhere, but the experience of the Philippines does provide a number of lessons for other countries.

LDAP is an integral part of the Philippine experience with decentralizing reforms, but understanding its importance depends on placing it in the proper context. It has contributed to the process of decentralization and democratic participation because it came at the right time and occurred in the right place. Central elements of the environment within which LDAP was implemented include:

- ◆ an articulate and organized civil society which is demanding programmatic services and institutional reform
- ◆ popular leaders who are willing to experiment with new approaches and are committed to a broadening and/or deepening of the quality of democracy
- ◆ pressure on traditional politicians and restraints on their ability to preserve the political system as currently constituted.

Furthermore, the environment within which LDAP was implemented clearly

changed over time. The most notable change was the passage into law of the Local Government Code in October of 1991. This was one year after the start of LDAP and it completely changed the ground rules for decentralization. The remainder of this evaluation report analyzes four phases in the chronology of LDAP; the focus on phases highlights the ways in which LDAP evolved to respond to a changing environment and to seize new opportunities to advance the reform process.

C. THE FIRST PHASE OF THE LOCAL DEVELOPMENT ASSISTANCE PROGRAM (mid-1989 -- early-1991)

The Local Development Assistance Program has been described as a "win-win situation" by one of the participants in the process of *negotiating the Policy Implementation Matrix (PIM)*. It was a win-win situation because there was support for decentralization right from the start on the part of both the GOP and USAID.

The United States government was committed to provide Economic Support Funds (ESF) to the GOP as a result of negotiations related to the Military Bases Agreement. Having entered this Agreement, the US was further guided by the desire to package the ESF money in such a way as to support both democracy and the government of President Corazon Aquino.

Simultaneously, the GOP was experimenting with ways to reorganize the structures of government left behind by President Marcos and had invested 120 million pesos in pilot decentralization projects in five provinces. In charge of this effort was Luis Villafuerte who served as Chairman of the Presidential Commission for Governmental Reorganization (PCGR). He was an early backer of decentralization. After his work with the PCGR, he moved on to win election as Governor of Camarines Sur. From there he was elected President of the League of Provinces and, later, the President of the League of Leagues. He used these positions to argue forcefully for a broader program of governmental decentralization. Likewise, Aquilino Pimentel, President Aquino's first Secretary at the Department of Local Governments and a long-time mayor of Cagayan de Oro City in Mindanao was a key supporter of decentralization. Today he is widely respected as the "Father of the Local Government Code."

Despite leadership from men like Villafuerte and Pimentel, and despite support from both USAID and the GOP, it took roughly two years of conceptualization and negotiation between 1988 and 1990 to finalize what is now known as the Local Development Assistance Program. During this time USAID financed three studies which looked at the economic feasibility as well as the social and political impact of decentralization. It also contracted for policy analysis from the Philippine Development Alternatives Foundation (PDAF), through the Center

for Research and Communication (CRC). The policy analysis focused on two areas: (1) hindrances or roadblocks to (then) current efforts at decentralization and (2) policy reforms which were both feasible and could contribute to the on-going decentralization.

This policy analysis was the basis for an October 25, 1989 meeting among representatives of the Center for Research and Communication, the Philippine Development Alternatives Foundation, and USAID. At that meeting a program of work for LDAP was discussed. Considering the political climate of the time and the uncertainty of getting major legislation through Congress, the initial discussions of a program of work contemplated additional pilot projects which would test the impact of decentralization and policy reforms which could be implemented by the Executive Branch without new legislation.

Most of the next year was spent shaping a draft of a Program and a set of targets which could be included in a Policy Implementation Matrix (PIM). Everyone involved agrees that the negotiation process was complicated by the fact that it required participation by so many different National Government Agencies (NGAs). And it is no secret that not all of the NGAs were enthusiastic about the goal of decentralization. Evidence of a lack of commitment is found in the reports that some NGAs sent only very junior officials to the discussion sessions, often a different official to each session, and never with the authority to make commitments on behalf of their home Department.

Tedious and trying though it may have been, a year of discussions had several beneficial side effects. First, a consensus was reached, in large part because of leadership provided by senior officials in the executive branch. This conveyed the message throughout the government that decentralization was a priority and that it had high level support. Second, the negotiation process allowed for a full airing of concerns within the executive branch and pared down the PIM so that it focused on only those areas of reform which were most feasible. Finally, it established a network of people within the government who supported decentralization. This network later played a role in getting the Local Government Code of 1991 passed by Congress. This is because by the time legislation came up in Congress the executive branch was more than just theoretically committed to decentralization; it had evidence from the pilot decentralization projects to back its position and had refined its arguments.

The Grant Agreement for the Local Development Assistance Program was signed on September 28, 1990; this is a full year before the Local Government Code became law. Reflecting this timing and the uncertainties of the day, LDAP focused on reforms which could be implemented without legislative action. An examination of the PIM shows that it concentrates on four broad areas, briefly summarized below:

1. SUPPORT IMPROVED LEVELS OF DISCRETIONARY RESOURCES FOR LOCAL GOVERNMENT UNITS

Targets in the first policy area called for a marked and sustained increase in the internal revenue allotment which the national government provides to local government units; a reduction in the mandatory contributions which LGUs make to national government programs; and continued efforts to improve LGU tax collection efficiency.

2. SUPPORT GREATER ADMINISTRATIVE AUTHORITY FOR LGUs

Here the PIM called for five target national government agencies to execute Memoranda of Agreement with five pilot decentralization provinces to delegate functions, budgets and authority to the provinces along with the secondment of the appropriate national department personnel.

3. SUPPORT INCREASED CAPABILITY BUILDING FOR LGUs

Starting in 1990 GOP counterpart funds were to be used to increase dramatically the budget of the Local Government Academy. The increase was from about 4 million pesos in 1989 to 75 million pesos in 1990. This funding was to conduct capability building exercises for the LGUs. The other major target focused on providing environmental planning and monitoring skills to officials of the LGUs.

4. SUPPORT INCREASED PRIVATE SECTOR ROLE IN LOCAL DEVELOPMENT

Reforms in this policy area were aimed at providing guidance and encouragement for LGUs to test private sector delivery systems for basic services (examples contemplated included areas such as the provision of local health care, the operation of public markets, and the contract maintenance of public infrastructure).

In addition to the benefits that emerged from negotiation and consensus-building activities, what LDAP accomplished in its early phase was to identify areas where executive department NGAs needed to take specific action. For example, by December 3, 1990, the Department of Interior and Local Government issued Memorandum Circular 90-104 which prescribed policies and guidelines for the privatization of basic services and the management of economic enterprises in LGUs. Likewise counterpart funds were devoted by the Department of Finance to support continued pilot implementation of the Real Property Tax

Administration program. (This built on earlier support for increased property tax administrative efficiency which had been provided by the World Bank and by USAID under the Local Resource Management program). Also by late 1990 a Cabinet Decentralization Implementation Team (CDIT) was established with Undersecretary Cesar Sarino of DILG as the Chairman of the Team.

LDAP was off to a smooth start by the end of 1990. Leadership was being provided by the executive branch; continued pilot testing of important projects was on-going; and prospective problems were being identified. Looking only at the first phase of LDAP, an outside observer might reasonably conclude that it was a program with modest but clearly specified goals. The fact that both USAID and the GOP were committed to the goals of the Program meant that it was likely to be implemented without undue problems and the results of the policy reforms were likely to accelerate the process of decentralization and improve the quality of local governance.

However, while LDAP was moving successfully through its initial phase, legislation was also moving through the Congress which would ultimately result in the Local Government Code of 1991. The Local Government Code was approved on third reading by both houses of Congress during December of 1990; the bicameral conference committee report was approved in August of 1991; and the law was signed by President Aquino on October 10, 1991. The Local Government Code of 1991 so changed the environment in which LDAP was to be implemented that the Program itself was re-shaped.

D. THE SECOND PHASE OF THE LOCAL DEVELOPMENT ASSISTANCE PROGRAM (early-1991 -- mid-1992)

In each of the policy reform areas that were targeted in the PIM, *the second phase of LDAP was a period of transition. By late 1990, and certainly by early 1991, it was reasonable to expect that Congress was going to finalize the details and approve a Local Government Code.* Anticipating the Code, on February 19th of 1991, Cesar Sarino, the Chairman of the Cabinet Decentralization Implementation Team, sent a request for technical assistance in support of decentralization to Malcolm Butler, then Director of USAID.

Beginning in April of that year, when work started under a contract with Associates in Rural Development, USAID was able to respond to Undersecretary Sarino's request. This contract called for Associates in Rural Development to staff and supervise a team which would provide monitoring and policy studies in support of LDAP. (For simplicity and ease of reading, this team will be referred to by the acronym of the parent company---ARD).

The monitoring began immediately; ARD was asked to prepare a tranche

monitoring report even before completing the establishment of their Manila office. In that *Second Tranche Monitoring Report*, issued on May 17, 1991, the ARD authors captured the ambition and the breadth of LDAP when they said in their introduction:

The GOP's decentralization program is extremely diverse, requiring complex implementation actions involving virtually all levels and types of government activities. While the LDAP Project (sic) Implementation Matrix Indicators provide the agreed basis for decision on tranche releases, LDAP is more broadly an effort to support the policy, operational and administrative changes involved in decentralization.

The complexity of LDAP is one reason why it is described by some as a "hybrid." It is a model in which tranche releases were tied to policy reform targets and grants were provided to support specific projects which contributed to the process of decentralization. This "hybrid" character of LDAP made it crucial to recruit highly professional team members and carefully manage the program. On both counts, all involved judged LDAP to have been highly successful.

As implementation of the government's decentralizing reforms accelerated, an oversight committee (OC) was created. It had twelve members, four each from Congress and the Executive Branch and another four from the membership of the Leagues of Provinces, Cities, and/or Municipalities. The twelve member Oversight Committee was mirrored by a twelve member technical committee which was tasked with most of the day-to-day administrative work related to the translation of the Code into the rules, regulations, and guidelines which made it implementable. ARD staff members were detailed to the technical committee by way of the DILG and, as will be detailed below, their work was a key input in the implementation process.

ARD was also involved in a long series of monthly or bi-monthly meetings which brought together the LDAP staff from USAID with their counterparts at the National Economic and Development Authority (NEDA), and when appropriate, the other relevant national government agencies. The ARD staff provided the secretariat for these meetings and as a result of their widespread consultations and tranche monitoring they had first-hand access to the relevant information. As one of the NEDA participants explained, these were serious meetings with an agenda, a presentation of issues and problems, as well as a set of potential approaches to solving the problems. NEDA could, therefore, make immediate decisions about how to address problems of implementation. Once the general outlines of an approach had been decided upon, the ARD team could work with the necessary NGA and write up a scope of work for the needed technical assistance. These scopes of work were then approved by NEDA, usually with very little revision being necessary, and the work could begin immediately.

Thus, one of the reasons for the success of LDAP is that the monitoring and policy studies team (ARD) had tight links to, and made crucial contributions to the two key committees which were concerned with implementation and oversight of the government's decentralization program. These were the technical committee of the Cabinet-level oversight committee and the LDAP management committee made up of representatives from USAID and NEDA.

As mentioned, the monitoring work began almost immediately after the ARD contract signing. Yet at this time, most of the participants in the Program recognized that significant changes were afoot and that the ARD team was going to have to respond to extraordinary demands as the Government of the Philippines moved towards the enactment of a law which would (ultimately) call for an unprecedented program of governmental reorganization.

Given the foreknowledge of the Code's arrival, much of the technical assistance during this second phase of LDAP, was aimed at understanding the likely impact of the Code and doing the groundwork which would allow the implementation to proceed on schedule. Examples (and they really are only a few examples from the many that could be cited) of the kind of technical support that was provided are the following:

- ◆ *Review and Analysis of the Local Government Code of 1991* (September 3, 1991).

An initial attempt to review the legislation with the purpose in mind of determining the scope of reforms that were required; it covered the "powers, functions, and responsibilities, including national personnel and other assets, to be transferred to LGUs and budgetary implications of such transfer" as well as the required "organizational and systemic changes."

- ◆ *Completion Report: Master Agenda for Implementation of the Local Government Code: Work Program and Oversight Committee Assistance* (January 31, 1992).

The staff work contributed by ARD consultants to the preparation of the Master Agenda for the implementation of the Code was one of the most widely praised aspects of LDAP. For most of three months in late 1991 Manny Tabunda and Romualdo Gaffud worked as consultants to ARD and were assigned to DILG where they were a key part of the technical committee which prepared the Master Agenda, the Implementing Rules and Regulations (IRRs) for the Code, and the task lists for the individual National Government Agencies which would be affected by the Code. Of special importance, Mr. Tabunda and Mr. Gaffud had previously worked as

staff members in the House of Representatives and had been active in drafting the bill which became the Local Government Code.

- ◆ *The Local Government Code: Changes and Implications on Local Government Finance* (May 27, 1992).

This study was completed by a team which was headed by (then) Assistant Secretary Milwida Guevara, on leave at that time from the Department of Finance. The study sought an understanding of how the Code would affect the revenues of the LGUs. Not only was this kind of analysis necessary to help everyone involved at the national level understand what the Code implied, but this study along with other technical work was synthesized into a primer which was distributed to every Local Chief Executive in the nation. This primer was entitled, *Essential Actions for LGU Revenue Mobilization* and sought to educate the local executives about not only the increase they would receive in their Internal Revenue Allotment, but also what they could do to increase locally generated revenues.

Another reason for marking the beginning of the second phase of LDAP during the middle of 1991 was the start-up of the NGO Grants Component of the Program on May 10, 1991. The purpose of the LDAP NGO Grants Component was "to promote NGO participation in the government's decentralization program." This was premised on the belief that the participation of NGOs in local governance would lead to a more effective and efficient decentralization program. Its general objectives were:

- ◆ to generate a strong multisectoral support and collective action to sustain and strengthen initiatives and breakthroughs in decentralization, in general, and the Local Government Code in particular, from key sectors in all levels; and
- ◆ to develop and promote replicable decentralization models, policies, partnership mechanisms, structures and systems evolving from the pilot and training projects being implemented by PBSP/LDAP partners. (*Terminal Report: LDAP NGO Support Grants Component, 1994*).

In pursuit of these objectives the NGO Grants Component, administered by the Philippine Business for Social Progress (a foundation supported primarily by donations from the business community) provided small-scale grants to NGOs, POs, consortia, and educational institutions. Among the range of activities which received support through this Component were education and training; institution-building; community organizing; technical assistance and consultancy;

workshops, conferences and study tours; and publications and promotions.

The timing of these activities could not have been better. The Local Government Code, which was under deliberation at the time the Grants Component began, was enacted into law within six months. The Code provided opportunities for various modes of NGO/PO participation in local governance. The massive education and information campaign which the NGO Grants Component made possible, was important in preparing the NGO/PO community for an expanded role in local governance. A few statistics might help to illustrate this point. Working through pre-existing national networks of NGOs, the Grants Component provided information and/or education regarding the Code to 108 rural federations and other peasant organizations in 36 provinces through the Congress for People's Agrarian Reform; grassroots women's organizations in six provinces were reached through the PILIPINA; and urban poor associations and NGOs/POs in Mindanao through the Mindanao Congress and the Mindanao Urban Poor Congress. Although the reach to the grassroots was not as wide as the Program would have desired, inroads were made and further efforts will be accelerated because of the start that has been accomplished.

It is also worthy of note that, even given the ambiguous relations between NGOs and the government, there was still a huge number of NGOs and POs which sought accreditation under the Code. Accreditation cleared the way for NGOs/POs to qualify for the new positions which were reserved for them on Code mandated local special bodies such as the various development councils, peace and order councils, the local health boards, or the pre-qualification and bids committees. LDAP supported the nationwide effort of NGO coalitions to generate interest and solicit the participation of NGOs and POs.

LDAP, especially through the Grants Component, was active in the establishment of fora in which coordination, networking, and advocacy work could be advanced. These include the National Coordinating Council for Local Governance and the Sta. Catalina Forum which became the venue for discussion and for advocating further implementation of the decentralizing reforms. In addition, respondents interviewed for this evaluation pointed out that program managers from LDAP, ARD, and PBSP also played an important role in another group, the Donors' Forum, which ultimately brought together representatives of almost all of the bilateral and multilateral donors concerned with decentralization. The leadership and stature of people from LDAP was said to be instrumental in helping to bring other donors around to a position of support for the reforms.

Besides the activities of the ARD team and the NGO Grants Component outlined above, there were other on-going projects which supported the process of decentralization during this period covering early 1991 until early 1992. The

GOP had, as part of the tranche targets, agreed to provide continued financial support to a program of training and tax mapping under the Real Property Tax Administration (RPTA) program. The RPTA, administered by the Department of Finance, is a long-term reform program designed to increase locally generated revenues for local governments and it has received support over the years from the Canadian International Development Agency (CIDA), the World Bank and USAID. Funding and implementation targets were all met during LDAP.

Likewise, the GOP had agreed to provide a major increment to the funding for the Local Government Academy. This was designed to increase the capacity of local government units so as to prepare them for the new challenges which decentralization would bring and to reassure those at the national government level who had doubts about the capacity of the local governments to effectively administer decentralized program.

As part of this commitment, the Local Government Academy, the government's main institutional base for training local officials, received a budget of 67.5 million pesos for 1990 and 75 million pesos for 1991 and 1992. This budget was used for two broad purposes. First, it provided nationwide training to governors, mayors, barangay captains, and their local staff members in subjects as diverse as planning, budgeting, project and personnel management, the development of local legislative skills, and the administration of a barangay justice program. Related to this first purpose was the training for officials within the DILG so they could echo this training in their own locality and so they could provide quality advice to LGUs.

The second major purpose was to disseminate information about the impending Local Government Code to which each local official would have to respond in the very near future. Quite literally, thousands of local government personnel received training to enhance their skills and were provided with the information which allowed them to better understand the Local Government Code.

The final important aspect of the second phase of LDAP which needs elaboration is the revision of the targets in the PIM for the release of the third tranche. While the original PIM contained targets for all three tranche releases, it also contained language in Section 4.3 "Conditions Precedent to Each Subsequent Performance-Based Disbursement" which required the Grantee to furnish A.I.D., in form and substance satisfactory to A.I.D.:

(b) a written agreement on modifications, as appropriate, to the policy implementation matrix which includes the policy objectives and performance benchmarks for the ensuing performance-based disbursement;

As was explained in Annex One of the Grant Agreement, this condition precedent was included so that the Parties named in the Text of the Agreement, "may at any time agree to adjust the implementation actions and performance

indicators as appropriate if there are changed circumstances or other conditions that would significantly affect Program implementation."

The passage into law of the Local Government Code of 1991 was certainly a condition which significantly affected the Program implementation. As a consequence, before the release of the second tranche in late December of 1991, an exchange of letters between USAID and the Department of Finance confirmed the agreement of both parties to a new set of performance indicators for the third tranche. The revised PIM moved from specific numerical targets for the pilot testing of decentralization projects to goals which emphasized (a) the issuance of guidelines or implementing rules and regulations so that the Code could be implemented on a nationwide basis and (b) training programs so that the local government officials would be aware of what the new Code demanded and would be in a position to take on the new challenges. The entire framework of LDAP shifted from assisting and monitoring the pilot testing of decentralization to the provision of myriad kinds of support for the rapid implementation of a sweeping package of reforms.

E. THE THIRD PHASE OF LOCAL DEVELOPMENT ASSISTANCE PROGRAM (early 1992 through the middle of 1993)

The third phase of LDAP confronted a different set of problems; *now everyone was concerned with exactly how many personnel and what facilities were going to be devolved to the LGUs.*

As originally specified, the devolution of roughly 70,000 personnel was to have been completed within calendar year 1992. This was delayed because of the many problems encountered, however, the entire process of devolution took only a little over eighteen months between March of 1992 and October of 1993. This was a considerable accomplishment given the tremendous amount of controversy which surrounded the process of devolution.

The controversies arose because many of the personnel of the NGAs resisted the prospect of being devolved to LGUs, because many NGAs were accused of holding back the best personnel and facilities to subvert the spirit of the Code, because some LGUs did not want to accept the additional personnel and responsibilities, and finally, because the entire process was characterized by confusion about how this portion of the Code's mandate was going to be implemented.

LDAP contributed to resolving some of the confusion and moving forward the process of devolution in several concrete ways. These included monitoring, the provision of technical assistance and policy coordination.

Rapid Field Appraisals (RFAs). In addition to the continued tranche monitoring reports that the ARD staff prepared, they also began to conduct rapid field appraisals of the implementation of the Code. The first of these was completed in August of 1992 and the next three in February and October of 1993 and June of 1994.

The RFAs were conducted by a team of roughly 10-12 specialists who each visited one of the nation's thirteen regions. Thus, the coverage was virtually nationwide. The team members generally spent about ten days on their appraisal in the region and then were brought together for a conference which covered several days. At this conference they shared their findings and began the process of creating a synthesis. The ARD staff, then took up the task of refining the synthesis and preparing a written document. The findings were reported to NEDA and USAID as well as a wide range of NGAs and a selected group of local government units.

The tranche reporting, coupled with the RFAs, had several positive impacts. Officials at NEDA reported that because their staff were participants in both kinds of monitoring they had a clear idea of what the problems in implementation were. This allowed NEDA to convene a meeting of the NGAs even before the ARD team reported its findings in the joint NEDA-USAID meetings.

The NEDA convened meetings allowed the GOP to assess the nature of the problems, to "lay their cards on the table," and to make sure that there was a consensus to proceed with the devolution and decentralization. The immediacy and reliability of the data generated by the monitoring process allowed NEDA to confront the relevant NGAs which were resisting the process of devolution. In this process of forging agreement to proceed with the mandates of the Code, NEDA was also able to hold out the PIM targets and the tranche money as another inducement to encourage performance.

At the level of the Oversight Committee, the same phenomenon occurred. Those most interested in and most committed to the implementation of the Code utilized the monitoring reports and the information that these provided. These officials could bring to the attention of cabinet secretaries or undersecretaries the unacceptable performance of their respective Departments. Thus, the monitoring performed a valuable function; it brought indirect pressure to bear on the very Departments or officials which were resisting implementation:

Equally valuable was the contribution that the RFAs had on the capability-building activities of the GOP. As part of the enterprise of decentralization, several agencies were involved in capability-building. For example, the Department of Environment and Natural Resources provided training in

Environmental Impact Assessments, and the Department of Finance provided training related to the Real Property Tax Administration program. The RFAs had the beneficial effect of identifying where there were problems with the training programs. As a result, each NGA was able to refine their capability-building programs and, if necessary, devote more resources to this project.

Besides the monitoring activities, the ARD staff remained active in the production of technical studies during the third phase of LDAP. As everyone's attention turned to the process of devolution, ARD was called upon to provide the technical inputs which would both give the NGAs the confidence to proceed, and give the LGUs the technical information necessary to effectively accept the challenge. Among the studies completed during this phase are:

- ◆ *A Manual for LGUs to Calculate the Costs of Devolved Personnel under the Local Government Code* (July 1992).

This manual was designed for distribution to every mayor and governor in the nation. The goal was to give them a handy way of assessing what it was going to cost to absorb the devolved personnel. This was necessary to counteract the resistance which arose out of uncertainty. Mayors and Governors at this time did not have a clear idea of whether they could afford the personnel and facilities which were to be devolved to their localities.

- ◆ *Book I: Working Papers, A Study on Planning Systems; Book II, Individual Research Papers, A Study on Regional and Local Planning Systems; Book III, Summary of Findings of the Field Survey on Regional and Local Planning Systems* (September, 1992 - January, 1993).

These studies were conducted to compile the baseline data on what planning was currently being done in the regions, provinces, and municipalities. They were also an input into later studies which sought to provide concrete guidance to the LGUs with respect to the much expanded demands for planning that would arise from the mandate they now had to provide basic services to their constituents.

- ◆ *Local Government Organizational Models* (January 1993).

At the request of the Civil Service Commission (CSC), the ARD team prepared organizational models for the provinces, cities, and municipalities. The CSC reported that officials at the local level found the ARD models more useful and they remain a helpful resource for all LGUs that are planning a reorganization of their

staff in the face of the personnel they have absorbed and the additional responsibilities they have accepted.

While ARD was providing technical assistance designed to smooth the transfer of personnel from the NGAs to the LGUs, the local governments faced the heavy burden of providing health services and agricultural extension to their citizens. In a few innovative cases, the LGUs were experimenting with new patterns of cooperation with NGOs and POs to build on local knowledge so that the provision of services would be more efficient and would meet local needs. For example, the province of Palawan has begun a community based health program which illustrates what is possible when the government and private sector begin to work together to solve problems.

The community based health program accepts the fact that Palawan is a large province, with poor infrastructure and many remote municipalities, including a number found on separate islands. Even before the devolution of the health workers to the local governments of Palawan, the Department of Health did not have enough personnel to provide quality health care and the most serious health problems in the province were infectious and other diseases related to poor sanitation and nutrition.

The community based health program, understanding the nature of the local communities' health problems has chosen to concentrate on preventive health care rather than the traditional approach for which there are insufficient resources. To operationalize the program the Provincial Health Officer called a series of consultative meetings which brought together the LGUs, and the NGOs. An agreement to try to organize the communities for preventive health care emerged from these meetings.

The Program is financed by an initial fund of 4.5 million pesos from the Provincial Governor. This will allow the Program to place a community organizer in each of the municipalities which agrees to participate in the Program. The community must agree during public consultations before the organizer will be assigned to their municipality.

The focus is quite consciously on community organization first. The community will work to create a municipal health council which will include NGOs, government organizations, community members and representatives of the LGU. Each committee which is created will receive training in organization building and maintenance before moving on to training which is more directly related to health. This training will focus on preventive health care with a stress on immunizations, clean water, sanitation, and nutrition.

The Provincial government is providing leadership and funding. But there is a clear understanding that improving health care will require a high level of

community and NGO participation. The Program is innovative and based on local priorities. It also seeks to reduce the cost of providing local health care by stressing prevention rather than treatment. An innovation such as the community based health care program of Palawan (Alay sa Kalusugan ng Palawan) was what the advocates of decentralization had in mind when they pushed for the Local Government Code of 1991.

In summary, by the end of the third phase of LDAP the tranche monitoring was completed and all three tranches had been released. Likewise, the first two of the four RFAs which monitored the implementation of decentralization and devolution had been completed. The vast bulk of the work involved in the implementation of the Local Government Code had been completed and some of the chaos and confusion had been resolved. All of this took place in less than two full calendar years since the target date of its inception. What remained was the fourth phase of LDAP.

F. THE FOURTH PHASE OF THE LOCAL DEVELOPMENT ASSISTANCE PROGRAM (the middle of 1993 through the middle of 1994)

During the fourth phase of the implementation of LDAP, under an extension of the original contract with ARD, the work continued in the two general categories of ***monitoring and technical assistance in support of the Local Government Code.***

One of the most important and contentious issues, and one that was addressed specifically in the fourth rapid field appraisal was the devolution of health care. The health workers themselves were an organized and articulate lobby which was critical of their devolution and raised the question of whether the municipalities and provinces with smaller budgets could afford the cost of providing health care to their constituents. The fourth RFA, thus, sought to gather data from the perspective of the Department of Health, the devolved workers, the LGUs, and the consumers of health care. As one participant explained, this gave the decision-makers a complete picture. Without the RFA they would have been captive to the perspective of those with the best access to the media or the loudest voice. The RFA provided the data which allowed the decision-makers and planners to think about ways to address the concrete problems of health care devolution. It also provided a more balanced picture of the gains and losses from the devolution of health care and this, in turn, convinced the executive branch to stand firm against moves in Congress to reverse the process of devolution.

The ARD consultants also continued with their policy analysis and technical assistance. As the ARD contract drew to a close and the day-to-day problems

of decentralization and devolution waned in importance, the staff began to concentrate on the long-term. Of particular note are the *Guidebooks on Local Planning* and the support given to the creation of a local government bond market.

The consultants of ARD returned to the issue of local planning and put together a series of analyses which looked at the current planning process and the new demands placed on LGUs to plan for their expanded responsibilities. The results were consolidated into a set of five guidebooks which discussed local planning demands, as well as specific aspects of planning such as techniques for participatory planning, for land use, and for capital investments. These were so well received that the League of Planners (composed of municipal, city and provincial planners) undertook to consolidate and reprint these guidebooks for distribution to their members at their national convention. And as one provincial planning and development officer related, he is currently using the guidebooks to regularize and institutionalize the planning process, not just at the provincial level, but so as to integrate the municipal planning process with that which takes place at the provincial level.

Building a Market for Local Government Bonds. The exceptional level of effort that LDAP put into the development of a bond market, and the fact that this effort seems to be on the verge of success, makes it worthy of a little extra attention. Also, the fact that many participants in LDAP felt that too much effort was being put into the issue of a bond market---that it took place in the face of opposition---means that this was an area where the managers of LDAP played an important leadership role.

Book II, Title Four, Section 299 of the Local Government Code states that "Subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission, provinces, cities, and municipalities are hereby authorized to issue bonds, debentures, securities, collaterals, notes and other obligations to finance self-liquidating, income-producing development or livelihood projects pursuant to the priorities established in the approved local development plan or the public investment program. The Sanggunian concerned shall, through an ordinance approved by a majority of its members, declare and state the terms and conditions of the bonds and the purpose for which the proposed indebtedness is to be incurred."

However, a market for local government bonds did not appear overnight with the passage into law of the Local Government Code. Instead, what was required was a great deal of groundwork and advocacy by many concerned organizations and individuals, both those in the private sector and in the public sector. People working with LDAP played key roles in building this market.

The earliest effort was devoted to a survey of the current status and the

prospects for an expansion of local government credit financing. Papers were written and research completed, including the following:

- ◆ *A national survey of local government units and government financial institutions sought to determine the prospects for credit finance*
- ◆ *Regulatory-Institutional Framework of Financial Markets in the Philippines*
- ◆ *Local Government Financing Through the Securities Markets: Regulatory Conditions, Experience and Prospects*
- ◆ *Case Study of the Cebu and Muntinlupa Bonds*

These materials were presented for review on January 29, 1992. The audience was comprised of personnel invited from private banks, government-financed institutions, investment houses, national government agencies, and the Local Government Units.

Then, two mini-workshops were held (March 6 and March 12, 1992) during a two-week visit to the Philippines by Dr. John Petersen. Dr. Petersen made presentations to top-level officials of both the government and the private banking sector in which he described and analyzed the major features of the municipal bond markets in the United States. These workshops further discussed the capability-building as well as policy support actions that government must take to develop a market in local government bonds.

In November of 1992, ARD consultants working with the Planning Alternatives Development Company planned and led a study tour looking at the municipal bond market in the United States. The study tour was funded by a concurrent USAID program entitled Decentralized Shelter and Urban Development. The group included, among others, Mayor Ignacio Bunye of Muntinlupa, Governor Emilio Macias II of Negros Oriental, Governor Tomas Joson III of Nueva Ecija, Mayor Alipio Fernandez of Dagupan City and Mayor Jesse Robredo of Naga City.

The Philippine Business for Social Progress as part of a "National Conference on Decentralization and Local Governance" held a two-day seminar in July of 1993 on provincial bond flotation which was co-sponsored by the League of Provinces. Local government interest in bond flotation was high.

Yet a year later, in November of 1993, guidelines for the municipal bond market had not been issued by the Securities and Exchange Commission or the Central Bank. And, at this point the LDAP team and their supporters intensified the advocacy work. The files at ARD contain letters to the Secretary of Finance; Governor of the Central Bank; the Chairman of the Commission on Audit; the

Commissioners of the Securities and Exchange Commission, as well as a number of Presidents and Vice Presidents of financial institutions. Each of these letters urged concrete action toward creating a regulatory environment in which local government bonds could be utilized as a source of long-term developmental capital.

Mr. Dalton, the chief-of-party for ARD, also attended meetings and made presentations to a variety of associations all interested in local government financing. He even went so far as to draft guidelines which could be issued by the Securities and Exchange Commission.

Finally, more than three years after the passage of the Local Government Code, the first municipal bonds are now being floated. It has been suggested by some that, perhaps, LDAP put too much money and effort into the issues surrounding bonds. However, in retrospect it seems fair to argue that the money, commitment, and intellectual investment of LDAP contributed a great deal to the development of a market for local government bonds.

The NGO Grants Component provides another example, similar to the work on municipal bonds. This is the investment made from Program management funds in what are called Centers of Local Governance. These institutions, almost all of which are affiliated with province-based universities, are designed to build local capabilities.

The work on the Centers began during the early days of LDAP. The institutionalization process, however, took time. Of the thirteen original Centers, nine are still operational. They have developed into training and resource centers for their host institutions and are actively involved in providing education and technical assistance to local government employees. In at least one university the Center for Local Governance has been instrumental in designing a modular program which culminates in a Master's degree in Government Administration. This is an important innovation. Prior to this time, only a few Manila based universities were interested in or offered coursework related to local governance. Today, the interest and capacity is being extended to many of the nation's regions outside of Manila.

The other major product of the fourth phase was the Master Plan for the Sustained Implementation of the Local Government Code of 1991 (1993-1998). This, as with the initial master plan is a long, and very detailed, document which lays out concrete plans for the consolidation of the decentralizing reforms. Once again, ARD was able to devote short-term consultants to the drafting of the master plan. They also helped to develop the materials that were used in the presentation of the master plan to the Cabinet and the consultants "backstopped" Secretary Alunan of DILG when he made his presentation. The master plan was approved at the Cabinet meeting and presidential directives

were signed on October 11, 1994, but at this point the directives are still awaiting implementation.

Thus, LDAP, during its fourth phase, provided a range of technical support which is likely to continue providing a positive impact even now after the conclusion of the formal Grant Agreement and the ARD contract. These contributions will be primarily in credit financing, in the institutionalization of planning processes, and the organizational models for LGUs which are reorganizing their staff to meet new demands.

G. CONCLUSION

The preceding sections of this evaluation have followed a chronological format. Certain highlights of each phase have been noted; however, the style was largely descriptive and the format drew attention to the way LDAP evolved over time. To bring the strengths and weaknesses of LDAP into sharper focus, to try to understand its impact, this conclusion will focus on the functional components of the Program. The four major components to be analyzed are the performance-based disbursements, the technical assistance, the NGO grants component, and the management of the Program.

Impact of Performance-Based Disbursements. The Policy Implementation Matrix had two positive impacts. First, the extended negotiations leading up to the Grant Agreement and the PIM gave the GOP an opportunity to develop a consensus to push forward with decentralization. The negotiations began at a time when most elected local government officials were supportive of moves which would reduce the high degree of concentration in national control over government budgets and administrative authority. These local government officials had the support of a small, but influential group within the executive and legislative branches of the national government. These two groups faced a much larger bloc which felt threatened by decentralization or did not see the importance of decentralizing reforms. Negotiations helped to bring together and create networks among the advocates of decentralization. The consultations and network building helped to move the reform process forward.

Second, the disbursements, which were tied to targets in the PIM, were reported to be valuable leverage for officials who were in charge of monitoring and implementing the decentralization program for the GOP. They used the tranche releases, or the monitoring reports, to convince the National Government Agencies to implement reforms even when these were not regarded by the concerned NGAs as being among their highest priorities.

Closely related to the process of monitoring for the performance-based

disbursements were the Rapid Field Appraisals. The RFAs, too, had the beneficial impact of providing important, timely data to the executive branch officials responsible for the decentralization program. However, another positive impact of the RFAs was the way they captured the dynamic and innovative response of some of the Local Government Units. A number of national government officials expressed confidence that there was a new group of younger, better trained local executives who were taking full advantage of the opportunities provided in the Local Government Code. Much of this knowledge about a new generation of leaders arose from the RFAs and it helped provide evidence that it was worthwhile to continue the reforms in the face of opposition and it helped to give the national government officials the confidence that LGUs were capable of absorbing the many new personnel and responsibilities they faced.

To elaborate on this last point, no one at any level of government was willing to argue that the quality of basic services provided by the local governments had improved since the implementation of the Code. However respondents in the national government and across the provinces could all point to exciting innovations. Where the provision of basic services had deteriorated, respondents reported that it was not a lack of money which caused these problems, it was rather misplaced priorities or low levels of capability. The respondents' analyses of these residual problems indicated that they believed the answer was not in the re-centralization of the government, but in the fuller implementation of provisions of the Code which mandate greater public participation in decision-making. Many respondents were also convinced that each successive election would bring to office more mayors and governors who were open to greater public participation in local decision-making and were capable of successfully providing basic services.

Impact of Technical Assistance Support. The range of technical assistance which was provided by LDAP is exceptionally broad; it included studies of entire sectors of local governance (e.g., planning), policy analysis, detailed research projects that required extensive data-gathering, participation by ARD consultants in the drafting of implementing rules and regulations, the writing of computer software designed for the monitoring of the implementation of the Code, and capability-building for thousands of government officials and members of NGOs.

It is impossible to offer a single generalization as to the impact of these technical studies, some have had a significant and lasting impact, others have slipped quietly into disuse. One thing is clear, however, the impact of the technical assistance was much more extensive and much more positive at the national level than at the local.

At the level of the province and municipality, most of the officials interviewed

for this evaluation professed that they had not received the technical studies or that they had not arrived in time to be useful. The problem apparently stems from insufficient attention to the problems of distribution. More specifically, distribution of technical studies through the networks of the National Government Agencies did not work well. The technical materials were, at times, bulky and difficult to carry and if, for example, a regional director was asked to carry copies of a particular study for every mayor and governor in the region, the studies might have become a low priority when packing. On other occasions technical studies which might have been more valuable in the hands of a budget officer or a treasurer were distributed to mayors and governors and ended up gathering dust on their shelves.

These problems were most serious for the category of technical assistance which was designed to address immediate problems related to decentralization or devolution. In contrast, the technical assistance which is capable of generating a long-term impact (e.g., the studies related to local planning), or which deals with issues that can be taken up at a more leisurely pace (e.g., organizational models for local governments) is reported to be in use and valued by local executives.

Another criticism heard from a number of local government officials was of the character of the technical analyses. Most of the studies were found to be too detailed and too academic to be of use for the people responsible for day-to-day administration. This is precisely why some of the technical work was crystallized in the form of primers. Here, in the words of one local administrator, the problem was that the primers should have been treated by national government officials as if they were the Bible. He felt that if the primer is to be of value, then it must guide not just the behavior of local governments, but also the behavior of the national government agencies. He obviously felt that the NGAs were not always living by the primers that they had distributed.

In a similar, critical vein, most of those interviewed, whether in the national government offices or at the local level, were unhappy with the quality of the capability-building that was being provided. LDAP counterpart funds for the Local Government Academy and other NGAs were, in large measure, devoted to capability-building. There were many different aspects to the criticism of the capability-building, but they fall into three categories: (1) the training was too often in the form of lectures which were unenlightening, (2) the training was offered by people who were not adequately qualified, and (3) the training brought together, at inappropriate settings, the wrong mixture of people for training.

The capability-building which occasionally was offered and which received the highest praise was training which was "hands-on," offered by people who were truly experts in the subject under discussion, and targeted at those people who

could most directly benefit from the exercise. Perhaps, all of the criticism was having a positive effect, because during visits to the provinces there was evidence that the most recent rounds of capability-building exercises were much more highly regarded and had been found to be more useful than in the first years of LDAP.

To balance these critical findings it is important to reiterate that other aspects of the technical assistance took place at crucial points early in the implementation of the decentralizing reforms and made it possible to maintain the positive momentum of the program. For example, everyone involved acknowledged that the massive information campaign undertaken by the Local Government Academy made it possible to reduce to manageable levels the confusion which surrounded the Local Government Code in 1991 and 1992. Without resolving some of the confusion, the uncertainties could have stiffened the resistance to decentralization and, perhaps, could have even forestalled its implementation.

Also of note, the technical analyses which tended to be highly detailed or more academic in style were exactly what was necessary to convince the experts in the NGAs that the reforms were feasible. The technical analyses were often conducted at the request of the NGAs and the fact that the studies were completed quickly and professionally made them more influential in the national policy debates.

A final form of technical assistance that needs to be mentioned is the support given to the Leagues (the League of Provinces, League of Cities, and League of Municipalities). In each case financial and technical support was provided. (For the League of Cities, the technical support was funded by the Decentralized Shelter and Urban Development Program). Institutional plans for the Leagues have been drafted by ARD staff members. These plans are now being implemented. With assistance from LDAP, the Leagues are moving in the direction of institutionalization as non-partisan interest groups that can speak on behalf of their membership. This is a significant move away from their history as vehicles to advance the interest of chief executives rather than LGUs. It is also a significant move away from their history of partisan politics.

Impact of NGO Grants Component. The Grants Component was a start, but a very good start. It opened doors for partnerships, not only between NGOs/POs and LGUs but also among NGOs/POs, among LGUs and between LGUs and NGAs as well. It made the NGOs/POs appreciate their rightful role in local governance and aided them in their first steps towards assuming these roles. For sure, there have been roadblocks, hazards and unexpected twists and turns along the way, but the ground has been broken and is slowly being paved. Building bridges between government and civil society and avenues of cooperation will take some time. What LDAP has accomplished is to

demonstrate that it is within the realm of the possible, with the support, participation, and commitment of all sectors of society.

In particular, the Grants Component supported a widespread information/education campaign which increased the levels of awareness of the LGC among NGOs/POs and LGUs. This, in turn, facilitated the accreditation process which made it possible to increase the extent of participation by civil society in local governance.

Unfortunately, the Grants Component was of only a very short duration and had limited funding. These limits made it difficult and, probably, unrealistic to expect that the broader goals of fostering collaborative relations between LGUs and NGOs or fostering extensive participation by civic society in local governance could be achieved. More realistically, a start, a very good start has been made.

Also, LDAP has supported the building of institutions which will have longer term impacts in support of the goals of decentralization and democratization. These include the Centers for Local Governance, the Research Forum on Decentralization, and the Sta. Catalina Forum which brings together the Leagues of local governments, the NGAs and the NGO/PO national networks. None of these existed before the advent of LDAP.

Assessment of the Management Aspect. Among all of the people interviewed in Manila, and among those familiar with LDAP in the provinces, there was universal praise for the management of the Program. The committed, aggressive leadership was what was most commonly singled out for commendation. What makes this praise particularly impressive is that it was the people from the GOP side who had spent years or even decades working with bilateral and multilateral donor programs who said that LDAP was in their experience one of the best managed ever. There are several aspects of this Program management which can be cited.

As mentioned in the body of this evaluation, the monthly or bi-monthly meetings which brought together NEDA, USAID, and ARD were felt to be especially helpful. Decisions reached at these meetings helped to establish a common agenda for actions that were to be taken. The regular meetings also provided a common venue for bringing together all of the concerned officials when other NGAs were involved in the consultation and decision-making process. These management meetings were supplemented by more frequent technical meetings which brought together the ARD staff and representatives of the GOP to plan for monitoring and technical assistance.

Others, at a somewhat more junior level within the government, cited the

tranche monitoring and the RFAs for the way they helped build networks of advocates for decentralization within the national government. They also mentioned the transfer of skills which took place, because for many of the participants this was their first experience with RFAs.

The high quality of the consultants hired by ARD and the professional quality of their work was appreciated by the NGAs which had originally made the request for technical assistance. Key consultants from the private sector and the public sector were identified and their work was closely supervised by the senior ARD staff.

Of particular note here was the practice, when appropriate and possible, of hiring specialists from the NGAs who took short leaves of absence from their offices. There were a number of respondents who were skeptical of this process initially, but who were nonetheless happy with the results. The opportunity to take a leave of absence and work full-time on a project where the consultant had a personal interest was said to be unusual and it allowed key officials to accomplish research and documentation which would not have occurred or would have occurred only much more slowly if they had not gotten away from the routine of the regular office. In a few cases, either the participants in this process or their colleagues and superiors in the home NGA offered a note of caution that deserves serious consideration. They were saying, in effect, that the consultants need to be selected with extreme care and the impact of this selection on the office chemistry needs to be taken fully into account. In the pursuit of quality results, they believed, it was possible to create the kind of opposition which would block reforms proposed by those selected for short-term consultancies.

One of the final indicators of the positive role played by the ARD team is that the Master Plan for the Sustained Implementation of the Local Government Code of 1991 (1993-1998) calls for a Decentralization Coordinating Committee with a secretariat which will duplicate the functions performed by the ARD team between the period 1991-1994.

The experience with the implementation of decentralizing reforms has been sufficiently successful that the GOP is committed to the continuation of the process. The national government now contains networks of officials who have acquired detailed knowledge of the reform process and its potential. They continue to work for the full implementation of the Code. The LGUs have passed through the most difficult stage of adjustment to a new environment and new challenges. The best local governments are adopting new values which enhance public participation in decision-making and developing innovative approaches to local governance.

A massive, highly complex reform of the entire system of governance has been

put in place in three years. This is almost certainly the largest set of reforms the Philippine government has undertaken since independence. The first stage in the reform process has been successfully implemented. The prospects for continued improvement in local governance look positive. LDAP was a major contributor to this process and its outcome.

APPENDIX A:
EVALUATION METHODOLOGY

Based on the scope of work and our discussions with the program management staff of USAID, this evaluation team focused quite explicitly on the impact or the contribution of LDAP to the decentralization efforts of the Government of the Philippines (GOP).

The decentralizing reforms of the GOP were designed to give greater autonomy and authority to Local Government Units (LGUs), to enhance the financial resources available to the LGUs, and to increase the opportunities for and the amount of public participation in local decision-making and governance.

Given the goals of the reform program, the kinds of support provided by LDAP, and the questions posed in the scope of work, the evaluation team pursued a qualitative methodology. The resource and time requirements necessary to conduct a quantitative evaluation of a program as complex as LDAP would be very cost prohibitive.

The contribution which LDAP made to the implementation of the decentralizing reforms from the vantage point of the National Government Agencies (NGAs) was evaluated by conducting detailed one-on-one interviews with the participants in the Program. These participants are virtually all middle to senior level officials with many years of experience working on bilateral and multi-lateral programs. They understood the importance of the evaluation, were open with their judgements, and looked forward to seeing the overall results of the evaluation process.

The contribution of LDAP to the reform process at the level of the LGUs was much more difficult to evaluate and it is impossible to offer generalizations which would be valid for the entire nation. Instead, the methodology utilized in this evaluation was to visit a sub-set of provinces. Both members of the team visited three provinces; one from each region of the country---Mindanao, the Visayas, and Luzon. The goal was to determine, not the average or some ideal-typical response, but rather the range of responses by local governments and NGOs to the decentralizing reforms. In these visits the team interviewed a large number of local government officials and members of the private sector, especially the NGO/PO sector.

These interviews were designed to ascertain the value and nature of LDAP's contribution to the ability of LGUs to successfully accept the new responsibilities with which they

are charged under the Local Government Code of 1991. This contribution could be evaluated even in those cases where the people being interviewed might not be aware that they were the beneficiaries of LDAP provided support.

The NGO Grants Component was evaluated, in part, by visiting the provinces and municipalities where the LDAP assisted projects were clustered. During these visits, focused group discussions and key informant interviews were employed in the gathering of information. The interviews and focused group discussions concentrated on:

- ♦ grassroots' contributions to decentralization efforts
- ♦ NGO/PO activities undertaken with LGUs and the nature and extent of NGO-LGU cooperation
- ♦ lessons from pilot projects
- ♦ program influence on universities and training institutions
- ♦ LGU performance review procedures
- ♦ adversarial relations between LGUs and NGOs/POs: nature, roots and mitigation
- ♦ program mode: effectiveness, weaknesses, recommendations

In all cases, the evaluation team reviewed the documentary record, paying close attention to progress and terminal reports, program publications, project manuals, reports of tranche monitoring and rapid field appraisals, and the relevant technical studies.

In the final analysis the findings of this impact evaluation are the result of interviews and the written product of participants in LDAP. Therefore, the findings are subjective. They are findings, however, which are drawn from a wide range of documentary evidence and a particularly extensive set of interviews. More importantly, the interviews were conducted with those people who are best situated to assess the contribution that LDAP made to the decentralizing reforms of the Government of the Philippines.

<p><i>APPENDIX B:</i></p> <p>INDIVIDUALS INTERVIEWED FOR THIS EVALUATION</p>

Abello, Crisanto.	Assistant Provincial Treasurer, Palawan.
Alfaro, Victor.	Project Coordinator, Provincial Strategic Development Project, South Cotabato.
Almeida-Tullao, Fatima.	Office of Financial Management, United States Agency for International Development.
Alonzo, Ruperto.	Department of Economics, University of the Philippines.
Alvarez, Jesus.	Provincial Administrator, Palawan.
Amurao, Rodolfo.	Environment and Natural Resources Officer, Palawan.
Aportadera, Arturo.	Resource Ecology Foundation for Regeneration of Mindanao (REFORM), Inc., Executive Assistant to the Governor, Sarangani.
Arquisola, Eustaquio Jr.	Human Resource Development Officer, Capiz.
Balo, Lorenn.	Provincial Legal Officer, South Cotabato.
Baquizal, Athena.	Project Monitoring Staff, National Economic and Development Authority.
Barredo, Felipe.	Vice-Mayor, Municipality of Panay, Capiz.
Baticados, Ernesto.	Provincial Planning and Development Officer, Capiz.
Bermejo, Vicente.	Mayor, Municipality of Panay, Capiz.
Bolano, Cecilia.	Provincial Treasurer, Capiz.
Bona, Rebecca.	Provincial Administrator, South Cotabato.

Brillantes, Alex, Jr.	Executive Director, Local Government Academy.
Chiongbian, Priscilla.	Governor, Province of Sarangani.
Creag, Mario.	Provincial Assessor, Palawan.
Contreras, Esteban.	Governor, Province of Capiz.
Cortes, Bienvenido.	Local Government Operations Officer, Department of Interior and Local Government, Municipality of Panay, Capiz.
Dayao, Leonardo.	United States Agency for International Development.
De Leon, Miridith.	Assistant Provincial Health Officer, Palawan.
de Sagun, Napoleon.	United States Agency for International Development.
Devanadera, Agnes.	Mayor of Sampaloc, Quezon, and President of the League of Municipalities of the Philippines.
Devanadera, Nelson.	Provincial Planning and Development Coordinator, Palawan.
Dickherber, Harold.	United States Agency for International Development.
Facundo, Belen.	Executive Director, South Cotabato Foundation, Inc.
Gaffud, Romualdo.	Associates in Rural Development.
George, Terrence.	Program Officer, Ford Foundation.
Guevarra, Milwida.	Undersecretary, Department of Finance.
Lamorena, Lorna.	Provincial Veterinarian, South Cotabato.
Lechonsito, Bella.	Provincial Social Welfare Officer, South Cotabato.
Leda, Nilda.	Director of Research and Program Development, Local Government Academy.
Malvar, Norberto.	Staff, Bureau of Local Government Finance; member of the Technical

Committee supporting the Oversight
Committee for the LGC.

Manasan, Rosario. Philippine Institute for Development
Studies.

Mendoza, Andrito. Program Manager for the Local
Development Assistance Program, Bureau
of Local Government Finance,
Department of Finance.

Miguel, Edita. Director, Alayka-Palawan (Alay sa
Kalusugan ng Palawan or Community
Based Health Program).

Mistal, Teresita. Director, Bureau of Local Government
Development, Department of Interior
and Local Government.

Nuqui, Wilfredo. Planning Officer, United Nations
Children's Fund.

Paderanga, Cayetano. Former Director-General, National
Economic and Development Authority.

Pardo, Erlito Director, Bureau of Local Government
Finance, Department of Finance.

Reside, Pedro. Staff, Bureau of Local Government
Development, Department of Interior
and Local Government.

Romasanta, Antonio, Jr. Coordinator, Bantay Puerto Program,
Puerto Princesa, Palawan.

Salvador, Nelson. Supervising Agriculturalist, Palawan.

Sanchez, Andres. Presidential Assistant and Executive
Director, Presidential Council for
Countryside Development; former
Assistant Secretary, Department of
Interior and Local Government.

Sandig, Edgardo. Provincial Health Officer, South
Cotabato.

Sillado, Florenda. Provincial Treasurer, South Cotabato.

Solilapsi, Nepthali. Vice-Governor, South Cotabato.

Sto. Tomas, Patricia. Director, Civil Service Commission.

Sumulong, Victor. Presidential Assistant; former

	Undersecretary, Department of Interior and Local Government.
Supe, Danilo.	Provincial Planning and Development Coordinator, South Cotabato.
Tabunda, Manuel.	Associates in Rural Development.
Tejada, Tessie.	Administrative Officer, Alayka-Palawan (Alay sa Kalusugan ng Palawan or Community Based Health Program).
Tungpalan, Rolando.	Director, Project Monitoring Staff, National Economic and Development Authority.
Valdes, Joel.	Vice-President, Citibank.
Vallar, Bernardita.	Provincial Budget Officer, South Cotabato.
Verzosa, Fatima.	Project Development Specialist, Project Development and Implementation Support, United States Agency for International Development.
Villarruz, Agnes	Executive Director, Gerry Roxas Foundation

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EVALUATION ABSTRACT

Following fourteen years of authoritarian rule and the restoration of democracy in 1986, the government of the Philippines began a series of political and administrative reforms. The Local Development Assistance Program (LDAP) was designed to support these reforms and in the process contribute to a decentralization of an overly concentrated administrative system and to an improvement in the quality of local governance.

This evaluation, based on extensive interviews in Manila and at the level of the local government units, was designed to gauge the impact of LDAP. LDAP was a hybrid which combined policy studies and tranche monitoring with support for non-governmental organizations to enhance the quality and extent of civic participation in local governance.

The evaluation team concluded that the Philippine government undertook and largely completed a massive reform of the administrative system within a three year time period. Further, the team concluded that LDAP was a major contributor to the success of these reforms.

The Program was well-designed, well-managed and the timing was excellent. The provision of technical assistance and monitoring helped to implement major reforms in a difficult environment. Local government units now have much more autonomy and authority. They are using this authority, often in partnership with participating representatives of the civic society to innovate and improve the quality of local governance.