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**THE LOCAL DEVELOPMENT ASSISTANCE PROGRAM:
A SOCIAL SOUNDNESS ANALYSIS**

by

Sylvia H. Guerrero Ph. D

and

Alex B. Brillantes, Jr. Ph. D

**Submitted to USAID Philippines
December 1989**

**U.P. Social Action and Research for Development Foundation
U.P. College of Social Work and Community Development
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The Local Development Assistance Program: A Social Soundness Analysis

Abstract

1.0. In most general terms, the social soundness analysis (SSA) attempted to determine whether the existing socio-political system, the patterns of political power and authority and Philippine culture are in general consistent with government decentralization as presently conceptualized.

1.1. Decentralization has always been a universally accepted democratization and development strategy. It has been identified as a strategy of all administrations in the Philippines from the fifties to the eighties.

1.2. However, the implementation of such decentralization programs occurred within the context of a *bureaucratic culture dominated by a pervasive ethic of centralism*. The political system was, and continues to be characterized by a web of constituency patronage, kinship relationships, and family dynasties, considered by many to be paternalistic and authoritarian. Such bureaucratic culture has been reinforced by concentration of politico-administrative decision-making authority in Manila. Over and above all these is the fact that close to 75% of national revenues are generated in Metro Manila.

2.0. The implementation of any decentralization program has to take into consideration the *major actors* who may support or oppose its implementation, depending on their own anticipated gains or losses from the program. Based on previous decentralization programs of the government, among the major actors in the implementation of decentralization are the following:

2.1. *The Office of the President and the Cabinet*. As the primary implementing body of the government, the president and the cabinet by default perform a central role in the decentralization program, from program formulation and operationalization, implementation, monitoring and evaluation.

2.1.1. The functions of certain agencies of the executive branch are closely intertwined with the various levels of local governments in the delivery of basic goods and services to the public. Such agencies include the following: DENR, DLG, DA, DECS, DPWH, DCH, DOLE, and DOF. (Other agencies include the NEDA and

the COA.) The extent of implementation of decentralization *within* these agencies (also referred to as *deconcentration*) is an indicator of the agency's predisposition to devolve powers and authority to the local governments. DA and DDM continue to be conservative in terms of delegation of authority to their regional offices.

2.1.2. To a certain extent, some cabinet level agencies may be considered among the major losers should there be meaningful implementation of decentralization. This is a function of central agencies' natural predisposition to maintain power at the center and resist decentralization. Structurally, the top-heaviness of a number of such agencies (in terms of the presence of many undersecretaries and assistant secretaries) also naturally works against the forces of decentralization.

2.2. *Congress* plays a key role in operationalizing the constitutionally mandated decentralization policy through, among other things, passing a local government code. Several versions of the Code, including an administration-certified one, are pending in both houses. Among the salient provisions of the administration code are the implementation of full devolution after the term of the current administration, i.e., within 18 months. This includes secondment of national government personnel (with their eventual transfer) to the local governments. Also targeted for eventual transfer to the LGUs are funds, assets, records, equipment, and facilities of such national offices. Informed observers however believe that a code will not be passed by the end of the year. Congress is believed to be one of the major losers in the event that decentralization is fully implemented, hence their perceived non-enthusiasm in passing a local government code. The passage of a code essentially means the diminution of powers and authority of the members of the house at the district / provincial level in favor of the local chief executives, i.e., the governors and mayors, who in many cases are the political rivals (or potential rivals) of the members of congress.

2.3. If there are any winners in the game of decentralization, they will be the *local officials* at the provincial, city and municipal levels, i.e., governors and mayors. Meaningful decentralization means the devolution of substantive power and authority to such front-line local officials with the end in view of increasing efficiency, effectiveness and responsiveness in the delivery of basic goods and services to the people especially in the following sectors: peace and order (police), infrastructure, agriculture, health and other basic social services. In view of the perceived hesitancy of congress to pass a local government code, such local officials have organized themselves into a powerful lobby group (i.e., the League of Leagues) whose primordial objective is to demand the devolution of powers to the LGUs.

2.4. *Non-governmental organizations (NGOs) and People's Organizations (POs)* play a collective role in the implementation of decentralization. (In decentralization theory, reliance on NGOs is another form of decentralization, in addition to deconcentration, devolution and privatization.) Specifically, NGOs and POs can participate in operationalization of *accountability* at the local level in terms of monitoring the implementation of government programs and projects that will be delegated to the LGUs.

3.0. The *Administrative capability and absorptive capacity* of the LGUs to implement decentralization were operationalized in terms of the leadership, technical capability, organizational structure, and financial capability of the LGUs. A major problem concerns the continued centrist bias of the national government as reinforced by the centralized bureaucratic culture. A consequence of such a bias pertained to the lack of control by the LGUs over certain basic financial resources which to a certain extent hamstrung LGUs' technical and organizational capabilities. However, a *key factor* in determining the capabilities of LGUs pertained to the *leadership*. To a certain extent, such a factor can be evaluated on a case to case basis. Specifically, this means that if the leadership of the LGU is capable, variously operationalized in terms of its assertiveness, integrity, accountability, etc., then the operationalizing decentralization will not be as problematic as anticipated.

4.0. In order to prevent, or at least minimize corruption at the local level that may be a consequence of increased devolution of powers to LGUs, *existing mechanisms responsible for promoting accountability may be relied upon*. These include the COA, the local provincial / municipal treasurers (who continue to be appointed by the national government through the DOF, and the local legislative bodies, or the *sangguniang bayan*. Additionally, such mechanisms can be supplemented by *NGOs and PVOs* whose role in monitoring the implementation of government programs and projects should eventually be institutionalized.

5.0. In determining the principal agencies that would implement decentralization, what should be emphasized is the *participation of the local chief executives themselves* in the process, something that was overlooked in earlier efforts. An inter-agency committee / task force on decentralization may be constituted, whose membership will come from the various line agencies that may be involved in implementing decentralization. However, local chief executives should be given a key role in such through their interest groups such as the League of Provinces. Leadership in such a task force could be shared among the DLG, the DEN and the League.

6.0. Several criteria could be considered in identifying six LDPF provinces. These include the following: location, geography, province size, population, and income class. What should be emphasized though is that the selection of said provinces should be done in a participatory manner, involving as much as practicable, all concerned sectors in the selection committee.

7.0. The following may serve as policy and institutional indicators in measuring the progress of implementation of decentralization: the passage of a local government code, or portions of it such as the secondment of national functionaries to the LGUs; the signing of MOAs between provinces and certain national agencies; implementation of increased allocation for LGUs in the budget; institutionalization of the role of NGOs in the implementation of decentralization initiated projects, specifically in the monitoring stage; and increased efficiency of LGUs in their tax collection campaigns.

8.0. The LDPF, as it is presently conceived, is socially sound and timely, benefitting from a confluence of auspicious factors and congruent with the government's own executive and legislative agenda.

THE LOCAL DEVELOPMENT ASSISTANCE PROGRAM

A Social Soundness Analysis*

I. Introduction

The objectives of this study are two-fold: to provide a social soundness analysis (SSA) for the Local Development Assistance Program (LDAP) and to identify indicators for monitoring and evaluating the proposed assistance program.

The purpose of the SSA is to determine "whether the existing socio-political system, the patterns of political power and authority, and the Philippine culture are in general consistent with government decentralization as presently conceptualized." (PIO/T No. 398-0249-3-90084). It will thus entail an analysis of the social and political costs and benefits, of facilitators and impediments to decentralization.

Under the proposed LDAP, the United States Agency for International Development (USAID) will provide \$50 million to the Government of the Philippines (GOP) for its decentralization program. Emphasis is placed on "nationwide policy reforms leading to greater autonomy for LGUs (local government units) to increase their discretionary resources and effective level of decision-making authority."

Decentralization is defined as the "geographical dispersal of power and authority from the center to various points outside the center." (PCR 1984:31) One of the first acts of President Corazon C. Aquino after she assumed office in February 1986 was to constitute the Presidential Commission on Government Reorganization (PCGR). In reorganizing the bureaucracy, decentralization was deemed as a major guiding principle since, according to PCGR, decentralization "concretizes the government's avowed goal of democratizing power." (PCGR, 1986:20).

The PCGR further stressed that decentralization has three major elements: "the expansion of powers delegated to the regional, provincial, and municipal levels; an expansion of the financial resources available to the local executives; and the removal of controls (by the national government) on the management of local resources."

* Prepared by Dr. Sylvia H. Guerrero, Sociologist and Professor, U.P. College of Social Work and Community Development, and Dr. Alex B. Brillantes, Jr. Political Scientist and Director, Local Government Center, U.P. College of Public Administration

Decentralization can be implemented through four major modes. The first two operate within the framework of the government. These are (1) the delegation of authority by the central offices of national departments to their respective regional offices (regionalization or deconcentration); and (2) transfer authority from the national line departments to the local government units (local autonomy or devolution). The other two modes of decentralization are operationalized outside the ambit of government; these are (3) privatization and (4) reliance on non-governmental organizations (NGOs). Essentially, all four modes of decentralization aim to decongest (and relieve) the national government by the delegation of functions, powers and authority to lower level units, such as the local governments, or to the private sector.

Under the Local Development Assistance Program (LDAF), USAID will assist the GOP to enhance and expedite current and planned decentralization measures. The program calls for acceptable GOP performance on an agenda of policy adjustments and planned LGU capacity building actions as a necessary condition for the release of U.S. dollar tranches. Some of the more important agenda items will include "GOP efforts to enhance financial integrity at the local level, increased private sector opportunities to share in the provision of goods and services to rural communities, and sound environmental planning." (USAID, June, 1987).

II. The Social/Cultural/Political Environment of Decentralization

The issue of decentralization has long been a concern to both students and practitioners of public administration and national development. From the very beginning of Philippine political sovereignty, each succeeding generation of national public officials from President Roxas to President Aquino, has considered decentralization as the key mechanism to promote democratization in the public service. It is generally recognized by almost all governments, here and abroad, that democratization through decentralization and greater local autonomy fosters a more equitable allocation of powers, resources and services so that these can be rationally provided to traditionally neglected areas and groups.

Even the previous autocratic Marcos administration saw the inherent virtues in greater local autonomy and decentralization as evidenced by a number of decrees and programs ostensibly designed to enhance greater participation at the local levels.

Following the momentous February 1986 people's power revolution in EDSA and the advent of the present administration, *President Corazon C. Aquino made a vow before the nation to restore, rebuild, and strengthen democratic processes and institutions. Thus, towards this end, the 1987 Constitution enshrines local autonomy as a cardinal mandate to which the government commits itself.* Various acts and pronouncements of the Aquino administration since its inception have attested to the seriousness of this commitment. Now

as in the past, there has been no lack of enabling laws to advance the principles and ideals of decentralization. But especially in the present dispensation, with its resolve to expand democratic space in all areas, the environment for genuine local participation and decentralization has never been more auspicious.

Yet, as in the past, there remains certain deeply-rooted impediments or inhibiting factors that need to be overcome before the process of decentralization can attain a self-propelling momentum. Indeed, the political will is apparent, from the Constitution itself as well as from various presidential pronouncements and actuations.

Despite strong aspirations for greater local participation, the culture of Philippine bureaucracy has for decades been dominated by a pervasive ethic of centralism. And the political system, which has been characterized by a web of constituency patronage, kinship relationships, and the so-called family dynasties, may be considered as paternalistic and authoritarian. Furthermore, at both the national and local levels, may be found well-entrenched economic and political elites. It has been shown for instance, that for almost each of the 72 provinces in the Philippines, one or two families can be identified as exercising virtually uncontested political and economic control. The perception is that the national wealth is controlled by a few families.

Data also show that close to 75% of national revenues are generated in just two regions of the country the National Capital Region (i.e. Metro Manila) and Region IV which encompasses what have been identified as the high growth areas of CALABAR (Cavite, Laguna, Batangas, and Rizal).

It is then not surprising that from an environment marked by a high concentration of wealth and political power in the center and in elites, springs a culture of dependency that characterizes not only the citizenry at large, but also the bureaucracy. To push for decentralization and greater local participation in such an environment is a difficult task, for this means overcoming a socio-political milieu and culture that has evolved through many decades.

In such a setting, one expects an ambivalence expressed usually through reluctance or indifference in operationalizing the Constitutional mandate. This duality stems from a conflict between concretizing the political will to pursue local autonomy on one hand, and on the other, the tight network of interwoven interests and alliances designed to maintain power and control over one's perceived territorial and jurisdictional turfs. It is not normal for the center to abdicate hold on authority and power if decentralization is seen as the diminution of powers from the center, rather than as sharing these with the periphery (Brillantes 1989).

III. Participants in the Political System Enabling or Constraining Decentralization

A. Major Actors

1. The Office of the President and the Cabinet

At center stage is the President with her cabinet and the regional chiefs administering the affairs of the national government. As chief executive and administrator of a huge bureaucracy, the President plays the pivotal role, initiating policies for legislative action and setting priorities for national development.

The Aquino government has declared its commitment to deconcentrate national agency functions, devolve powers to local government units, and involve community organizations and NGOs at all levels of decision-making. The President is perceived to be a sincere advocate of decentralization, relentlessly pushing all avenues for greater democracy. This sincerity is attested to by a number of central as well as local government officials we interviewed. (A long-time Provincial Governor who has served many presidents from Manuel Roxas in 1946 to President Aquino, emphasized the latter's sincerity -- unlike former chief executives who paid lip service to decentralization but really moved to consolidate power in the center. As one author, referring to past efforts at decentralization, describes the situation, "*Central and regional institutions were created ostensibly to facilitate intergovernmental transactions, but they tended to become tools of control rather than service, of confusion rather than coordination.*" (Ocampo)

Towards the general end of implementing decentralization, the Aquino government issued a presidential Memorandum Circular No. 63 on May 30, 1988 creating a Pilot Decentralization Project. It also created the Cabinet Action Committee on Decentralization (chaired by the Secretary of Budget and Management, the Secretary of Local Government as Co-Chairman, the Cabinet Secretary as Vice Chairman, the Undersecretary of Presidential Management Staff as Secretary and the following as members: Secretaries of Finance; Agriculture; Public Works and Highways; Education, Culture and Sports; Labor and Employment; Health; and Transportation and Communications).

The Presidential circular creating the CACD defined the Committee's functions as follows:

- 1) In consultation with their respective Governors and Provincial Development Councils, formulate guidelines and implement decentralization projects in the four pilot provinces, namely,

Tarlac, Laguna, Negros Occidental, and Davao del Norte. A fifth pilot province Batanes, was later included by President Aquino after her visit to said province.

- 2) Ensure that consultation with officials and agencies concerned is undertaken in formulating the plans for decentralization projects;
- 3) Recommend approval of the appropriate legal issuances to implement the plans for the decentralization projects proposed by the provincial development councils; and
- 4) Submit a report to the President on measures on administrative decentralization that can be adopted by the executive branch.

The following is a discussion of each of these agencies within the context of their general role in the implementation of the decentralization. As will be noted, these are the very agencies whose functions in the delivery of basic goods and services are tightly intertwined with local governments, and hence with the overall implementation of decentralization. (Where data is available, the extent of deconcentration of the agency to its regional offices is pointed out to serve as a basic indicator of the agency's predisposition to eventual devolution of authority to the local governments.) [1]

The lead role in the CACD was given to the Secretary of the Department of Budget and Management (DBM). The regional operations function of the DBM is concerned with the implementation of the budget process in the regions. As part of the overall decentralization thrust of government, emphasis has been of the design and adoption of a regional budgeting system capable of medium term and annual investment planning and of evaluating specific funding authorities in relation to regional development objectives. Of the five major divisions in the DBM, three have functions and responsibilities that directly affect decentralization efforts. These are:

- 1) the Budget Operations Services, which provides technical direction to local government budget officers under its technical supervision;
- 2) the National Accounting and Finance Services takes charge of preparing advices of allotment and funding warrants to LGUs; and
- 3) the Management Services, which provides direction for LGU budget preparation, implementation and evaluation; monitors national agency compliance with delegated authority and functions; and establishes pay scales for municipal personnel.

The DBM, through the General Appropriations Act, establishes the official funding for the National Allotment to Local Government Units (NALGU) and approves specific projected targeted for project implementation. (The DBM is basically "conservative" in terms of delegation of authority to its own regional offices.)

The Secretary of the Department of Local Government (DLG) was named as the co-chairperson of the CACD. The DLG is the principal agency representing the President in its function of supervising and overseeing the operations of local government units. As the primary assistor of LGUs in developing their capabilities as effective partners of the national government within the general framework of local autonomy, the DLG serves as advocate and spokesperson for local government interests in the Cabinet, as well as in Congress. It has a vast organizational network, down to the barangay level, of offices and personnel which provides administrative and technical assistance to LGUs at various levels. (As far as decentralizing functions to its own regional offices is concerned, the DLG was rated by the JVOIEG as "moderate.")

The *Department of Agriculture* (DA) is the lead agency responsible for the promotion of agricultural development and growth through increased productivity. The DA has seven undersecretaries, with one responsible for regional operations. Throughout the country are the thirteen Regional Directors. (The DA has been considered "conservative in terms of delegation of authority to its regional offices.) The DA's Provincial Agricultural and Food Officers (PAFOs) and the Municipal Agricultural and Food Officers (MAFOs) operate side by side with the local government-supported agricultural officers (provincial agriculturists and municipal agriculturists) delivering basically the same agricultural functions to the same clientele. There is therefore a major interphase with the local governments in the agricultural sector, one that has spawned a number of problems including duplication, overlap, confusion among the clientele, and overall inefficiency in the delivery of such services.

The *Department of Education, Culture and Sports* (DECS), the agency responsible for the formulation and implementation of a national education plan. The country has been geographically divided among the four undersecretaries, with each undersecretary responsible for the supervision of a group of regions. (The DECS is considered general "moderate" in terms of the delegation of authority to its regional offices.) Local governments have no supervisory authority over public schools, state universities and colleges. Hiring and assignment of teachers and other school officials remains a prerogative of the national government through the superintendent of schools.

The *Department of Public Works and Highways* is the engineering and construction arm of the government. The DFWH has fifteen regions throughout the archipelago. Three of the five undersecretaries handle regional operations for the Department. To a certain extent, public works as a sector has been in the forefront as far as implementation of decentralization programs in the pilot provinces is concerned. Each pilot province has been allocated some 120 million pesos, 100 million of which was for the implementation of various infrastructure

projects. Thus the DPWH was thrust into a lead role as far as the pilot provinces concerned. (Even beyond the pilot provinces, the DPWH remains one of the more liberal agencies in terms of the delegation of authority to its regional offices.) However, like the education sector, the basic infrastructure functions of the DPWH are duplicated at the provincial and district levels by the DPWH's district engineers and the provincial governments' provincial engineers. It is necessary to clearly delineate the functions among such offices, or even consider merging them.

The *Department of Health's* (DOH) mission is the promotion, protection, preservation and restoration of the health of the people through the provision and delivery of health services and through the regulation and encouragement of providers of health goods and services. The DOH has five undersecretaries and four assistant secretaries. As part of the DOH's regionalization thrust, a Committee on Decentralization headed by an assistant secretary was created. (The DOH is still conservative in terms of delegation of authority to its regional offices.) As is discussed elsewhere in this report, the leadership of the DOH strongly feels that decentralization should be implemented when the absorptive capacity of the lower levels is guaranteed.

The *Department of Labor and Employment* (DOLE) is the agency generally responsible for the promotion of gainful employment opportunities, advancement of workers' welfare and promotion of industrial peace. Through the Bureau of Rural Workers, the DOLE interphases with LGUs in the preparation of census of rural workers seeking employment. Interphase with LGUs is also enhanced through the various Public Employment Centers (PEC) usually located in the provincial and municipal capitols. (The DOLE is considered liberal in terms of delegation of authority to its regional offices.)

The *Department of Finance* (DOF) is mainly responsible for implementing national policies relative to local authority to raise revenues. Supervision of all aspects of local government finance is done through the Bureau of Local Government Finance (BLGF). This includes technical supervision (of all local government treasurers and assessors who are appointed by the DOF Secretary and supervised by the DOF's BLGF), financial data base management, project financing (e.g., administration of municipal development fund) and property tax system development. (Initially considered as "conservative" in terms of delegation of authority to its own regional offices, the BLGF has become "moderate.")

Although not formally in the CACD, the NEDA, because of its decentralization concerns primarily through regionalization, participated in some CACD deliberations. NEDA plays a pivotal role in the regional development councils (RDC) with the NEDA Regional Executive Director as Vice Chairman of the RDC, providing the council with secretariat and technical support. In addition, NEDA regional staff also gives technical support to the provincial, city, and municipal development councils. NEDA also assists in strengthening other regional institutions in support of local governments and measures fostering local autonomy.

Finally, another agency that is concerned with local government activities primarily through auditing procedures is the Commission on Audit (COA). All transactions (including contracts, general fund transactions) of local governments are audited by COA regularly. There are resident auditors in each province and city. Field auditors are posted at the provincial level to review municipal transactions.

A Note on the Dynamics of Operations of the CACD

The paternalistic attitude and centrist bias of central government are clearly evident in the functions and composition of the CACD. One would expect that a top level committee on decentralization will include in its membership representatives of the LGUs or members of the organized Leagues so that their interests will be articulated.

Parenthetically, to further illustrate the centrist bias of the national government in implementing decentralization measures, it might be mentioned that a proposal was made by the Office of the Cabinet Secretary was to hire center-based consultants to develop policy guideline, draft implementing rules and manuals of operations for decentralization: the idea was to have all of these tasks done by consultants under what was ironically labelled the "Central Coordinating Committee on Decentralization." The proposed members of the CCCD: DOF, DEM, DOST, NSC, CSC, CPWH, DLG, NEDA, DOH, PMS, NTRC. Interestingly, as in the case of the CACD, no locally based elected official, e.g., governor or mayor, was identified as a member of the group that was ironically going to decide on the decentralization futures of such local officials. To a certain extent, this has been a repeated oversight of such interagency committees.

However, it should be noted that within the CACD and in the Cabinet are advocates for decentralization. The Undersecretary for Local Government is a vocal and vigorous advocate, who passionately articulates the perspective for decentralization, knowledgeable in the principles and dynamics of decentralization programs. He expresses optimism and confidence in the LGUs executives and personnel. He is fairly confident that given adequate support systems and opportunities, the LGUs will overcome initial difficulties, and will learn from their mistakes and gain the necessary skills and competence as they proceed.

The DOF Undersecretary is another notable advocate within the CACD. He assumed the lead role in putting together an official position paper "Implementing Decentralization and Local Autonomy" (April 18, 1989) which summarizes the framework, methods, and proposed appropriations mechanisms for local autonomy.

(Further discussion on the dynamics within the CACD will be made in the following section on "Power Configurations and Protagonists in Decentralization," Central vs. Local Officials.)

2. Members of Congress

The Legislative arm of the government plays a strategic role in translating the administration's policy wishes on decentralization into enabling acts which set the legal framework for operationalizing decentralization programs.

In July 1989, President Aquino sent to Congress a revised Local Government Code of 1989 embodying the local autonomy provision of the 1987 Constitution. She certified it as an urgent administrative bill, thus sending a strong signal that the proposed bill on local autonomy constitutes a policy centerpiece of the Aquino administration.

There are currently several versions of the local government code pending in both houses. Prominent among these is Senate Bill 155 under the principal sponsorship of Senator Aquilino Pimentel, himself a former local chief executive as mayor of Cagayan de Oro City. At the house of representatives, there are House Bill 2073 (sponsored by Congressman Ciriaco Alfelor of Camarines Sur), House Bill 24980 (Hilario de San Pedro of Cotabato) and House Bill 26461 (sponsored by Celestino Martinez Jr. of Cebu). Alfelor and de San Pedro sponsored their respective local government codes during their incumbency as chairpersons of the House Committee on Local Government. Martinez is the incumbent chairman.

Both Senate Bill 155 and House Bill 24980 contain identical provisions specifically on intergovernmental relations. Among other things, the local chief executive may exercise administrative supervision over the personnel of an executive department, agency, office or instrumentality of the national government who are assigned to the locality. Additionally, there is the provision that requires certain national line agencies, within 18 months from the effectivity of the code, to formulate their respective decentralization programs transferring certain powers and functions to local governments units. Exempted from such are the Departments of Local Government, Justice, Foreign Affairs, Finance, National Defense and the Armed Forces. The administration bill also exempts the Department of Agrarian Reform.

House Bill 2073 is co-sponsored by 30 members of congress. In addition to Congressman Alfelor, they include Congressmen Dans, Chaves, Adasa, Estrella, Fuzon, Acosta, Tirador, Agana, Lacson, Matti, Ecleo, Ty, Garcia, Garin, Singson, Loreto, Aquino, Bakunawa, Respicio, Almario, Dragon, Teves, Dureza, del Mar, Unico, Zubiri, Romero, Payumo and Monfort. The bill simply embodies the various provisions of existing laws governing local governments, and does not address some fundamental concerns of intergovernmental relations, specifically between national and local governments.

A Local Government Code Enacted by 1990?

There have been observations that a local government code, inspite of its being certified as urgent by the President, may not be enacted by the end of the year. Various reasons have been identified including the number of bills under consideration; although there is only one pending bill in the senate, there are three thick versions pending in the lower house, including a number of subsidiary bills which must be consolidated during the committee hearings. Then, there is the observation that the delay may be a result of the infighting among the house members who want to get credit for the passage of the bill. If ever a local government code is passed by the house, many local officials are sceptical that it will indeed contain meaningful decentralization measures; at best, many expect a watered down version of the code. There is the bottom line observation that a local government code containing meaningful decentralization measures will never be passed by the members of the house because that will mean a diminution of their powers and authority (and stature) at the district level, in favor of the the local chief executives (the governors), who in many cases are their political rivals in the province.

3. Local Officials at the Provincial, City and Municipal Levels

LGUs are perceived more as recipients of decentralization benefits, rather than as main actors or participants in the process of moving towards a more autonomous system of local governments. This perception is manifested in various committees and task forces created at the national level (like the CACD and the proposed CCCD) to operational rules and guidelines, whose composition invariably exclude LGU officials as participant members. In most cases, the LGU's role in such interagency bodies is limited to invitation for Governors or their representatives to present their views on proposals contained in pilot decentralization programs.

For their part, the LGUs have organized themselves into an assortment of leagues to essentially act as advocates for the implementation of meaningful decentralization.

- 1) League of Provinces with Camarines Sur Governor Luis R. Villafuerte as President;
- 2) Municipal Mayors League with Renato U. Reyes, mayor of Bongabon, Oriental Mindoro, as President;
- 3) League of Cities, headed by Quezon City Mayor Brigido Simon;
- 4) League of Vice Governors and Vice Mayors, led by Oriental Negros Vice Governor Pelagio Villegas, Jr.;

- 5) Provincial Board Members Association with Cebu Provincial Board Member Antonio Garcia de Escano, as President; and
- 6) League of Barangay Councilmen led by Amanda Zabala of Quezon City.

These leagues held a National Congress on Local Autonomy on October 10-11 on the theme "An Alternative Vision for the 1990s Through Local Autonomy". More than 2,000 members of the leagues participated in the two-day conference cum workshops held at the FICC and the Folk Arts Center, and the proceedings were widely covered by media networks. A set of resolutions covering local autonomy, poverty alleviation, economic recovery, peace and security, environmental issues and moral and cultural renewal was drafted and adopted by the Congress.

Additionally, the leagues declared that if legislature fails to enact a meaningful local government code by the end of the year, they will take their case to the people and take advantage of the initiative provision in the constitution to enact their own version of a local government code. Such a proposed code, which was hammered out during the national congress, essentially addresses the basic concerns of administrative, financial and planning autonomy.

A tactical alliance appears to have been forged with the federalists group spearheaded by Senator John Osmena which will push for a constitutional amendment in 1992 to adopt the federal forum of government.

In our interviews of key local government authorities during the Congress, it became evident that one of the most articulate and assertive advocate and spokesperson for local autonomy is Governor Luis Villafuerte, former Cabinet Secretary and former Chairman of the Presidential Commission on Government Reorganization. There are those who see the Villafuerte initiated moves as "politically motivated" in the sense that such a movement will serve as a major stepping stone for higher office in the coming 1992 elections.

4. Non-Government Organizations (NGOs), People's Organizations (POs), and Community Organizations (COs)

NGOs and POs constitute still another collective actor that can play a major role in decentralization. At present, NGOs are represented in the regional and local development councils. They have also been tapped earlier to monitor the government's Community Employment Development Programs (CEDP) and have been helpful in identifying bottlenecks and formulating solutions to problems in implementation. The Philippine Medium Term Plan (1987-1992) has identified at least three key roles for NGOs, namely:

- 1) advocacy role in raising issues and indentifying solutions as well as articulation of people's needs and aspirations;
- 2) strengthening the delivery mechanisms to ensure better coordination and more focused targetting of priority groups; and
- 3) programs / projects identification, implementation and monitoring.

The recent "explosive growth of NGOs" has been noted by various writers (see M. Cernea, 1988). One estimate puts the number of NGOs in the Philippines, as of 1987, at about 20,000 (Hoffman, et. al., 1988). Other estimates are even higher, if NGOs are losely defined as all private voluntary organizations. However, if we limit the definition of NGOs to development-oriented organizations, the number could be considerably much less, between 200 to 300.

The oft-cited comparative advantages of NGOs include their capacity to do the following: 1) reach the rural poor and outreach inaccessible areas; 2) promote local participation; 3) operate at low costs, and 4) innovate and adopt (Cernea 1988).

According to Gaston Ortigas of the Asian Institute of Management, the 1986 people's power which dismantled the Marcos dictatorship has placed on NGOs the "unique set of demands" for them particularly to get involved in the task of economic recovery and social reforms. Thus we now find NGOs actively engaged "in advocacy of social reform legislation and human rights ... mobilizing communities for registering land ... initiating and managing livelihood projects ... delivery of health services, assisting rebel returnees, acting as channels fo multilateral and bilateral aid, ... and in campaigns for ceasefire." (Partnership ... Proceedings 1988:91)

Thus, decentralization offers major opportunities for NGOs and FOs (as NGOs working for themselves) participation, as appropriate administrative support mechanisms for managing local level development. They provide an effective link between the very poor grassroots communities and the formal local administration, and in the case of the FOs, they can very well articulate the needs and the problems of those at the grassroots.

From the foregoing discussion on the major set of actors involved in the government's thrust towards decentralization, it appears that three major groups (the Office of the President and the Cabinet; the Congress; and the LGUs) constitute the main contending forces that will eventually determine the shape, extent, character, and direction of local autonomy and decentralization in the Philippine bureaucracy. Caught amidst this vortex of alliances, accommodations, and divergent interests and views is the fourth group, presumably representing clientele citizenry, viz. The NGOs, FOs and COs, who have multiplied their numbers since the expanded democratic space after the EDSA revolution, but who have yet to flex their collective organization and institutional muscles.

B. *Power Configurations and Protagonists in Decentralization*

1. Congress vs. LGU Officials

As suggested earlier, an anticipated, and perhaps inevitable consequence of the move towards decentralization is the conflict between members of Congress and their counterpart LGU executives from the same province or district who have overlapping or basically share the same constituency. The competition or rivalry for constituency loyalty becomes more intense especially in cases where the Congressman and the Governor from the same province do not belong to the same political party, or worse, are not in good terms. In instances such as this, and there are bound to be many, the position of one on a particular decentralization issue, especially if hotly debated, is most likely to be met by the other with an opposite view, regardless of the intrinsic merits of a proposed decentralization measure.

Constituents customarily expect elected officials (congressmen or LGU executives) to deliver goods and services that personally benefit them and their communities. Congress' pork barrel funds have been historically the main sources of their largesse, and the Congressman's ability to deliver the goods and services to the constituency he represents. Thus, confining Congress to official lawmaking function is likely to adversely affect their constituents' perceptions of their performance and give the edge to local executives. On the side of the local executives, being province-based (or municipal based as the case may be) and in the frontline of program implementation and execution in his home base, the LGU executive will receive the constituent's gratification credits for these accomplishments which, during election year, easily translate into votes. The other side of the coin, of course is that, as front line officials, if the LGU official does not deliver, he is at the receiving end of the people's scorn. Translated in political terms: he is not re-elected. But how can he deliver if he is not vested with adequate authority? Thus is the source of frustration of many local chief executives.

Quite understandably, such a situation puts pressure on both Congressmen and LGU officials to obtain credit for benefits delivered to their constituents. Thus, members of Congress while openly professing the value of decentralization may not be expected to be enthusiastic in pushing for the passage of a bill which would facilitate the devolution of power to LGUs, especially if this includes fiscal and disbursing authority, since this would then strengthen the electorate's image of the LGU executive, while correspondingly diminishing that of the Congressman's especially if the latter has been deprived of his traditional slice of the pork barrel.

The fundamental value and rationality of the decentralization thrust and measures have not been openly challenged at all. In fact, its positive contribution to democratization and national development has been emphasized in various public fora, especially if covered by media. One congressman (Rep. Eduardo Pilapil, Camarines Sur) avers that most members of Congress are avowedly supportive of the local autonomy proposal certified as urgent by Malacañang. (As mentioned earlier, three complete - and thick - versions of the Local Government Code await action by the congressional committee on local government.) But the general perception is that most members of Congress are equally reluctant or are not too eager to see its immediate enactment.

The reasons for the delay in enactment are perceived by the LGUs to be partisan and narrowly political (e.g., the losers in the last election "do not want to see the victorious political opponents of their relatives and allies benefit from decentralization." Moreover, autonomy is expected to diminish their customary sphere of influence, a possibility which Congressional representatives are not in a hurry to help realize.

Another governor (from Eastern Samar) expressed disappointment over the "foot-dragging in Congress on the local autonomy issue: "While no Congressman would publicly oppose local autonomy and decentralization, no one has either vigorously pursued its enactment."

Governor Villafuerte also adverts to other "covert detractors" of local autonomy. He identified some of them as those who have vested interests in maintaining the current centralized system, who may pay lip service to policy of decentralization but whose practices and actions belie their words.

Some informants noted recent orders and other official issuances which tend to derail decentralization:

- 1) A recent presidential directive removing the Governor / LGU representative from membership in the Pre-Qualification Bids and Awards Committee (PBAC); thus, only congressmen (or their representatives) now sit in the Committee to review bids or awards for contracts. According to the one informant the DPWH was instrumental in getting this order signed. It is alleged by the governor that the DPWH is beholden to Congress, since they have the power to approve or disapprove appropriations.
- 2) E.O. No. 366 (August 8, 1989) amending E.O. No. 308 which also amended E.O. 318. This creates a Regional Development Assembly (RDA) (to replace the Regional Consultative Assembly as originally stipulated in EO 308) in every region of the country and will be composed of: (a) All provincial governors and city mayors in the region; (b) All congressmen and women from the region and senators who opt

to join the RDA when so authorized by their respective chambers; (c) Chairperson of the RDC; and (d) Two RDC members representatives of NGOs to be nominated by the RDC. The RDA shall serve as forum for the review and validation of the annual and multi-year infrastructure programs which require appropriation of national government funds, as recommended by the RDC. The obvious purpose of the amendment was to enable members of congress to become members of a region-wide body, and to enable them to control a majority in such a body. Members of congress were disadvantaged in the RDCs as originally constituted, hence this amendment. One member of congress actually said that this was precisely why the RDAs were constituted.

Thus, the RDAs as constituted puts Congress representatives in the majority in all regions except two. (See Table One.) The RDAs have not convened at all and there are indications that the local executives will not be cooperating in this body and may be resigning from these newly-constituted assemblies.

Table One
Composition of Regional Development Assembly (RDA)
(As Provided for in EO 366 amending EOs 308 and 318.)

REGION	RDC MEMBERS			CONGRESS	MEN/WOMEN	TOTAL
	Governors	City Mayors	PVO/NGO Reprs.*			
I	4	3	6 (2)	12	25 (21)**	
II	5	-	8 (2)	10	23 (17)	
III	6	5	9 (2)	18	38 (31)	
IV	10	8	9 (2)	24	51 (44)	
V	6	3	7 (2)	13	29 (24)	
VI	6	8	9 (2)	17	40 (33)	
VII	4	9	8 (2)	15	36 (30)	
VIII	6	3	8 (2)	11	28 (22)	
X	7	7	8 (2)	14	36 (36)	
XI	5	2	7 (2)	14	28 (23)	

* Under EO 366, the NGOs are allocated only two seats in the RDAs. This effectively enables members of congress to be the majority in 8 out of 10 RDAs.

** Total if only 2 NGO/PO reps

Source: Table based on data obtained from NEDA, 1989

A major complaint raised by local executives especially among governors - has centered on the practice of realigning budgets already approved in the General Appropriations Act. Specifically, the budget provides that "the realignment shall be made upon the initiative and consent of the Representative of the district

concerned." To the disgust of many governors, such a prerogative has enabled members of congress to realign (or transfer) capital outlays and public works projects at the district level. According to Villafuerte, this is a direct violation of the basic principle of separation of powers between the legislative and executive branches of government and thus constitutes a form of subversion of local autonomy, it being the "most insidious assault on local autonomy:"

This provision, not found in any appropriation measure since the advent of self-government in our country, violates the separation of powers between the executive and legislative branches of government, constitutes an undue delegation of powers to a single person in every political district without any objective standard for exercise of those powers, and destroys the policy of the President enunciated in various executive orders. (Quoted in We Forum September 22, 1989:3,4) The Declaration of Common Accord of the the League of Leagues on June 1989 decried precisely such a practice:

xxx (ii) If "budgetary aids" find their way into the Annual General Appropriations Act, Central Government functionaries, *including legislators who have no executive functions, determine the selection and prioritization of projects, or intervene to impose their favored contractors in the implementation of local projects that enjoy the patronage and blessings of partisan political interests.* (emphasis supplied)

In examining the anticipated consequences of decentralization, serious consideration should be made as to the existing political alignments and alliances in the provinces and the districts, notably between the congressmen and the governors.

2. Central Government Officials vs. Local Government Officials

Not all Cabinet officials including those who are members in the CACD are enthusiastic over the prospective devolution of powers to LGUs.

As current power holders and power wielders, central government officials in the executive and legislative branches, indeed stand to lose initially in the decentralization process. Although decentralization as a strategy that promotes democratization and people's empowerment is accepted in principle, the transition from a centralized to a decentralized system is a difficult process and resistance and obstacles are to be expected.

Involved in the process is a change in the power system. Those at the top are bound to relinquish some of the authority, power and responsibilities heretofore enjoyed. This can be viewed either positively (as in deconcentration leading to efficiency leading to responsiveness of government which leads to effectiveness, leading to greater democratic participation and to greater stability, etc.) by those with a definite development

orientation and vision, or long term objectives that will compensate for initial disruptions in the functioning of a system or by those whose stakes in the position (e.g., Cabinet Secretary) etc. are not permanent or entrenched. Or negatively by those with interests and political futures to protect and preserve. This is the case with congressmen in the earlier section who have to use current political capital to win in the next elections.

The pace of CACD work and the progress of regionalization and devolution efforts of the line agencies reflect the covert, if not outright intransigence of the agencies, particularly in complying with agreed upon direction and formulating/signing MOAs between the line departments of the national government and the LGUs. A limited number of accomplishments has been reported by CACD such as: a completed framework of the decentralization project, research on local autonomy, drafting Memoranda of Agreements (MOAs) and bills, monitoring developments in the agencies. An analysis of the CACD minutes of meetings indicates the following:

- 1) The need to hasten decentralization in light of LGUs' clamor for local autonomy. The LGU pressure is a legitimate and significant dimension since this is, in a sense, a power game being played where the dominant players are the national department officials with a strong stake in preserving the status quo.
- 2) The CACD and Its Decentralization Orientation

The status reports prepared by the FMS on the decentralization pilot provinces reflect, in very subtle terms, the dominant orientation of line departments. For instance the report states: "In answer to the governors' clamor, the CACD was able to allow the four pilot LGUs to implement provincial budgets without prior approval from DBM, fill up existing vacant positions, etc." (emphasis supplied)

The pace of decentralization varies by departments. Studies undertaken in 1988 by the DBM and the FMS as well as the JVO/DWF in 1989 showed a liberal DFWH, a conservative DA and DOH, moderate to liberal DECS and a conservative to moderate BLGF-DOF and DLG, in terms of their alacrity in implementing decentralization measures in the following areas: local fiscal and financial administration, personnel administration, and general administration. The assumption of the JVO/DWF study is that "the more decentralized and regionalized a department is, the more predisposed it would be to initiatives towards local autonomy."

DOH's Secretary Bengzon, in the initial CACD meetings, raised the issue of LGU preparedness, since he believes there are "risks involved in empowering people as a result of devolution." DOH has a position paper prepared on devolution which DEM, whose Secretary chairs CACD, has listed a number of initiatives toward decentralization.

Clearly reflected in the above functions and composition of the CACD is the tendency to give administrative decentralization (or deconcentration) greater emphasis than devolution. It appears ironical, if not altogether odd, that a top level committee on decentralization does not include in its membership a single member of the League of Governors or Mayors.

Alluding to the point that decentralization need not be viewed as a relational phenomenon between national and local governments, Laguna Governor Felicisimo T. San Luis in a position paper submitted to the President, stressed that "local autonomy means freedom of local government to manage their affairs without intervention from or control by the national government."

Despite the omission of LGU membership or representation in the CACD, it is clear that due in large part to Presidential priority, the CACD play a key advocacy role which will chart the pace and direction of decentralization. With coaxing from the Office of the President, the CACD is expected to perform and deliver: targets and deadlines are set, and often met. Thus far, meetings have been held regularly -- a total of 12 meetings from June 1, 1988 to August 28, 1989.

IV. Socio-political Systems Preparation for Decentralization

A. Analysis of Local Government Units' Various Capabilities

One of the recurring concerns raised by national officials pertains to the capabilities, variously referred to as administrative capability and absorptive capacity, of the local governments in implementing decentralization. There is the perception among such officials that the people (at the local level) who are to be entrusted the responsibility or delegated authority are not yet ready to receive such. During discussions at the CACD, one member "raised the issue on the proper timing or on the preparedness of such an important undertaking considering the risks involved in empowering people as a result of devolution." Such risks also include, among other things, graft and corruption at the lower levels.

The other dimension of capability pertains to the LGUs' ability to financially support the national department officials under their jurisdiction. Specifically, this means paying for the salaries of such officials. One member of the CACD believes that if powers over national department officials deployed to the local governments are to be devolved to the LGUs, then the LGUs should pay for their salaries, the operative principle being "he who appoints pays." To a certain extent, invoking such a principle subverts the very spirit of decentralization and local autonomy: the very reason LGUs do not have the financial capacity to support the salaries of such officials who may be deployed to the localities is their lack of control over certain basic financial resources. It is within this context that local decentralization and autonomy should be implemented as a package with the following basic components: administrative, financial and planning autonomy.

The logical question that now follows pertains to the extent of capabilities of such local government units.

Indeed, LGU capability is another popular theme in the decentralization literature. The assumption is that the long years of central government dominance in governance has left LGUs undeveloped. Thus, organizationally, LGUs may not have the capacity to discharge functions and responsibilities that have heretofore been the main roles and concerns of central government. It is imperative therefore, to assess and determine "the administrative capability of local governments for the exercise of more powers, the assumption of greater responsibilities and discharge of increased functions."

Quite evident is the tendency of the national government to assume the responsibility of "tutoring" LGUs through creation of task forces and committees that will formulate guidelines and implement rules and procedures for all possible types and forms

of decentralization measures ordered or enacted. While these tasks are necessary to ensure smooth implementation, the paternalistic attitude shows through the propensity of central government to entrust these functions to a committee composed mainly of persons at the top of the bureaucracy, who occupy many other positions. As cited earlier, there was a proposal to hire center/Manila-based consultants to develop policy guidelines, draft implementing rules and manuals of operations, work schedules etc. for decentralization and have all these tasks managed by a "Central Coordinating Committee for Decentralization." The contradiction is immediately apparent in the proposed committee name. The reluctance to "let go" on the part of the Center is not difficult to understand. This same paternalism has been noted in studies and experiences of other countries.

Rondinelli and Nellis (1986:15) point this out:

The studies reviewed reveal a kind of schizophrenia in developing countries about the desirability and feasibility of transferring powers and responsibilities away from the central government. That is, local administrative units have been given in theory broad powers to perform development planning and management functions, but adequate financial resources and qualified personnel to carry them out have been almost always withheld. In some countries, devolution has involved a transfer from the central to the subnational level or levels, of the capacity to tax or otherwise raise revenues. In most cases, these powers have been severely circumscribed and limited.

In a number of Asian countries - India, Pakistan, Sri Lanka and Malaysia - national governments officials proved unwilling to give local administrators discretion in carrying out local development functions, thus demonstrating their centrist bias. Even in the areas where Pakistan's IRDF was successful, the support and cooperation of the national departments remained weak. ;

Interviews with a number of LGU executives validate these findings. Initial laughter greets the question on local capability, followed by a presentation of evidence of local capability. Some typical responses:

Quezon Governor Rodriguez, who chaired the League of Leagues Convention as chairman of the Leagues' steering committee, avers that the qualifications of locally elected officials now compared with the past have improved significantly. Apart from having a large percentage of professionals who have

been elected in the last polls, we also now find very committed men and women in government -- a consequence of the 1986 EDSA phenomenon. Governor Villafuerte supports the view and further contends that today's "competent and visionary leadership" can contribute immensely to national goals, given much easier access to resources. Adverting to "less gifted areas", Villafuerte opines that "local autonomy will put citizens under increasing pressure to either hire, or elect, more and more competent leaders and managers".

Camarines Sur Governor Villafuerte, one most articulate spokesperson of the League of Leagues for local autonomy, reacts strongly to the view that LGUs are unprepared for the many responsibilities that decentralization will thrust on their shoulders. He labels it as an excuse "reminiscent of our colonial days when our bid for immediate and outright independence was stymied by the charge that Filipinos were not ready for it." He considers it "invalid in the days of Quezon and Osmeña" and even "more vagrant when applied to the situation of local governments today."

Indeed, a cursory look at the basic qualifications among the city mayors of the Philippine reveals that close to 85 percent are bachelor's degree holders (of which over one-half are lawyers.) Other indicators of capability may be evidenced by the fact that most of the LGUs have prepared their respective socio-economic profiles and local development plans which identify the specific projects that the community wish to accomplish if they had the necessary resources.

Do the LGUs have the organizational capacity to undertake functions that are now centralized?

The League of Leagues' Declaration of Common Accord reacts strongly to central government's treatment of LGUs as "colonies of central government". To them, this is a "conditioned reflex of most of the country's national leadership to keep alive colonial bigotry" so that control over them can be "perpetuated in a most patronizing way".

Putting forth a vision for the 1990s and beyond, this calls for more "equitable dispersal to the provinces, the less urbanized chartered cities, the municipalities and the barangays, of infrastructure development, industry and investment, livelihood and job opportunities, investible equity capital and credit."

Based on studies conducted by the UP Local Government Center, it is possible to rely on some basic indicators in assessing administrative capabilities and absorptive capacities,

namely (1) leadership; (2) technical capability; (3) administrative / organizational capability; and (4) financial capability. Recently, the UPLGC assessed the administrative capabilities of two selected provinces (one first class and the other, fourth class), in terms of the provinces' capabilities to implement the following basic services: agricultural, health and infrastructure. Using the above criteria as basic indicators, the study concluded that in the area of administration of agricultural and infrastructure services, the "provincial government can effectively administer large-scale programs and projects if given the necessary funds or financial resources." In the area of administration of health services, local government units have limited capabilities in terms of the abovementioned indicators.

However, local governments are generally confident that they are capable of taking over national programs - including agriculture, health and infrastructure - of the corresponding funds are transferred to them. Such confidence in their own administrative capabilities was also resoundingly expressed by the various leagues of local officials - provincial governors, vice governors, mayors, vice mayor, members of the local legislative assemblies and even barangay officials - during the first national congress on local autonomy.

Leadership is indeed a key factor in determining the administrative capacity of local governments. A basic concern is the extent the leader able to exercise his own powers of persuasion over the heads of the various departments in the locality, inspite of the absence of some legal / formal authority over such. If the LGU does not have a strong and assertive local chief executive, such a situation can be compensated for by institutional mechanisms and structures that will serve as support systems to the local executive. The question is whether such institutional mechanisms to support the leadership are in place at this point. The answer is "not yet" since many of the national department officials deployed in the local levels owe their ultimate loyalty to the national government, i.e., the regional director of the agency or even the secretary himself. Thus we still have local chief executives who perceive themselves as figureheads in the municipality. Hence, there is the persistent demand among local chief executives to have at least administrative authority over all national field officials deployed in their locality.

To a certain extent, such a situation is addressed in the administration's proposed local government code (section 22) that provides that within a period of 18 months after approval of the Code, national departments shall take measures for the full implementation of decentralization programs that would include the transfer of responsibilities, authorities, powers and functions to LGUs over appropriations and funds, records, equipment, facilities, and personnel, among other things. This would apply to all national departments operating in the area except the Departments of Local Government, Justice, Finance,

Foreign Affairs, Agrarian Reform, and National Defense, and the Armed Forces and the Central Bank, proposals to second heads of national departments to the local chief executive.

The proposed local government code gives some reason to be optimistic in terms indications that there are moves towards the general direction of providing such support mechanisms. If the national government does provide such mechanisms, then the local executives will take the initiative, and demand for such, as they have done in the recent national congress on local autonomy.

As regards the criterion of organizational structure which is very much related to the leadership, not all local governments have a full staff complement, mostly because they are unable to attract qualified personnel to fill in the various available positions in the local government. (As in the following factor, the bottom line here pertains to the LGU's control over financial resources, including revenue raising powers.)

Control over financial resources. A common response we had when asked whether or not they have demonstrated capability to control financial resources pertained to the fact that "how can such capability be demonstrated when they have not yet been given the opportunity to do so." In other words, not enough financial powers have been devolved to them yet. According to Undersecretary Kalaw of the Department of Finance, "out of the total funds spent by the government in the average region, less than ten per cent is under the final control of local officials."

According to the Declaration of Common Accord among local chief executives, "the taxing powers granted to the LGUs under the Local Tax Code and the Real Property Tax Code are exercises in tokenism: LGUs continue to rely on the central government for up to 90% of their incomes." League members decry the intervention of members of congress in the identification, selection and prioritization of projects.

Planning capability. Most local governments have been asked to prepare a (1) socio economic profile and (2) local development plan. In such documents are identified the various capabilities, and plans of the local governments.

What is the LGUs' capacity to plan and implement development projects?

This question was addressed in the *Local Autonomy: Myth or Reality* paper cited earlier. It was argued that in order to strengthen the LGUs' planning autonomy, the local development council (more specifically the provincial development council at the provincial level, and the municipal development council at the municipal level) should be given increased authority to prioritize and decide on development programs and projects in the area. As it is now, such development councils do not have such authority hence rendering it weak at the local level, inspite of the issuance of EO 318 (Providing for the Reorganization of the

Regional Development Councils, Nov. 5, 1987) and EO 319 (Providing for the Reorganization of the Local Development Councils, Mar. 4, 1988). Development Councils essentially remain as coordinative bodies without any substantive authorities and budget to significantly implement development plans in the region.

Thus, as presently structured and constituted, the local development councils remain weak in terms of capacity to implement development programs and projects. However, from a socio-political perspective, the role of the local development councils as mechanisms not only for coordination and exchange of information, can be appreciated. At least, there is a mechanism whereby attempts are made to coordinate and integrate plans and programs implemented in the area.

B. Corruption and Decentralization

The pervasiveness of graft and corruption in the Philippines and in other parts of the developing world has been recognized by scholars, journalists and citizens alike. Some view it as a cancerous social malady that needs to be excised radically. Others have veered away from the current thinking of corruption as an unmitigated evil and have considered some of its positive consequences (e.g., its redistributive role, its use as "substitute for violence", or as an "alternative means of interest articulation" or "an alternative means of doing business". See Carino's (1986) discussion of the revisionist views (pp 164-170). Other researchers have revealed the popular acceptance of corruption as a "fact of life" in the Third World (See Carino: 72).

Philippine researchers have identified the forms/types and purposes of bureaucratic corruption in at least three types of government agencies: revenue-generating (e.g. BIR of the DOF), revenue-spending (e.g. Dept. of Public Works and Highways or DPWH) and regulatory agencies (e.g. Board of Transportation). The most common forms are bribery, nepotism and graft. Bribery is resorted to get faster service, or as a prerequisite for delivery of such service, to reduce assessment of income taxes or to allow undervaluation of imports or exports. In the DPWH, bribery is the most common form of bureaucratic corruption. Bribes are offered for a whole range of favors -- access to critical information for bidding, seeking lenient supervision for the construction job, getting favorable assessment for the quality of materials used, etc. (See Alfiler in Carino 1986: 33)

On the whole, the conclusion has been that "moral exhortations, legal measures and administrative devices have not been very effective in regulating or limiting corruption" (Carino 1986). There have been laws, policies, and presidential agencies created to combat corruption but these have been largely ineffectual. Thus, Rahman (in Carino 1986) has described the Philippine strategy as "hesitant-institutional".

What must be done to solve the problem?

One response comes from Senator Shahani who outlined a moral recovery program based on a social scientific and humanistic analysis of the Filipino character and Philippine society. Among other things, the report calls for the development of a "sense of integrity and accountability -- an aversion toward graft and corruption in society and an avoidance of the practice in one's daily life".

This observation undercores the very serious and systemic nature of this long-standing problem and it is quite unrealistic to expect dramatic changes under the new Aquino regime, which has not at all instituted heroic and radical measures to root out highly institutionalized practices at all levels of the bureaucracy.

Has corruption abated under the Aquino regime? The popular perception is that it has not -- few systematic studies, however, have been done to validate this observation. De Guzman in the preface to the book on *Bureaucratic Corruption* (Carino 1986) points out that: "The establishment of ombudsman-type institutions to hear and investigate complaints, including charges of corruption, against public officials, and changes in the structure, process, and procedures in government management may be resorted to in the effort to counter the problem of graft and corruption. On the other hand, it may be only with the introduction, acceptance, observance, and enforcement of ethical standards in the public service that the misuse of power could be prevented or minimized" (underscoring provided).

Thus, the problem calls for long-term solutions which the Shahani proposal on moral recovery addresses. In the short-term, however, there is need to make the existing systems responsible for ensuring financial integrity, work. The policy on transparency of government transactions, for instance, has to be implemented efficiently.

Will decentralization facilitate or retard corruption? There are mixed views and analyses on this.

1. One view holds that at the local level, there will be more transparency and corruption if practised, will be more evident -- e.g. in a poorly constructed road, an opulent government building, conspicuous consumption etc. People will talk about the excesses of government officials. Moreover, the insurgents in the countryside will serve as additional watchdogs and will deter rampant corruption. With decentralization, there will also be greater expectations for local government performance. If officials fail and have nothing to show during their incumbency, they can no longer pass the buck to national government. The non-performers will have more to lose

and will be booted out in the next elections. This point was underscored by Gov. San Luis, who opined that the only effective safeguard is a vigilant citizenry. In his view, decentralization will promote greater accountability. Moreover, even if corruption is not eliminated in the short-run, one social researcher we interviewed predicted a situation best described as "corruption with performance".

2. A contrary view, however, posits that given the highly particularistic nature of Philippine culture, there may be greater leniency at the local levels for people who commit graft and corruption. Patronage politics has been practised in the country and the existence of the local barons, political kingpins and family dynasties has fanned fears that local autonomy will further strengthen them (See Nemenzo 1987; McBeth in Far Eastern Economic Review 1989).

Given this political landscape, Ocampo (1986) has urged that political reforms should accompany administrative reforms since "devolution may just worsen conditions in local governments and community". He has proposed specific tenure laws to prevent the formation and operation of local political dynasties and oligarchies. The long-term solution to protect constitutional democracy has been spelled out in the 1987 Constitution, namely: the institutionalization of people's power through independent people's organizations and NGOs. Art. XIII Sec 6 states that "*The State Shall, by law, facilitate the establishment of adequate consultation mechanisms*".

In response to the concern of how one prevents, or at least minimizes corruption at the local level, the following may be considered.

1. Make use and strengthen existing mechanisms responsible for promoting accountability at the local level. (Another way of putting it: trust existing mechanisms at the local levels.) Among such mechanisms are the following:
 - a. the Commission on Audit (the agency that is after all responsible for preserving accountability and ensuring the integrity of governmental transactions at all levels.) Apart from regular audits, special audits must be done if there is reason to suspect the occurrence of corrupt practices.
 - b. the local (provincial or municipal) treasurers. Although they are paid from local funds, they are still appointed by the Department of Finance. Such separation is necessary to preserve the integrity of the position in order to avoid, or discourage collusion (between the local chief executive and the treasurer) at the such levels.

c. the local sangguniang bayan (legislative assemblies). As the legislative arm at the local level, these bodies are logically positioned to act as countervailing forces to any possible abuses (including tendencies towards corruption) of the local chief executive. That local assemblies can readily assume such role was demonstrated during the recent congress on local autonomy held in Manila. The issue thereof being discussed on the floor pertained to the appointment authorities of the governors and the mayors. They were demanding that the appointments and deployment - of various department heads (including treasurers, agriculturists, engineers, etc.) - be coterminous with the local chief executive, so that when a new mayor or governor comes in, he can bring in a new set of officials. The local sangguniang bayan members felt that they should have the power to review the recommendations and appointments made by the chief executive in order to avoid possible abuses of the executive.

2. Form local monitoring groups of independent organizations (NGOs, POs, religious groups and other concerned citizen groups) that will assess infrastructure and other projects at the local level.
3. Local media vigilance will also be needed to ensure financial integrity. *In the long run, only a vigilant public can safeguard collective interests.*
4. Policy reforms that support administrative reforms. Executive initiatives and legislation will likewise be required.

Finally, over and above all these is the recently passed *Code of Ethics and Accountability* (RA 6713) which aims to establish a code of conduct and ethical standards for public officials - *including local government officials* - "to uphold the time-honored principle of public office being a public trust, granting incentives and rewards for exemplary public service, enumerating prohibited acts and transactions and providing penalties for violations thereof." Such an act provides the necessary - and updated - policy context to discourage graft and corruption at various levels of government.

The following are some suggested indicators of progress and/or change over time in financial integrity practices.

1. Performance of existing mechanisms (i.e. COA, Office of Ombudsman, FBAC, NGO monitors, if any, etc.)
 - 1.1. frequency and quality of financial audits undertaken

- 1.2. frequency and quality of participation of independent or citizen committees and/or NGO monitors so designated
- 1.3 frequency and nature of actions taken especially with respect to corrupt practices uncovered (these would include number of investigations made, cases prosecuted, convictions obtained, punishments meted out -- the time frame is also important to consider).
2. Measures of transparency of transactions: whether rules prescribed are adhered to. Some indicators of transparency--
 - 2.1. extent of dissemination of information inviting bids to undertake projects;
 - 2.2. number of participants in bidding for infrastructure and other projects;
3. Impact measures -- number and quality of local projects completed over a specified period; increase in level of funds collected at local levels (may be used as proxy measure); plus other existing measures of economic and social development at the local level (See UNRISD list)
4. As measures of corruption, one may use government officials and employees' statements of assets and liabilities
 - 4.1 comparing these at two points in time, i.e. upon assumption of office and upon leaving government service
 - 4.2. congruence or discrepancy between officials' wealth or lifestyle and known sources of income

V. Assessment of Devolution Initiatives: Recommendations for LDAP

The following section will address three major concerns: the first pertains to the major functions and responsibilities that will be devolved based on the perceptions of the various actors involved in the general debate on decentralization. This will be followed by a discussion on what are the possible principal agencies that should be involved in operationalizing decentralization. Finally, some institutional indicators that may be used to measure the progress of implementation of decentralization are discussed.

A. *Functions to be Devolved to Local Government Units*

Based on the various studies conducted by the UP Local Government Center, Ocampo (1986) identified the following basic functions that may be devolved to the various levels of local governments, i.e., provincial, city, municipal and barangay

governments. A basic caveat in the operationalization of such devolution is the need to recognize the supplementary and complementary relationships between and among the various levels. In other words, higher level local governments will provide inter-level local coordination, while lower level local governments will help in the coordination, monitoring and evaluation of higher level activities and functions implemented in their respective jurisdictions. The following is a listing of the specific functions that may be devolved to the various levels of local governments.

Functions to be devolved to Provincial Governments:

1. Construction of provincial, municipal and barangay roads, bridges, buildings and other infrastructure facilities; maintenance of provincial facilities;
2. Construction or operation of water supply, irrigation, drainage, and flood control facilities;
3. Agricultural research and extension services and agricultural development projects;
4. Hospital services;
5. Operation of secondary and tertiary educational services; regulation of municipal private schools;
6. Provincial police and fire protection services, and regulation of highway traffic;
7. Provision or regulation of public transport, electricity and other utilities;
8. Provision of social welfare and emergency (e.g., calamity) services;
9. Regulation, promotion, and/or operation of public and private enterprises (commercial, industrial, and socio-cultural); and
10. Environmental protection and socio-cultural amenities (e.g. erosion control and parks).

Functions to be devolved to City Governments:

1. Construction and maintenance of city and barangay roads, bridges, buildings, and other infrastructure facilities;
2. Construction and maintenance of waterworks, drainage, sewerage, and flood control facilities;
3. Agricultural research and extension services and development projects for rural areas within the city;

4. Hospital, primary medical care, nutrition, garbage collection and disposal, and other sanitation services;
5. Operation of secondary and tertiary educational services; regulation of private schools;
6. Police and fire protection, and traffic regulation;
7. Operation or regulation of public markets, slaughterhouses, cemeteries, and other public enterprises and utilities (electricity, telephone, etc.)
8. Regulation of private businesses, industries, and places of amusement;
9. Social welfare and emergency services;
10. Planning, implementation or operation of urban relocation, renewal and public housing projects; and
11. Environmental protection and socio-cultural amenities (e.g., pollution control, parks, zoos).

Functions to be devolved to municipal governments:

1. Maintenance of municipal and barangay roads, buildings, and other infrastructure facilities;
2. Primary medical care, nutrition, garbage collection and disposal, and other sanitation services;
3. Construction and operation of waterworks, communal irrigation, drainage, sewerage, and related facilities;
4. Provision or coordination of agricultural extension services and agricultural development projects;
5. Operation of elementary education services;
6. Police and fire protection, traffic regulation;
7. Operation or regulation of public markets, slaughterhouses, and other public enterprises;
8. Regulation of private businesses, industries, and places of amusement;
9. Social welfare and emergency services; and
10. Environmental protection and socio-cultural amenities.

Functions to be devolved to barangay governments:

1. Maintenance of barangay roads, waterworks, and other minor public works activities amenable to labor intensive methods;
2. Neighborhood sanitation, beautification, and other community improvement projects;
3. "Barangay justice," peace and order, fire protection, and assistance in traffic regulation;
4. Coordination, monitoring, and evaluation of health, nutrition, agricultural extension, community development, and other services extended by higher levels of government or by NGOs;
5. Assistance in tax collection and regulatory activities of higher level local governments; and
6. Holding of regular barangay assemblies, organization and mobilization of cooperatives and other citizen organizations for community improvement and participation at higher levels.

The above enumeration of specific functions to be devolved to local levels have likewise been addressed by the League of Governors in a 1988 resolution "*Urging the Implementation of Local Autonomy through appropriate Legislative reform.*" (Appendix One). Said resolution specified several areas where that could be appropriately delegated to local governments. These included public services, revenues and taxation, budgets and planning, regulatory and licensing functions, and administrative matters. The League argued that as frontline institutions, local governments could be responsible for the delivery of basic public services within the context of national government-formulated plans. The League likewise addressed a sensitive issue in national-local government relations: that local governments shall exercise effective supervisory authority over all field functionaries of national agencies operating within the local jurisdictions. Finally, the League identified specific regulatory and licensing functions that should be devolved to the local governments (which have also been earlier identified above). These included the following:

1. Regulation of land use within their jurisdiction;
2. Regulation of transportation activities within their jurisdiction, subject to national standards, including the franchising over land and water transportation.
3. Licensing of quarries for sand and gravel, including the extraction of guano, limestone, clay, gypsum and silica sand;
4. Licensing of inland fishing, such as lakes, rivers, and man-made ponds. Licensing of marine fishing shall still remain

with the concerned national agency,

5. Adoption of specific labor laws, minimum wage standards, and regulation on working conditions and labor union practices suited to local conditions.

Except for adoption of specific labor laws - which in effect would devolve minimum wage setting to the regional and provincial level - there is a basic consistency between the functions identified earlier and those indicated by the League.

The League of Governors recognized the urgency of enacting a local government code or appropriate remedial legislation that would effect the transfer of functions and responsibilities to the local governments.

Many of the above functions proposed to be devolved to the local governments have actually been given cognizance by some policy-makers. For instance, Senator Vicente Paterno in a speech delivered in March 1988 (Appendix Two) actually enumerated some of the very functions indicated above. Specifically, he questioned why the national government performed the following functions which he felt properly belonged to the local governments:

1. The granting of franchises for buses and jeepneys plying within the same province;
2. The expansion of bed capacity in provincial hospitals, including the supervision of city hospitals;
3. The development of small parcels into fishponds;
4. The opening of private schools; and
5. The operation of local parks, such as Burnham Park in Baguio.

It should be emphasized that the transfer of the abovementioned functions (and responsibilities) to the various levels of local governments should be accompanied by transfer of authority, resources, and institutional capabilities. In this sense, *devolution means a transfer of specific program responsibilities and funds, personnel, and other resources from the national to local governments, so that national agencies would in effect be doing less of what they used to directly do at the local levels.* (Ocampo 1986)

The implementation of meaningful decentralization to local governments can be operationalized through three major modes: the first is through legislative action, hence constituting the issuance of a republic act; the second, through presidential action such as the issuance of executive orders; and the third, through department memoranda or circulars, or through memoranda of agreements with the local executives. The following are some basic functions that can be devolved to the LGUs through the

abovementioned modes:

1. As far as legislative action is concerned, the passage of the local government code remains a primordial concern in the implementation of decentralization. Such a code should provide for the devolution of fundamental administrative, planning and financial functions to LGUs. These include the following:

The general concern of administrative autonomy pertains to intergovernmental relations specifically between personnel of national agencies deployed in the locality and the local chief executive. As an initial step, the following should be considered: the first pertains to the selection and appointment by the local governments of national agency personnel deployed in the localities from a list of three suggested by the national agency concerned. The second pertains to the secondment of national agency officials to the LGUs with the end in view of eventually absorbing them when corresponding authority over financial resources would eventually be devolved to the LGUs.

Retention by LGUs of formerly mandatory contributions to the national government. Specifically, these are the 10% contribution to the police fund (which should be fully operationalized in the immediate future considering eventual transfer of authority over police to the LGUs) and 7% contribution to the hospital fund.

2. At the level of presidential action, planning autonomy biased in favor of the local governments could be devolved through strengthening the regional development councils. EO 366 was issued by President Aquino to strengthen the development councils. It however effectively emasculates the planning autonomy of the development council at the regional level (RDC) by the creation of a parallel regional level body that actually rivals the RDC. Thus, the proposed regional development assemblies (as provided for in EO 366) should not be convened as this will only serve to highlight the rivalry between the provincial governors and the congressmen in the area. After all, not all RDAs have convened yet.

Local development councils (at the municipal, city and provincial levels) should be clothed with adequate authority not only over the area's budget, but also in terms of being the final approving body as far as the implementation of any program and project in the locality is concerned. This includes authority over the utilization and disposition of the area's natural resources.

3. Certain administrative, financial and planning functions can be devolved at the level of the department

secretaries. To start with, agencies that are conservative in terms of delegation of authority to their own regional offices should make a conscious efforts towards

liberalizing such. The initiative of the Department of Health (itself a conservative agency) by creating a relatively top-level (assistant secretary) committee on decentralization might be emulated by other agencies.

Then, there is the mode adopted by the CACD in terms of the enactment of memoranda of agreement between the concerned department secretaries and local chief executives. However, going by the experience of the CACD, such may not be the best approach considering the amount of time it takes to arrive at such MOAs.

An omnibus administrative order signed by the department secretary (similar to the DFWH's) might be a better approach. Such omnibus order may be the end product of the agency's high level committee on decentralization.

B. The Principal Implementing Agencies

The implementation of decentralization could best be carried out through an interagency committee composed of the various national departments that have extensive linkages with the local governments. Basically, these include the various departments involved in the CACD. *What we would like to emphasize, though, is to give the local executives themselves, a key role in such an interagency committee, and not thorough representation by a national body such as the DLG. To a certain extent, this oversight in earlier exercises, such as the CACD, can explain the relatively poor implementation (and acceptability by the local governments themselves) of previous decentralization efforts. Local officials should participate in such groups through their organized institutions such as through the various Leagues (i.e., league of provinces, cities, municipalities, etc.)*

The following is a discussion of the possible agencies that may take the lead in such inter-agency committee on decentralization, including the advantages and disadvantages of each.

1. **Department of Local Government.** Considering its mandate, the DLG is the logical agency that should implement the decentralization program. The primary objections to its being the lead agency pertain to the current leadership, specifically the department secretary, who is perceived by some sectors as (1) too political and (2) basically lacks the qualification to do the job. Additionally, the Department's historical experience has shown that it was indeed highly politicized as early as the Marcos years when it was used by the dictatorship to politically

centralize the local governments. The new government reinforced this image when the newly appointed department secretary unilaterally replaced all local government officials with administration officers-in-charge. Such developments have cast the department in a negative light hence the continuing suspicion of its ability to deliver on the decentralization program.

One "redeeming" factor however, is one department undersecretary who has demonstrated his commitment to the attainment of the goals of decentralization.

2. **The Department of Budget and Management.** Since the LDAF largely involves the transfer of funds to selected provinces, the DBM was identified as a possible lead agency. The primary advantage of the DBM's being the lead agency pertains to the fact that the LDAF largely involves the allocation of financial and budgetary resources to the LGUs, hence the DBM would be the logical agency to implement such. Insights into the possible performance of the DBM as a lead agency may be gleaned from its leadership in the Cabinet Action Committee on Decentralization (CACD).

Possible objections to the DBM's lead role stem from its role as such in the CACD. For one thing, the CACD's decentralization program was seen to lack a framework of implementation. Secondly, the DBM's linkages with local government units is only one of the many aspects of its operation. In other words, the implementation of decentralization is not a major mandate - hence not high in the priority concerns - of the DBM. A final objection to the DBM pertains to its highly specialized and technical (i.e., budget oriented) nature, which may run against the implementation of a program that should be implemented on a multi-sectoral and inter-agency basis.

3. **The League of Provinces.** Under the leadership of Camarines Sur Governor Luis Villafuerte, the League has actually battled to be the lead agency. A major objection to their being the lead agency pertains to the League's not having the qualified technical staff. (Ironically, such an observation was also made by a leading League member.) This observation was dismissed by Villafuerte: "we have facilities. We have the staff. And if we do not have the staff, we can hire consultants (as they did in the preparation for the Congress on Local Autonomy). Another objection pertained to the possibility that, considering the fact that League members are all elected officials, hence "political," there is a danger that the LDAF decentralization program might likewise be politicized.

It is possible though that the three institutions above share co-equal status in the committee to emphasize the equal importance of each in the committee.

Parenthetically, it might be mentioned that the **National Economic and Development Authority (NEDA)** has also been mentioned as a possible lead implementing agency. However, the fact that its network extends only to the regional level - it has no formal network at the provincial, city and municipal levels - may prove to be a handicap to the NEDA. At the very least, though, the NEDA could be a key member of the inter-agency committee.

C. Province Selection

If the LDAP is to be implemented on a pilot basis, there are a number of basic factors that may be considered in the selection of provinces:

1. Location. The major island groupings of the Philippines - Luzon, Visayas and Mindanao - may be represented, with Luzon having majority representation (e.g., one each from northern, central and southern Luzon) considering population and land mass factors. One province can come from the Visayas and two from Mindanao.
2. Geography and number of districts. Pilot provinces can be selected on the basis of whether they are island or landlocked. The number of geographic districts in the province should also be taken into consideration.
3. Class of Province. Based on their income, all provinces are classified according to income (from 1st to 6th class) every four years. The last classification was in 1987, per Executive order 249 dated July 1, 1987. The six pilot provinces can represent one class each.

The selection of the six provinces should be done in a participatory manner. A selection committee can be constituted with members coming from DLG, DBM, the LGUs (or the League of Leagues), USAID, and NGOs or private sector groups.

D. Indicators for Monitoring and Evaluation

The following policy and institutional indicators may be used to measure progress towards decentralization:

1. Passage of the Local Government Code, or at least portions of it, specifically those pertaining to secondment of national officials to local governments.

2. Recommendations to strengthen decentralization, including recommendations to preserve the integrity of its implementation, based on the Government's Pilot Decentralization Project, as monitored by the Cabinet Action Committee on Decentralization and the Presidential Management Staff.
3. Implementation of the increased allocation of internal revenue funds to the local governments as a result of the consolidation of the various funds for LGUs including the NALGU, infrastructure and other funds as provided for in the 1990 budget. (The original proposal of the Executive for an allocation of 13 billion pesos was cut down to 5.7 billion by the House.)
4. Implementation of "visible" projects at the local government level. Such projects are those identified by the LGUs through their local development councils. These can include infrastructure and livelihood projects.
5. Institutionalization, i.e., definition of the "proper" role of NGOs in the project cycle. Suggested areas of NGO participation would be in the project identification, formulation and monitoring phases.
6. At the level of the LGUs themselves, another basic indicator may be the LGU's increased tax collection efficiency, including tax mapping, and real property tax administration.

VI. Concluding Statements

Under the Aquino Administration, the momentum for decentralization has increased. While barriers and restraining forces remain and the particularities of how decentralization is to proceed have not been resolved, there are now strong positive forces that bode well for local autonomy. Foremost among these are:

1. organized efforts to operationalize the decentralization thrust of the government. The potential beneficiaries -- the local officials at the provincial, city, and municipal levels -- have organized themselves into a powerful lobby group (i.e. the League of Leagues) whose main objective is to demand the devolution of powers to the LGUs;
2. initiatives of the Executive Department -- The CACD has been created by the President, who is perceived by many local officials as a sincere advocate of decentralization, to oversee the formulation of guidelines and legal issuances to implement

decentralization projects. The pilot decentralization project is now being implemented in five provinces (Tarlac, Laguna, Negros Occidental, Davao del Norte and Batanes.

3. Regional bodies are being strengthened and other measures to boost local financial and development capabilities (the regional industrial centers or RICs, Kalakalan 20 law) are expected to further accelerate the process of decentralization.
4. The dramatic multiplication of NGO, FOs (People's Organizations), and COs (Community Organizations) actively promoting and advancing local participation and people's empowerment.

Viewed against this emerging social and political landscape, the LDAP is definitely a timely, relevant and socially sound program. It is supportive of an on-going process of decentralization which is expressly provided for in the 1987 Philippine Constitution. The slow start is perhaps to be expected in light of the historical experience of the country and the pervasive ethic of centralism.

Other disruptions and inhibiting factors have been identified in the earlier analysis, but these are not insurmountable. They may delay the movement toward decentralization, but not totally impede it.

Chief among these retarding or delaying elements are the following:

1. A Congress which has exhibited less than enthusiastic actions in the speedy enactment of a proposed Local Government Code.
2. The understandable reluctance of central authorities to devolve some of their more routine operational powers and responsibilities to local levels.
3. The existence in almost every province of political and economic elites associated with a very few families who have managed over the years to establish their respective fiefdoms; this situation suggests the very real possibility that the extension of local autonomy will not necessarily advance popular democracy.
4. The inadequacy of technical, management, and fiscal skills at the local level required for greater autonomous local governance which would call for increased decision-making skills and experience.

These constraints undoubtedly represent some major program costs. But at worst, they will serve merely to delay, rather than obstruct, the decentralization program of the government. Moreover, the anticipated benefits from a program such as the LDFP which supports decentralization far outweigh the costs.

By delegating the delivery of basic public services to LGUs, the decentralization program will make the government machinery more responsive to the needs of people and communities. Additionally, it will relieve national central offices and personalities from a great deal of operational strain and pressures on scarce resources. Moreover, decentralization is likely to diminish the susceptibility or vulnerability of central bureaucracies to red tape. With the reduction of red tape, sources of temptation for graft and corruption can be drastically reduced.

A long-term benefit to be gained from the government's decentralization program would be a radical transformation of values and attitudes at both the central and local levels. And these would include a greater feeling of efficacy, less dependence on national assistance for local needs and problems, a diminution of patronage relationships, and the development of a self-help, can-do ethic, or in short, the empowerment of people, the very essence of democratization.

All told, it appears clear that the LDFP is not only socio-politically feasible and desirable, but necessary to help in accelerating the movement towards decentralization and greater local autonomy.

To enhance the effectiveness of the LDFP, it would be helpful to build greater flexibility into the LDFP, especially with respect to the scheduling of the three grant tranches and in the areas of program support, which may be identified in the course of the program. The time frame in the schedule of releases may be revised and extended for another year. These flexibilities being suggested would help enhance effectiveness of LDFP by making it more adaptable, or amenable, to existing realities in the bureaucracy which often requires its own pace of implementation.

By and large, however, the LDFP as it is now conceived and poised for implementation, is a sound program which benefits from the confluence of highly auspicious factors, socio-political and constitutional, and has a high degree of congruence with the government's legislative and executive agenda.

Notes

[1] The various national agencies have been rated in surveys conducted by both the DDM/FMS and the JVOIBG in terms of the extent of their decentralization (deconcentration) to their regional offices, as "liberal" (most inclined to decentralization), "moderate" (tends towards decentralization but on a case to case basis) and "conservative" (not inclined to decentralization).

Data and Information Sources for the SSA

- A. Primary data was obtained through interviews with both central and local government officials. Among those interviewed were:

LGU Representatives

1. Gov. F. San Luis, Laguna, a pilot decentralization province
2. Gov. L. Villafuerte, Camarines Sur and League of Provinces President
3. Gov. E. Rodriguez, Quezon
4. Gov. I. Sueno, South Cotabato
5. Gov. Vicente Mayo, Batangas
6. Gov. Reynaldo San Juan of Rizal
7. Gov. Prospero S. Amantong of Davao del Norte
8. Vice-Gov. Lito Coscolluela of Negros Occidental
9. Prov. Board Member, Surigao del Sur
10. Mayor Jose Elizalde, Surigao del Sur
11. Vice-Mayor, Surigao del Sur

Congress

Congressman Raul Roco
Congressman Florencio Abad of Batanes
Senator Vicente Paterno

Central Government

1. Cesar Sarino, Undersecretary, Department of Local Government
2. Florian Alburo, Deputy Director General, National and Economic Development Authority
3. Ben Catane, Director, Department of Local Government-
BLGD

The study team also attended the two-day National Congress on Local Autonomy (Oct. 10-11, 1989) sponsored by the League of Leagues, held at the Folk Arts Center and PICC. The discussions at the plenary and workshops gave us additional insights into the dynamics of local politics and to some extent, indications of local capability. We were able to observe first hand the LGU representatives in action.

- B. The reports on past and current researches, as well as proceedings of consultations and roundtable discussions on many aspects on decentralization and local autonomy were provided by Prof. Padilla, former director of the Local Government Center of the UP College of Public Administration. He also shared his own experiences, analyses and insights on problems of decentral-

ization. Special mention should be made of the Laguna and Antique Studies on local capability and the preliminary findings on the pilot decentralization program in Laguna and Tarlac.

- C. The findings of on-going researches on decentralization by Dr. Alex Brillantes, Jr. also constitute a major source of information for this SSA. The J.V. Ongpin Institute Decentralization Watch Study should be specially mentioned.
- D. Documents on decentralization were collected from many offices, such as the Office of the President, Cabinet Secretary, DLG, DENR, NEDA and other line agencies. Other important materials include the Local Government Code and local autonomy bills pending in Congress. The Leagues also gave us their position papers and other publications.
- E. The review of literature on decentralization and local autonomy covered both empirical research and social and political analyses. The references are cited in the bibliography of this report.

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1988 RESOLUTION OF THE LEAGUE OF GOVERNORS

URGING THE IMPLEMENTATION OF LOCAL AUTONOMY
THROUGH APPROPRIATE LEGISLATIVE REFORM

WHEREAS, the Constitution expressly and categorically mandates, as state policy, the autonomy of local governments;

WHEREAS, the present Local Government Code (B.P. No. 337) has failed to make local autonomy a reality, just as all the other significant laws on local autonomy and decentralization in the past have failed;

WHEREAS, the Constitution further enjoins the Congress to enact a local government code that will provide for a more responsive and accountable local government structure, through a system of decentralization;

WHEREAS, the call for federalism has grown louder, coming from sectors sharing a sense of desperation about the nation's history of failure to reform the over-centralized government structure;

WHEREAS, the League of Provinces has adopted, as a centerpiece of its work agenda, the firm pursuit of local autonomy objectives, in order to advance the gains of our resurgent democracy and to obtain for our people the enabling mechanisms for receiving governmental services according to the particular expressions of the popular will at the various localities;

NOW, therefore, be it resolved as it is hereby resolved, that an authentic and operationally-viable system of local autonomy be implemented at the earliest possible time, through a new local government code or through appropriate remedial legislations, that would give or otherwise transfer to the local governments the following powers and functions;

On Responsibility for Public Services

1) To take the principal responsibility and be accountable for the efficient delivery of public services at the local level, with due emphasis on all front-line services, including the programs of the national government, such that line agencies of the national government shall concentrate on planning, training, technical assistance, and performance audit of local government units;

2) To exercise effective supervisory authorities over all field functionaries of the national agencies who are operating

within the local jurisdiction;

3) To appoint the chiefs of offices in the provincial government, such as the Provincial Budget Officer, the Provincial Agricultural Officer, the Provincial Treasurer, and the Provincial Assessor;

4) To assume control over local government organization or reorganization activities, including staffing patterns and modes of recruitment, with the Department of Local Government giving supervision by way of providing standards and guidelines, such that the Joint Commission on Local Government Administration shall be abolished;

On Revenues and Taxation

5) To receive a more equitable share in the national tax revenues that are collected from the local jurisdiction, and to retain such share, subject to adequate audit safeguards, so that funds may be immediately utilized for public expenditures in accordance with local budgetary priorities and programs;

6) To exercise expanded taxation powers based on the principle that "what is not expressly prohibited by national law can be legislated on by local governments," in order to allow the expansion of sources of revenue, levies, fees and charges;

7) To include excise taxes in the local revenue base, and to impose reasonable user charges on selected government services or facilities, including those rendered by national agencies;

8) To be entitled to a just share of the proceeds from the utilization and development of such natural resources as valuable timber, minerals, fishery, and water resources;

9) To float bonds in the capital markets, or to incur debts in general, for sound purposes and at terms prescribed by local ordinance, without need for prior approval from the national government, unless assistance in the form of guarantee is being sought;

On Budgets and Planning

10) To approve the particulars of the budgets and programs, given national guidelines, of the line departments of the national government as they apply to the local area, in order to ensure their maximum correlation and integration with local government development priorities;

11) To be given adequate staff support, at the level of the Regional Development Council, through the provision of a national budgetary allocation for the upgrading of technical staff and

acquisition of proper equipment;

On Regulatory and Licensing Functions

12) To regulate land use within the local jurisdiction, particularly of critical environmental areas, subject to national policies and standards;

13) To regulate transportation activities within the provinces, subject to the standards set by the national government, such that direct intervention by the national government, including the franchising over land and water transportation, shall cover only inter-provincial and inter-regional lines;

14) To license quarries for sand and gravel, or the extraction of guano, limestone, clay, gypsum and silica sand, with appropriate fee-sharing between provincial and municipal governments;

15) To license inland fishing, such as in lakes, rivers, and man-made ponds, while licensing of marine fishing shall remain with the national agency;

16) To adopt location-specific labor laws, minimum wage standards, and related regulations on working conditions and labor union practices, which are suited to local customs and economic conditions;

On other Administrative Matters.

17) To enforce laws over illegal gambling, illegal logging, illegal fishing, and illegal drugs via the deputization of provincial chief executives as enforcement authorities, in order to supplement and complement the efforts of the PC-INP;

18) To cooperate fully with citizens' organizations in order to foster people participation in local governance, as well as to promote self-reliance and solidarity in the community.

WE, THE MEMBERS of the League of Provinces, respectfully call upon our national political leaders and the members of Congress to respond to the hopes of our constituents, as expressed by this Resolution, and to express them again in the new legislation that may finally fulfill the Constitutional mandate for local autonomy.

Adopted this 7th day of June 1988, at the meeting of the League of Governors at Makati, Metro Manila.

GOVERNMENT DECENTRALIZATION FOR COUNTRYWIDE DEVELOPMENT (Privilege Speech, Sen. Vicente T. Paterno, 11 March 1988)

As we marked on February 25th the second anniversary of the EDSA revolution, it was universally noted that the major elements of the framework of a democratic government are now installed — a new Constitution, two functioning houses of the legislature, elected officials of local governments in place. At the same time, we admit much has yet to be done to build the effective, responsive democratic government envisioned in the Constitution.

It is time for the Senate to address how to improve the decision making and implementing structure of our government so that it may be more responsive to the people's needs. To redesign it well enough to solve effectively the problems of underdevelopment and poverty, and to provide the basic services to all Filipinos throughout the nation.

The basic policy of local autonomy, in sec. 25, Article II and the mandate for a system of decentralization contained in Article X of the Constitution are based on several factors:

- That our population has become too large, and the nation's problems too complex, for easy administration by a centralized government, no matter how competent.
- That direction from Manila which does not harness initiatives of local governments and populations can not successfully bring about economic development with equity.
- That a democratic government can not fully serve the people with the present highly centralized structure much of which was crafted by the authoritarian regime for its own ends.

In the first week of January, as this year began, your Committee on Economic Affairs inaugurated a series of hearings on regional economic planning for development, in Zamboanga, Davao, Cebu and Cagayan de Oro. We elicited comments and suggestions on how to make plans, policies and programs of government to hasten economic development in their areas.

At these hearings many complaints were voiced about government's slowness in responding to the needs of Mindanao, about the central government's perceived neglect, of the national budget's perceived bias for Metro Manila and the developed provinces of Luzon, to the detriment and disadvantage of the more remote areas of the country. We were constantly reminded that Manila is not the Philippines and that the Philippines is not Manila.

We know these are not the President's intentions. Just two weeks ago, the President directed step up of development activities in Mindanao. Last Monday she pledged to a national assembly of governors and mayors to increase local autonomy.

This Chamber has approved SE 162 for a Regional Commission. We anticipate that at its consultations, the over centralization of the government will be an oft heard plaint in all districts, no matter the prevailing ethnic group or religion. This complaint is not confined to Mindanao. Similar complaints are heard from other regions.

And so, we urge that the Senate accord high priority to legislation for decentralizing government. We need not wait for the RCC to advise us of what we al-

ready we should begin to do. Perhaps if the people of Mindanao see Congress already tackling one of their major sources of discontent with government, they will perceive the underlying issues of regional autonomy more clearly, and distinguish these issues from the question of greater autonomy for local governments.

How do we bring government closer to the people, how make it respond more quickly and sensitively to the needs in each and all provinces? Let me essay an approach.

May I suggest three principal areas for the government's decentralization -- in FUNCTIONS, AUTHORITIES AND BUDGETS.

DECENTRALIZING FUNCTIONS:

Many functions exercised by national government agencies would be performed more rationally and effectively by provincial or even municipal governments. Our provincial brethren can not understand why they have to await decisions from Manila on so many matters.

Let us look at a just a few examples.

- Why should Land Transportation Commission decide franchises for buses and jeepneys plying within the same province?
- Why must expansion of bed capacity in a provincial hospital need approval of the Health Secretary? Need every city hospital be supervised by the Department of Health?
- Why require signature of the Secretary of National Resources to develop even small parcels 2-3 because of foreshore into fishpond?
- Why should it need the Secretary of Education to allow any private high school to open?
- Why must Bernham Park in Baguio be operated by the Department of Tourism, and not by the city government?

These are but a few of the matters unnecessarily reserved for decision by the national government that can and should be done at the local level. If it should be desired that these decisions follow certain norms nationwide, the guidelines could easily be provided to the local governments and their personnel trained to make these decisions as well or better and certainly much faster than the bureaucracy in Manila.

Decentralization from national to local governments of these and similar other functions would better action by government on more matters of local concern.

DECENTRALIZING AUTHORITIES:

Action of national agencies on local problems is also slowed by the very limited authority of regional and provincial officers of these national agencies to decide and act on many matters.

Here again, the central bureaucracy's tendency to reserve decisions for itself slows, at times even prevents, development. The provinces have to wait months, sometimes years, for the decisions of Manila officials who have little if any knowledge of local conditions and needs. With the lack of knowledge and appreciation of the true situation, in those decisions, too often, form prevails over substance. Procedures are valued

more than results, statistics are more important than people. And time is lost. Papers are lost. Without follow up, decisions take forever. And time, money, and effort have to be spent by the provincial folk to come to Manila to move the swivel chaired bureaucrat to do what is in the common sense view so patently necessary to solve a problem, to avoid a disaster, to push development.

What are the consequences of long delays in government action? We are familiar with the story about the lack of a nail leading to the loss of a kingdom. Similarly.

- The antibiotic that could have nipped an infection arrives too late to prevent a death.
- The license that took a year to get prevents fifty people from being employed by a new business in the province.
- The loan for the fertilizer needed at planting time to increase crop yields is released only after harvest.
- The leaking schoolhouse roof deteriorates into uninhabitable school building.
- The P1,000 spare part that comes late idles the half million peso truck for six months.
- The small breach in the dike which looks so harmless in the dry season enlarges when the river rises with the rains, and brings on floods destroying thousands of cavans of rice crop, millions of pesos of private and public property.

The wastes caused, the blocks to progress brought about by over centralization of national government pile up into a massive barrier to progress and growth. We can well understand the resentment of our brothers in the provinces at the seeming unconcern and slowness to act of the mandarins of the bureaucracy.

At one of the Committee's hearings, one participant observed that if government were to be really decentralized, passenger traffic of Philippine Airlines would be reduced by at least 50%, because more than half of PAL's passengers go to Manila for one reason only — to follow up papers. That participant was not joking. Neither was the audience who enthusiastically applauded his remark.

DECENTRALIZING THE BUDGET

From the onset of martial law in 1972 until the end of 1985, the past regime steadily eroded the local governments' share in taxes collected in their jurisdictions. The central bureaucracy justified the erosion by claiming that they knew better how and on what projects the money was more effectively spent. But we suspect the Malacañang of martial law had other reasons. Control of the purse is real power. Greater control meant greater power. Absolute control led to absolute power.

But this present government is different. It is pledged to devolve power back to the people. In addition, Secs. 6 and 7 of Article X of the Constitution mandate Congress to legislate a just share of local government units in the national taxes which shall be automatically released to them, as well as an equitable share in the proceeds of the utilization and development of the national wealth in their respective areas.

We urge that such legislation to increase revenue share of local governments be given priority. With more funds, the local governments can respond better to the felt needs of their constituencies, provided the

increments are devoted to capital projects. The people then will not have to look to Manila for most of their needs. They will not have to wait for the national government to understand their requirements, and to supply those needs in Manila's own time.

Perhaps not all local governments may be ready to exercise the power of a greater purse with full competence and responsibility. But that is not an argument to do so gradually, say over a five year period, while at the same time taking steps to train mayors and governors and their staffs in planning, programming, controlling and monitoring projects. We may also well decide that people's organizations should at the same time be strengthened in the provinces to monitor and fiscalize local government expenditures.

I would not be as confident advancing these arguments if the local officials were still OIC's. But as a result of the local elections on January 18th, they are elected by their constituencies; they have their mandates; they are now fully responsible to the electorate.

It is time for us in this chamber to act with all deliberate speed on the decentralization of government. Not only is it a long standing need. Not only will it answer the outcry of our people. Decentralization is devolution of power that will characterize the democratization of our nation.

One may well ask. Why us and not the executive branch? Why the Senate to lead the way to decentralization? Because with all the best intentions, the President will find it very difficult to compel her cabinet members and their central staffs to give up some of their powers. It is unrealistic for us to expect that the central bureaucracy will give up power on its own initiative. The human being is not built that way.

And so, legislation is needed for true decentralization. The task is ours. The task is so widespread that decentralization can not be accomplished by one single piece of legislation, nor by a single Committee of this Chamber.

The functions that are more effectively performed by the local governments will be identified in each Committee as it goes about its work, and should be notified to the Committee on Local Governments, for incorporation in the Local Government Code.

The Agency authorities that should be decentralized will surface as each Committee inquires into the functions and authority structure of government departments and agencies. The Committee on Civil Service and Government Reorganization should perhaps be the action locus of their findings.

Budget decentralization, while it may be the concern mainly of the Finance Committee, will require the support of Ways and Means as it examines national taxation, of Economic Affairs as it studies and structures the process of economic planning particularly in the regions, of Public Works and other Committees as they review project implementation of various agencies.

The task of decentralization thus requires first the conviction of the Chamber that it is every member's job and obligation to perform. I hope that we will all join to carry it out, so that when our people look at the accomplishments of this Senate when we adjourn the last session in 1992, they will say that we truly were their instrument for rebuilding the structure of a full working democracy and a truly responsive government.

Thank you, Mr. President.