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SYNOPSIS OF FINDINGS

SEVENTH

RAPID FIELD APPRAISAL OF DECENTRALIZATION

**Governance and Local Democracy Project
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EXECUTIVE SUMMARY

This *Rapid Field Appraisal of Decentralization* is the seventh in a series undertaken since the implementation of the Local Government Code in 1992. These appraisals provide the local perspective on trends in the decentralization process, and constraints to those trends. Consultants familiar with a region undertook a rapid, qualitative investigation based on interviews. In the 7th RFA all regions except the National Capital Region were covered, along with National Government Agencies.

The 7th *Rapid Field Appraisal* revealed innovation, quality, and relevance at the local level. **Innovation** because local officials sought new ways to accomplish matters that the Code allows local governments to achieve. **Quality** service is more often the goal, as local communities focus on how well service is being provided. **Relevance** as officials and communities work together to address locally defined issues.

The 7th *Rapid Field Appraisal* puts forth four conclusions:

- 1 Governance in the Philippines is being redefined at the local level
- 2 Decentralization under the 1991 Local Government Code has been a success
- 3 A new, participatory style of local leadership is emerging
- 4 National government agencies have not pro-actively addressed the challenge of providing technical backup to local governments pursuing locally defined priorities

These themes are supplemented with a wealth of local detail, discussed in terms of Trends discovered, Constraints to these Trends, and possible Recommendations. Trends describe what is happening in the dynamic process of decentralization. Constraints are then linked to these trends, and recommendations are aimed at those actions that will hasten the forward movement of the process.

There are several sections:

- **Local Revenue and Resource Mobilization**, which discusses the upsurge in attention being given to increased efforts at revenue generation and alternative financing modes,
- **Delivery of Basic Services** (Health, Agriculture, Social Services, Environment), where the problem of localizing delivery in the face of continuing initiatives on the part of national government agencies,
- **Participation**, which juxtaposes substantial compliance with the letter of the Local Government Code and some continuing constraints on deepening citizen participation
- **The National Government Agencies**, with special focus on NEDA, DILG, and COA and
- **Special Focus: Autonomous Region in Muslim Mindanao**, which delineates the special situation faced by local governments under the ARMM's own Local Government Code (passed in 1994)

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SYNOPSIS OF FINDINGS

SEVENTH RAPID FIELD APPRAISAL OF DECENTRALIZATION

BACKGROUND

In August 1997 the Governance and Local Democracy Project (GOLD) undertook this seventh in a series of *Rapid Field Appraisals (RFAs)*. The rapid appraisal approach to monitoring decentralization reforms was pioneered in 1992, during the USAID-assisted Local Development Assistance Program (LDAP). *RFAs* have tracked the implementation of the 1991 Local Government Code since that time, and it is anticipated that *RFAs* will continue to be undertaken at approximately yearly intervals.

Rapid Field Appraisals have played a unique role in monitoring decentralization reforms in the Philippines. The Implementation Teams for both LDAP and GOLD have been specifically tasked with tracking the pace and direction of the government's decentralization agenda. This effort provides timely feedback on the policy, administrative, and political adjustments needed to respond to the vision and goals for greater local autonomy set forth in the new Constitution of 1987 and its subsequent enabling legislation, especially the Local Government Code which was implemented in January 1992.

Among all *Rapid Field Appraisals*, the *Seventh RFA* is the most extensive. All regions except the National Capital Region were covered. National Government Agencies were also contacted in order to assess their perspectives as they participate in the decentralization process.

Summarizing Past RFAs

- 1st **July 1992** saw newly elected local government officials adopting a "wait and see" attitude toward implementing provisions of the new Code
- 2nd **January 1993** found local officials beginning to move forward on Code implementation, with national government agencies responding to administrative demands of transferring personnel and assets
- 3rd **September 1993** found administrative problems in the devolution of personnel being solved and the Internal Revenue Allotment system beginning to function
- 4th **June 1994** demonstrated increased momentum on the part of LGUs as they reaped fruits of experimentation
- 5th **June 1995** found increased local resource mobilization and improved service delivery. However, National Government agencies had not pro-actively pursued new roles after devolution was accomplished
- 6th **May 1996** demonstrated incredible diversity of experimentation as the decentralization process diffused across all classes/types of LGUs and deepened into more mature management of service delivery. LGUs were found to be more proactive and developmental and local governments and communities were advocating for even greater local autonomy

The Governance and Local Democracy Project (GOLD) assisted by the United States Agency for International Development is currently providing support to the Government of the Philippines for its decentralization reforms. This represents a continuing partnership between the two governments to institutionalize the democratic reforms under the 1987 Constitution and dramatically restructure the character of governance in the Philippines from a centralized to a decentralized system.

Rapid Field Appraisals have always been chiefly concerned with describing the actual experience of decentralized governance at the local level, rather than with reporting anecdotal viewpoints derived from secondhand information. Consultants familiar with a region undertake a rapid, qualitative investigation based on interviews with local government officials, national government agency personnel, and respondents from the private sector and non-government organizations. Interviews are guided by an informal questionnaire designed to assay key elements of the decentralization process, namely

- Local Revenue and Resource Mobilization
- Delivery of Basic Services (specifically Health, Agriculture, Social Welfare and Development, and Environment)
- Participation, and
- Government Operations, including Personnel Matters and Intergovernmental Relations

The results of regional appraisals are then brought together in a "Synthesis Seminar" in which a team consensus is sought as to prevailing trends and major constraints. The views of national agencies are reviewed and fed into the distillation of trends/constraints, and are used to compare local experience with national perceptions. Where appropriate, recommendations that suggest themselves from the trends/constraints consensus are also formulated by the consultant team. A *Synopsis* is then prepared on the basis of the consensus reached at the synthesis seminar. (More details on *Rapid Field Appraisal* methodology can be found in the Annex on Method.)

THEMES OF THE SEVENTH RAPID FIELD APPRAISAL

The 7th *Rapid Field Appraisal* revealed innovation, quality, and relevance at the local level. **Innovation** because local officials sought new ways to accomplish matters that the Code allows local governments to achieve. New resources are being sought and new enabling environments are being established at the local level. **Quality** service is more often the goal as local communities change from a focus on whether or not a service is provided to a concern with how well the service is provided. **Relevance** is the touchstone of local governance now, as officials and communities work together to address locally defined issues with locally available resources.

The empirical findings from the field led the team to put forward four general conclusions:

1. Governance in the Philippines is being redefined at the local level. The 1991 Local Government Code provides an enabling environment that allows experimentation, participation, and differentiated service delivery throughout the Philippines. For instance, governments are no longer seen as the sole deliverer of social services. Partnerships with the private sector and non-government organizations have been crafted for more responsive local governance.
2. Overall, decentralization under the 1991 Local Government Code has been a success. Despite transition difficulties encountered at the beginning of implementation in 1992, and administrative systems that are often holdovers from pre-Code centralized procedures, redefinition of governance has allowed local governments to better serve their communities.

- 3 A new, participatory style of local leadership is emerging Many local leaders are more attuned to development activities, and are willing to engage in partnership with the private sector and non-government organizations In this manner, scarce resources are maximized
- 4 A major constraint to further decentralized democratic development is reluctance at the center to change After initial administrative moves to devolve personnel to local governments, national government agencies have not pro-actively addressed the challenge of providing technical backup to local governments pursuing locally defined priorities Too often governance takes place in the context of inherited centralized modes of thinking and planning, and administrative systems have not been changed to reflect new realities

While these are general themes that emerge from this Seventh *Rapid Field Appraisal*, there is a wealth of local detail, which enriches our understanding of democratic decentralized governance This “Synopsis” discusses these details in terms of Trends discovered, Constraints to these Trends, and possible Recommendations There are several sections

- Local Revenue and Resource Mobilization
- Delivery of Basic Services (Health, Agriculture, Social Services, Environment)
- Participation
- National Government Agencies
- Special Focus on the Autonomous Region in Muslim Mindanao

LOCAL REVENUE and RESOURCE MOBILIZATION

There is an upsurge in attention being given to, and concern for, local revenue mobilization and management. Local officials are engaged in increased efforts to generate local revenues and to avail of alternative revenue sources and creative financing modes. Key aspects of this trend include a growth in joint ventures and creative forms of public-private partnerships aimed at bringing the issue of generating local revenues to a broader audience. There are even stirrings of greater participation in the decision-making process surrounding new revenue ventures. This is the outcome of local government's growing realization that elements of civil society need to be brought into the process of sustaining government revenue ventures.

On the down side, there is continuing frustration among local governments with respect to policy and administrative constraints, many of which have been noted in previous *RFAs*.

Trends

Four basic trends were identified. The first three reflect continuation of strong trends indicative of creative resource generation first identified during the 5th and 6th *RFAs*. First, there appears to be increased participation of the private sector (both business and NGO/PO groups) in generating resources—financial and human—for local initiatives. There are reports of renewed efforts to develop small-scale BOT schemes, to form joint ventures in building or managing markets, and to construct small- to medium-scale infrastructure such as fish ports, market buildings, etc.

Second, an increasing number of local governments are actively pursuing pre-implementation of alternative ventures to generate revenues. These include user fees, fee for service, credit finance (loans and bonds), etc. But there remains a large knowledge gap affecting both the pace and scale of such activities. This gap should not detract from the basic trend that continues from previous *RFAs*, that local officials are intensely interested in and pressing forward with alternative forms of finance.

A third trend is that local governments are more activist in exercising their corporate powers for purposes of creating investment and economic development incentives. There are examples of local governments developing quasi-public corporations in order to attract, coordinate, and participate in development enterprises managed via private sector means.

The last trend in this category is not entirely new, but is gaining strength. There is a significant rise in the assertiveness of local governments in exercising their dominion in matters affecting their locality, but implemented by national agencies. Local officials are more adamant that project objectives be in line with local priorities and that resource allocations be under their management, or at least be subject to local discipline. Instances were even cited where localities were willing to lose projects, both large and small, as a result of insisting that local priorities/perspectives prevail. While the team does not venture to judge whether this trend is advantageous, it nonetheless represents a genuine effort to assert the preeminence of local autonomy.

Constraints

In terms of inter-governmental relations, there remains frustration at the local level with counter-productive policies and administrative procedures constraining local development. Concern is expressed over a wide variety of areas, but most frequently with respect to policies affecting

financial autonomy, audit, planning and approval processes

While there are certainly a multitude of specific problems affecting better revenue mobilization and management, the consultants focused on three areas. First, it continues to be evident that various administrative practices and systems held over from the pre-Code era are unresponsive and severely constrain momentum toward revenue self-sufficiency. This is especially evident with respect to audit procedures and real property tax administration. Audit regulations remain so tied to antiquated methods and procedures that local governments experience not only constraints on their most innovative efforts, but also face constraints to such basic improvements as computerization of fund management and tax systems. Local officials report that the very objectives of computerization—efficiency, streamlined processing, multiple entry and forms reduction—are undercut by the interpretation of auditors insisting on the use of certain forms, steps, etc.

In the case of real property tax administration, local governments find that the rule-bound systems inherited from the pre-Code era have contributed to endemic minimized tax collections. This situation is further exacerbated by the many years before 1991 when valuations were not market adjusted, leaving local governments to face the daunting task of adjusting rates to market values in a short period, which is politically unacceptable.

A second constraint is that there remains a significant deficiency of timely, practical information, relevant skills, and local experience available to enable alternative financing modes. It must be recalled that prior to the Code, local staff and officials were rarely called upon to act outside of strictly proscribed boundaries of financial management. Debt financing was not encouraged and the sophisticated funds management required to deliver devolved services was rarely practiced. Most local governments operated in a "projectized" mode, that is, funds were received and applied for specific projects, and little discretion or management flexibility were required. Thus, outside of cities and adjacent municipalities, there is little sophistication regarding innovative public finance management. Information that does exist, such as supplied for BOT, is generic and only of use in early stages.

A third constraint is the problem of rationalization of public financial resources. There is strong objection to unfunded mandates, the steep rise in national agency budgets, and the lack of focus arising from funds allocated via congressional insertions and countryside development funds. Local governments regularly and aggressively pursue the latter as a means of funding projects. However, many point out that an extremely large amount of national resources—far more than local governments receive as their Internal Revenue Allotment—is being allocated to local activities without benefit of either local input or rationale. While short-term development needs might be met via such centralized funding mechanisms, longer-term development plans of local communities are continually disrupted by congressional funding of "pet" projects, typically with a bias for visible infrastructure, much of which is nonessential to long-term investment priorities. This is on top of exhortations to pursue unfunded mandates or accept new nationally-defined programs.

Finally, local government officials continue to protest, as they have since 1992, that local shares of national wealth are neither transparently identified nor rationally allocated. Although the Department of Budget and Management last year issued DBM Circular 8-96 on the processing of claims to local government shares in national wealth, there is consensus that more needs to be done on this subject.

DELIVERY OF BASIC SERVICES

In a general trend first noted in the *Sixth Rapid Field Appraisal*, local officials, staff and even NGO representatives are increasingly questioning the unchecked rise in the budgets of national agencies that have devolved significant functions and personnel to local government. Respondents noted that some agencies have been devolving functions and major personnel costs while continuing to receive budgetary allocations from Congress as if they were still in charge of delivering the very services that were devolved. This issue goes beyond the problem of the cost of devolved functions to renew critical questions about “imperial Manila’s” apparent reluctance to accept the profound implications of a decentralized approach to development and governance.

It is in this context that the 7th RFA examined trends and constraints in four devolved service delivery areas: health, agriculture, social welfare, and environment.

ON HEALTH

Overall it is observed that while delivery of health services is most often the most difficult technical challenge for local governments, the Department of Health has been supportive and creative as a devolved agency. For instance, it set up an office—Local Government Assistance and Monitoring Service—precisely to respond to issues and concerns that arose out of the devolution process. This is all the more admirable in that Department of Health is constantly faced with balancing the rights and needs of health workers and local community needs.

Trends

Since devolution, local governments have continued to allocate revenues from both traditional and non-traditional sources to address health needs and provide benefits to personnel.

Consultants found that participatory decision-making with respect to health care is on the rise. There is increasing participation of communities, NGO/POs in the planning, implementation, monitoring and evaluation of health programs, especially at the municipal and barangay levels, in response to the demand for quality health services and DOH promotion and support for participation at the local level outside of mandated venues. However, the trend is toward more participation in program implementation, rather than in organized health boards. At the barangay level, NGOs are more able to influence the degree of participation and the quality of service delivery.

On the financial front (a key issue, given the expense of health care), local governments are increasingly generating income from fees for services, charges for materials and similar methods. However, the Commission on Audit continues to insist that fees and the like be returned to the local governments’ general fund. Thus, those localities that have passed legislation requiring that such income be used only for health services must accomplish this indirectly via the budget. That is, after the funds are returned to the general fund and accounted for, they are then budgeted for health—rather than the more direct method of health centers utilizing retained earnings.

Aside from fee for service schemes, there are other indications that local financing for health is on the rise. There is an increase in local governments devising community-based health finance schemes outside of the new Philippine Health Insurance Corporation. Realignment of

maintenance and other operating expenses for health personnel and capital outlays are on the rise

Constraints

The first constraint is that Local Health Boards are not fully functional in many locales. Consultants suggest this is a result of a lack of clarity regarding Local Health Board functions and mandates. This is compounded at the municipal level by limited flexibility in planning and budgeting accorded Local Health Boards, since most funds are pre-programmed by the Province or the Department of Health.

Department of Health Field Offices and the Population Commission's Provincial Offices are still not yet fully attuned to provide technical assistance. They still act as primary implementers of nationally conceived or nationally desirable programs.

Recommendations

The mandate and functions of Local Health Boards should be reviewed and communicated to localities through more creative information, education, and communication. The goal would be to have Local Health Boards become more involved in local health care management. Also, the Department of Health, the League of Provinces, and the League of Cities, should conduct a study on modes of hospital management to include non-traditional approaches such as cooperative management, partial or full privatization, or establishment of independent management committees. It is recommended that both national and local legislation be considered to earmark revenues generated from health facilities and services for health programs.

Finally, it is worth noting that a number of consultants reported that the Department of Health has managed to involve local governments in the conceptualization and negotiation of Official Development Assistance. The Integrated Community Health Services Project, a \$50.8 million loan and technical assistance grant co-financed by the Asian Development Bank and the Australian Agency for International Development, was developed in partnership between the DOH and local governments. It is recommended as a model for how National Government Agencies could involve localities in the accessing of development aid.

ON AGRICULTURE

Past *Rapid Field Appraisals* have reported mixed trends in the agricultural sector. Prior to passage of the Code, local officials often viewed delivery of agricultural extension services as too generic, poorly managed, and not adapted to local realities. It became evident in early *RFAs* that devolved agricultural personnel were having great difficulty figuring out what to do when challenged to plan priority programs for their localities. It appears that this service perhaps more than any other, has been so highly centralized over the years that its staff are unaccustomed to independent operations of the type required by decentralization. As a consequence, the performance of devolved extension personnel has not generally met the expectations of local executives.

The main venues for participation in agricultural planning are provincial and municipal development councils, fisheries resource management councils, and agricultural resource management councils. In these venues the citizenry attempt to influence agricultural and

fisheries programs that are vital to their livelihood

The Department of Agriculture's strategic response to the call to provide technical assistance to decentralized services is still basically organized around, and limited by, opportunities set by national programs. This approach may be useful in some respects. In others it serves to diminish local priorities and divert attention from the more fundamental need for devolved personnel to design and manage locally determined programs. For instance, *Gintong Ani* is in part premised on augmenting the salaries of devolved agriculture extension workers in order that they implement *Gintong Ani* programs. Local officials aver that they welcome any support available and are reluctant to refuse offers of assistance—and since the 6th RFA they seem to have grown more comfortable with *Gintong Ani*. Still, it remains the case that the assistance is seldom closely related to local priorities. At the national level, Department of Agriculture officials claim that local officials are “not prioritizing” agriculture, when in fact local officials are acutely interested in agricultural development. However, they may be giving priority to aspects of the problem not favored or supported by DA.

Trends

Two major trends appear in this area. First, in many localities there is a growing trend for innovating in agricultural programs, both national and locally generated, with NGO participation. Both regular and special programs of the Department of Agriculture infuse additional resources into local government units and contribute to agricultural development. There is a slight difference in emphasis between the governmental and non-governmental sectors in localities. The tendency is for NGOs to be more involved in alternative, more innovative programs, while the local government turns to the Department of Agriculture for more conventional assistance.

Second, since devolution, local governments have consistently demonstrated support for agriculture as shown by their funding of agricultural infrastructure, mobilization and support of PO/NGO and cooperative movements, of nurseries, training programs and the like.

Constraints

Most local governments implement Department of Agriculture programs and, in varying degrees, consider them helpful. However, given the programs' structure there is little leeway for substantive variation. In spite of “full devolution” local governments continue to have limited control over planning, implementation, monitoring, and evaluation of projects funded from the national budget and overseas assistance. To address local priorities, local governments typically source their own funds and find technical assistance outside the Department of Agriculture structure. Likewise, localities continue to be constrained from developing and implementing their own programs, in part because the Department of Agriculture continues to dominate the field with “large and in charge” programs such as *Gintong Ani*. This constraint is exacerbated by the fact that local governments lack access to technical assistance for planning, since devolved extension workers had not been required previously to have these skills.

Recommendations

The Department of Agriculture should launch an on-site training program for devolved personnel in agriculture development planning, especially at the municipal level. In conjunction with this, the Department of Agriculture must develop systematic pro-active means to solicit and respond to local technical assistance needs. This will counter-balance the current tendency to focus efforts on enlisting devolved personnel and local officials to support centrally designed and

managed programs. Fifth and sixth class municipalities should be given priority in this effort. Consultants felt that since there were Provincial Agriculturists even before the 1991 Local Government Code, training at the provincial level is not as urgent.

Department of Agriculture funds earmarked for what are essentially extension activities should be re-directed into block grants to local governments for agricultural development. Operational priorities should be shifted from national programs "topping up" devolved personnel benefits to support of actual extension activities that respond to local priorities. The practice of topping up perpetuates inequities between local and formerly national personnel, and exacerbates problems of integrating devolved personnel into local structures.

A last recommendation is for the Department of Agriculture to adopt a more demand-driven approach to use of both general appropriations and overseas development assistance (ODA). As noted, above, the Department of Health has demonstrated with the Integrated Community Health Support Program that this is possible. Funds should not be pre-programmed for specific, relatively inflexible purposes, but should be allocated via block grants or similar mechanisms to support a wide variety of local agricultural development priorities.

ON SOCIAL WELFARE

Devolution of social welfare services has been in most respects a "success story" of decentralization. The Department of Social Welfare and Development willingly and aggressively managed the devolution of its personnel, who were typically well respected by local executives and readily absorbed into local organizational structures. Overall, the changeover process has gone well. Services continue to be delivered without too many difficulties.

Trends

There is, by all accounts, a productive continuing partnership between the Department of Social Welfare and Development and local governments in delivering social services. Even before devolution, local governments had a role in selecting social service beneficiaries. Devolved personnel do not feel cut off from the "mother agency," as there is continued coordination in programming and prioritizing. Former national personnel have accepted devolution to local governments, in part because these governments do indeed prioritize funding of social services. And the role of non-government organizations in service delivery and coordination is less contentious in the area of social services. In short, there tends to be a strong effective linkage among local governments, non-government agencies, and the Department of Social Welfare and Development.

An interesting development in the area of social services is linked to the Minimum Basic Needs (MBN) approach. Implementation of the MBN data system is far from universal, and it is occasionally viewed as an "unfunded mandate." However, in some areas it is being seriously utilized to direct social services, and this tends to broaden service delivery from short-term crisis response to more wide-ranging help for clients. Nonetheless, it cannot be said that the MBN approach has had an abiding impact on how planning is done.

Finally, efforts towards the Social Reform Agenda have had an impact at the local level. While there were problems with funding releases for the first year of the Poverty Alleviation Fund (when guidelines were released late in the year), for the second year local respondents cited considerable impact.

Constraints

There are three constraints to the optimum delivery of social services cited by consultants. The first is the preference some local governments have for concrete, visible infrastructure, as these are perceived to be better means of getting votes. Thus, while social services are supported in the budget, there remains a gap relative to actual needs—particularly in lower class municipalities.

The other constraints have to do with the structure of projects under the Social Reform Agenda. A listing of programs and projects—what amounts to a menu—is available to localities. The input of local governments is restricted to selecting from this pre-identified list, rather than being able to design their own projects to meet the goals of alleviating poverty and meeting minimum basic needs. For instance, officials in Lanao del Norte felt that what was needed were Level III waterworks, but guidelines for Poverty Alleviation Funds specified only Level I or Level II.

Finally, since national government agencies serve as conduits for the Poverty Alleviation Fund, their internal procedures can delay the release of moneys.

Recommendations

We do not presume to offer recommendations regarding the first constraint, since it is the responsibility of voters to encourage their governments to set priorities wisely within existing budgets. However, with regard to projects under the Poverty Alleviation Fund (II), there are two recommendations to the Social Reform Council:

1. The programming mechanism should be reviewed to include greater local control over fund allocation and utilization—with barangays and various sectors of civil society included in consultations. For instance, rather than choose from a set menu prepared by the national government, local governments could be encouraged to specify exactly what they need.
2. Since Poverty Alleviation Funds are for municipal projects, funds should be released directly to municipalities.

ON ENVIRONMENT

Environmental management is in an ambiguous position, since it is not a completely devolved function. Section 17 of the Local Government Code specifies that environmental functions devolved to local government are still under the “supervision, control and review” of the Department of Environment and Natural Resources.

Trends

There is a very high level of concern about the environment throughout the Philippines. Mindful of their obligation to promote the general welfare of their inhabitants, local governments everywhere are getting involved in environmental management. Local governments are increasingly developing programs and budgeting revenues for the environment. Urban areas often focus on the solid waste management, while rural areas focus on watersheds or other water supply issues. Groups of municipalities have banded together to protect coastal resources. Awards and recognition programs, the best known being the annual “Clean and Green” contest, are utilized to increase awareness and participation in environmental

management The attitude of locally assigned officials of the Department of Environment and Natural Resources varies—from encouragement, to indifference, to attempts to preserve the administrative prerogatives of the Department and its employees

Particularly impressive is the high level of citizen involvement observed throughout the Philippines Local governments have formed many specialized organizations to deal with the environment, generally multi-sectoral The fact that there is greater cooperation among local governments, the non-government sector, international groups, and national government agencies augurs well for environmental management at the local level

This environmental activism is not confined to the executive branch, but also includes activist *Sanggunians* and individual *Kagawads* Many new environmental codes have been prepared or are being drafted

Constraints

Current policy implementation limits and discourages local government involvement in forest management The Department of Environment and Natural Resources still largely implements Integrated Social Forestry Because their actions are still under the “supervision, control, and review” of DENR, local governments have yet to demand control over communal forests

Since environmental management is a new area of local government action, there is a lack of technical expertise Communities recognize this, and thus there is a strong demand for training, cross visits to other localities, and similar forms of technology transfer

National policies often have ambiguous goals and objectives, and conflicting regulations, which hinder private sector investment and local government initiatives For instance, national government pronouncements encourage private sector tree farming, while at the same time regulations attempt to insure that cut trees do not come from natural forests These two laudable goals come into conflict when cumbersome verification processes for cultivated logs makes private sector production very difficult

As is so often the case with national government programs, local governments are unable to effectively address environmental concerns because they are not involved in planning and managing national programs in their areas Too often the national government makes policy commitments that affect local governments, but those governments are excluded from the decision-making process

Recommendations

It is most important to clarify the environmental policy framework for the Philippines as a whole and the corresponding roles and relationships among the Department of Environment and Natural Resources its local offices and local governments Local governments are anxious to protect the environment and realize that the Department of Environment and Natural Resources is overstretched in its nation-wide responsibilities Much greater clarity is needed on what the Department is going to do, and what local governments will do

Once this is accomplished, local governments can begin to institutionalize local units responsible for addressing local environmental concerns These could be separate environmental offices, or units within, say, the agricultural office In any case, technical support from the Department of Environment and Natural Resources for these units must occur

PARTICIPATION

Concern for participation permeates all subject areas examined in *Rapid Field Appraisals*. Effective citizen participation can take place in any policy arena, at any point of the policy cycle. In this section we take a brief look at the overall picture of participation.

Trends

Earlier *RFAs* identified a positive trend toward greater participation in local governance. These assessments identified a broad trend toward more NGOs being accredited and subsequently incorporated into special bodies. In short, there has been substantial compliance with the letter of the Local Government Code.

Likewise, *RFAs* reported the gradual easing of interference by local chief executives in the choice of NGO representatives and in NGO participation in general. While there are some localities where local executives and NGOs have difficulties working together, this occurs less frequently than conventional wisdom would have it--there has been much less "trad-pol" behavior among local chief executives than many expected or assumed.

Reinforcing these positive trends is the widespread use of multiple venues for popular participation. Venues not mandated by the Code, but utilized for specific purposes can effectively funnel citizen inputs to governance. Fisheries and Aquatic Resources Management Councils allow direct input into policies and actions vitally important to coastal dwellers. Community organizing which typically accompanies many social services increases citizen impact on the government. *Bantay Dagat* and *Bantay Gubat* bodies translate citizen concern about the environment into participation in governance.

Local officials have realized that the "resources" available to local governance are greater when activities incorporate NGOs, private firms, and ordinary citizens. Joint ventures, BOTs, and other public-private partnerships multiply resources brought to bear on specific issues. The volunteerism that is encouraged by, for instance, Local Health Boards proves to citizens that their activities can make a difference.

Constraints

One of the major constraints to fulfilling the spirit of the Local Government Code as well as the letter is the diffuse mandate of Local Development Councils. The non-government community has spent considerable effort to obtain seats on the Council, often to learn that nobody knows what exactly is supposed to occur, or how to manage it. Thus, as time has passed more energy has been devoted to the specialized, non-mandated bodies discussed above.

A second constraint flows from the discussion of agricultural and environmental service delivery. There is a lack of community involvement in planning and managing national programs in their locality. National government agencies in Manila continue to plan programs and projects that affect localities. The mandate of the Local Government Code (Sections 2(c), 26, and 27), on prior consultations before any program or project is implemented in local jurisdictions, has rarely been followed.

A final constraint is remaining clashes of perspectives between local governments and non-government organizations. The wild suspicions of the early 1990s (NGOs perceived as

communist, local governments perceived as oppressive) have faded, but difficulties remain that must be worked out. Elected local officials are accustomed to meeting deadlines of the governing cycle and deriving their legitimacy from elections. NGOs are accustomed to maximizing discussion, no matter how long the process takes, and derive their legitimacy from service delivery or more professional criteria (such as particular expertise). To cite this constraint is not to imagine that it will disappear—it must be recognized by observers as ineradicable.

Recommendations

Technical assistance should be made available for designing processes which maximize the utility of Local Development Councils, and other participatory venues, for both government and non-government representatives. This would include technologies for participatory planning, facilitation of meetings, linking budgets to plans, and participatory monitoring. Already certain provinces like Nueva Vizcaya are demonstrating that this can be accomplished.

A second recommendation is that both national government agencies and foreign donors should make the effort to embrace a demand-driven project style. The Department of Health, through its Integrated Community Health Care Support Program, has shown how this can be done even for large, foreign-funded programs.

THE NATIONAL GOVERNMENT AGENCIES

As has been the case since the 5th RFA (June 1995), *Rapid Field Appraisals* now include an examination of the plans and initiatives of National Government Agencies with respect to decentralization under the 1991 Local Government Code

Many issues originating from National Government Agencies have been canvassed in the separate discussions of resource mobilization, and of the devolved services in agriculture, health, social services, and the environment. This section briefly notes findings from the National Economic and Development Authority (NEDA), the Department of Interior and Local Government (DILG), and the Commission on Audit (COA)

NEDA has identified as one of its priorities the “building of LGU capacities in planning and project development and the rationalization of national government support to LGUs according to the LGUs’ financial strength and economic potentials.” Toward this end, NEDA initiated the formation of Project Development Assistance Centers in each region to assist local governments in the project cycle. In addition, NEDA Board Resolution No. 1 (1997) allows local governments to construct national roads and bridges within their jurisdiction as long as at least 50% of the funds come from local budgets. The aim of this policy is to promote local “ownership” of such projects.

The DILG performs a somewhat contradictory role with respect to decentralization. The Bureau of Local Government Development is the secretariat for the Oversight Committee, and as such is in extensive contact with local governments as amendments to the Code (during the 5-Year Review of the Code) are discussed. The Local Government Academy is attempting to build local capacity in a number of areas. Yet, the DILG’s several memoranda on the use of the 20% Development Fund are widely seen by local officials as prejudicing local autonomy.

Finally, the Commission on Audit also figured in recent moves with respect to autonomy. In response to a widespread clamor about the operations of provincial hospitals, a joint circular by DBM, DILG, and COA was drafted to allow the Provincial Hospital Administrator to approve vouchers. However, the Legal Department of COA gave the opinion that such an action would need legislative approval rather than just action by the executive branch of government, and thus the circular was not issued.

SPECIAL FOCUS AUTONOMOUS REGION IN MUSLIM MINDANAO

The Autonomous Region in Muslim Mindanao (ARMM) merits special focus for two reasons. First, the region is important for peace and development in the Philippines. Many, both within the Philippines and abroad, look for progress in this region to alleviate deep-seated problems of southern Philippines. The second reason is that the context for local governance in the Autonomous Region in Muslim Mindanao is very different from the rest of the Philippines.

Context

The 1987 Constitution specifies that special autonomous regions be constituted for Muslim Mindanao and the Cordillera. The Organic Act for the Autonomous Region in Muslim Mindanao was passed in 1989, and ratified in a plebiscite in four provinces.[†] This resulted in the devolution to the regional government of practically all domestic functions of government. When the 1991 Local Government Code was passed only health services were left to be devolved.

When the Autonomous Region passed its own Local Government Code in 1994, it insured that all powers, responsibilities, and resources were retained by the regional government rather than by provinces and municipalities.[†] The regional government insured that the act not diminish the power of the regional government. For instance, Section 457 of the ARMM Local Government Code provides that the regional government appoint provincial officials: Health Officer, Social Welfare and Development Officer, Agriculturalist, Natural Resources and Environment Officer, and the Tourism Officer.

Findings

Not surprisingly, there is a desire among provincial and municipal officials in the ARMM for the same powers, responsibilities, and resources that their counterparts in the rest of the Philippines enjoy. These officials are part of the same Leagues of local government as are officials from the rest of the Philippines, and are well aware of the opportunities for decentralized governance offered under the 1991 Local Government Code.

A second finding is that, even given the regional dominance in service delivery, local government units supplement regional efforts. This is particularly the case for agricultural and fisheries programs, which are so important in these rural areas.

A third finding is the increasing intellectualization and professionalization of local elected leadership, and local government bureaucracies. More officials have college degrees, and more express technocratic or professional aspirations for decentralized development.

A fourth finding is that civil society in the Autonomous Region in Muslim Mindanao is quite strong and dynamic. This finding may strike some observers as surprising given stereotypes of Moslem society. However, it is easy to find self-help groups at the local level to which many citizens can orient their activities. These groups, like non-government groups throughout the Philippines, occasionally source funds from abroad. However, fundamentally their roots are in the local community.

An Organic Act for the Cordillera was defeated in a plebiscite in January 1990. A second Organic Act was passed in late 1997, and will be subjected to a plebiscite on 7 March 1998.

[†] The second Organic Act for the Cordillera, by contrast, provides that nothing in the act shall diminish the powers and responsibilities that local governments enjoy under the 1991 Local Government Code.

ANNEX ON METHOD

Rapid Field Appraisals have always focused on the local perspective. This *RFA* is no exception. Consultants are chosen who are knowledgeable about their regions. The consultants are asked to observe, investigate, and report on local opinions and experiences of the decentralization process. Regional reports are then discussed at a two-day seminar among the consultancy team (for the 7th *RFA*, 13-14 August 1997), which discussions form the basis for the overall "Synthesis."

The *RFA* approach typically yields very different information than do evaluations that rely on reports to central government from government field representatives, or studies which portray local reality by interpreting what *should* be happening as a result of policies and administrative promulgations emanating from the center.

Topical Areas

Past appraisals have addressed a wide variety of topics that seemed most important at a given point in the decentralization process. The choice of topics has been largely dependent on the most conspicuous and critical dynamics of the moment. Yet all *RFAs* have in various ways looked at certain consistent themes such as local finance, local service delivery and participation of the NGO sector.

For the 7th *RFA* we reviewed all past *RFAs* and then derived the following five topical areas which maintain continuity as well as take cognizance of emerging themes:

- 1 Local Revenue and Resource Mobilization
- 2 Local Government Service Delivery
- 3 Participation
- 4 Inter-Governmental Relations
- 5 Local Government Administration

Local service delivery as usual received focus and attention, consultants looked at agriculture, environment, health, and social welfare. Also examined was participation in relation to planning and service delivery issues.

Trends Analysis Approach

The 7th *RFA* again uses the trends analysis approach. Trends analysis differs from conventional problem analysis in two ways. First, trends analysis seeks to understand and describe what is happening in the *dynamic process* of decentralization, rather than to undertake a critique based on the premise that decentralization should hypothetically be at a certain point.

Second, while not averse to acknowledging and recording problematic issues, trends analysis is essentially concerned with identifying *positive* trends as a means to describe in what manner decentralization is moving towards its objective of better governance based on local exercise of greater powers, authorities and responsibilities.

Trends analysis also identifies constraints and links these to the positive processes. In this manner, recommendations are more precisely aimed at those actions that will hasten the forward movement of the process.

List of Consultants

This *Synopsis of Findings* was prepared by Kenneth H Ellison, Chief of Party, and Steven Rood, Policy and Indicators Measurement Specialist, on the basis of the *7th Rapid Field Appraisal* seminar and individual appraisal papers submitted by the following consultants

| <u>Consultant</u> | <u>Region</u> |
|-----------------------------|--------------------------------------|
| Alex Bello Brillantes | Region I |
| Nelia Zingapan-Caulan | Region II |
| Alberto C Agra | Region III |
| Conchita Rraggio | Region IV |
| Fernanda Navarro | Region V |
| Agnes Villaruz | Region VI |
| May Elizabeth Segura-Ybañez | Region VII |
| Oscar Francisco | Region VIII |
| Carmencita Cochingco | Region IX |
| Ernesto Villegas | Region X |
| Ma Asuncion Chin | Region XI |
| Nelia Bonita B Agbon | Region XII |
| Arellano A Colongon, Jr | Cordillera Administrative Region |
| Annabelle Cajita | Caraga |
| Macapado Muslim | Autonomous Region of Muslim Mindanao |
| Henedina Razon-Abad | National Government Agencies |