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# **Democracy and Governance And Cross-Sectoral Linkages**

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## **Philippines**

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## I. INTRODUCTION

### Background

In collaboration with the Global Bureau's Center for Democracy and Governance (G/DG) and the Africa Bureau's Office of Sustainable Development (AFR/SD/DG), PPC/CDIE has been gathering information about how, why, and with what effect some USAID Missions have progressed toward establishing linkages between D/G and other sectors. CDIE has completed case studies in the Dominican Republic (DR), Guinea and Madagascar, while AFR/SD/DG has conducted parallel studies in Mali, Zambia, and Zimbabwe. In addition to the country studies, CDIE has completed an analysis of USAID/Washington (AID/W) policies and operational problems associated with implementing DG cross-sectorally linked programs.<sup>1</sup>

USAID/Philippines was selected as the final case study because of its multi-faceted and highly successful DG program and, most particularly, its support of the implementation of the government's 1991 Local Government Code through the Governance and Local Democracy (GOLD) and Local Development Assistance Projects. More broadly, Mission results reporting and strategic planning documents suggested that its programming was achieving the kind of synergy called for in USAID's more general policy statements. Lastly, it was learned the Mission was in the process of revising its strategic plan in a way that had major implications for DG cross-sectoral approaches and activities.

### Methodology

The study design posed three basic questions: 1) to what extent had the Mission been successful in establishing operational and strategic linkages between DG and other sectors; 2) what was the impact of such cross-sectoral activities and, 3) what was the management approach in introducing and administering linked activities. To answer these questions, a team consisting of a senior evaluation specialist from CDIE's Program and Operations Assessment Division and a political scientist from Management Systems International conducted a field study in the Philippines from October 5 - 22, 1999. The team spent slightly more than half the time in Manila interviewing Mission staff, U.S. Embassy officials, implementing partners, and local NGO representatives. The remainder of the time the team traveled in-country to observe cross-sectoral activities and talk with local officials, partners, and beneficiaries.

To do the fieldwork outside Manila, the team split in two, with one member visiting activity sites in the provinces of Capiz, Iloilo, and Nueva Vizcaya, while the other traveled to sites in Bohol and Sarangani (Mindanao). One team member was accompanied for most of his trip by a FSN from the Mission's Office of Governance and Participation; the other was accompanied by a local consultant – a former mayor and current part-time provincial government employee. The

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<sup>1</sup>This study found that while there was ample policy language directing operating units to achieve greater synergy through DG-linked programs, Agency allocation, oversight, and review systems did not have explicit mechanisms for insuring that such policies were actually implemented. Moreover, on the whole, respondents were pessimistic about the possibility of overcoming severe constraints to cross-sectoral linkages, including personnel, budget, and accountability systems that encourage "stovepiping," i.e., narrow sectorally focused approaches to development programming.

provinces visited had all been involved with Project GOLD since its inception, and were suggested by Mission staff as places where DG cross-sectoral activities would be readily observable.

### Conceptual Framework

The conceptual framework used by the team to ascertain whether DG cross-sectoral linkages are being realized by USAID/Philippines is based on core values and behaviors that seem to be universally accepted “ideals” about what a democracy should be. These include:

- officials and citizens accept a rule of law;
- government power is exercised within that rule of law;
- government officials are accountable and responsible to the people;
- some form of regular and open competition for control of government;
- citizen participation is accepted and valued in government decision making;
- transparency in government transactions and decisions is an accepted norm;
- freedom of information and the media’s right to investigate and publish;
- citizens’ right to organize to advance their own or the public interest.

In examining documents and during field visits, the team sought out evidence of the inclusion of one or more of these values and behaviors as active elements of the Mission’s strategy and sector programs. For example, a natural resources management project that included significant efforts to build indigenous peoples’ participation into local decision making would be considered as an example of DG-linked programming. The more elements found, the stronger the linkage.

Another key element of the team’s approach was the concept of synergy. The formal meaning of synergy is, the effects of two agents acting together are greater than the sum of the same two agents acting independently ( $1 + 1 = 3$ ). In development terms, a cross-sectorally linked program with high synergy would be producing development value that exceeded what could be gained by a more narrow, technical approach. Staying with the natural resources management example cited above, evidence of synergy might be found when the indigenous group begins to branch out into areas beyond the scope of the original activity, such as forest conservation.

Sometimes synergy is an unexpected outcome, and sometimes development agencies can plan for it. But, whether expected or unexpected, the important issue for the team was whether the Mission and its partners were alert, from beginning to end, to the possibilities of creating synergy by virtue of the manner in which they undertook and implemented their programs.

This leads to the third component of the team’s approach – the effort to find a “standard” by which to assess the reality encountered. For want of a better word, the team sought to understand the management “style and structure” that would reinforce cross-sectoral linkages and the drive for greater synergy in development outcomes. However subjective, the team believes that the way a Mission organizes itself, the norms and behaviors its leaders encourage, and the way information is used are important aspects of a management style that may or may not be conducive to promoting and implementing cross-sectoral activities.

## II. COUNTRY CONTEXT

### A Favorable Climate for Democratic Decentralization...

The most important single host-country factor affecting DG cross-sectoral linkages is the Local Government Code. Enacted in 1991, five years after the ouster of President Marcos and restoration of democracy in the Philippines, the Code was intended to serve as “a bulwark”<sup>2</sup> against the former regime’s authoritarian excesses. It ushered in “a revolution in governance,”<sup>3</sup> devolving power and responsibility to local government units – barangays,<sup>4</sup> municipalities, cities, and provinces – for basic health care, delivery of social services, agricultural extension work, and environmental management.

Under the Code, some 70,000 national employees from the Departments of Health, Social Work and Development, Agriculture, and Environment and Natural Resources were reassigned to local governments. The Code also transferred significant financial resources by broadening local taxing powers, providing a share of national wealth generated from local mining, fisheries, and forestry activities, and increasing the share of the national government’s Internal Revenue Allotment. Lastly, the Code mandated means by which civil society and citizens could participate directly in local governance. Civil society organizations are represented on special bodies, such as local development councils and health boards, and citizens can petition to remove public officials and call for initiatives or referenda to propose, enact, repeal, or amend local ordinances.

While the implementation of the Local Government Code is still very much a work in progress, periodic assessments<sup>5</sup> of its impact indicate it has helped bring about significant changes that bear directly on cross-sectorally linked programming. According to these assessments local governments have been using the substantially increased resources<sup>6</sup> available to them under the Code to improve local governance and service delivery. Local governance has become more project and program oriented in many provinces and municipalities, diminishing the role of traditional patron/client relationships. Local governments have become strong and effective forces in lobbying the national government, and NGOs and individual citizens have played an ever-increasing role in planning and carrying out local development activities. In sum, in combination with other “broad social and economic changes” that have been taking place at the local level for many years, Code-inspired changes have created “a favorable climate...for decentralized democracy in the Philippines.”<sup>7</sup>

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<sup>2</sup>Steven Rood, Decentralization, Democracy, and Development: A Publication of the Governance and Local Democracy (GOLD) Project, ARD, Inc. and USAID, Manila, 1998, p. 7.

<sup>3</sup>Rood, p. 6.

<sup>4</sup>The smallest unit of government, typically comprised of between 70 and 300 families.

<sup>5</sup>A series of empirical studies called Rapid Field Appraisals, conducted with USAID funding periodically since 1992.

<sup>6</sup>The national government’s Internal Revenue Allotments to local governments rose from about \$375 million in the last year before the Code’s implementation to about \$2.7 billion in 1997.

<sup>7</sup>Rood, p. 13. See also related discussion, pp. 14 – 16.

### ...but Some Crosscurrents Too

In addition to the array of factors supportive of cross-sectoral linkages, there are others that are less conducive to their establishment. Most importantly, the Local Government Code has not been universally accepted and implementation efforts have met with resistance from traditional local elites and national government personnel. For example, some Department of Health staff have persistently agitated to re-centralize health services and on one occasion in the mid-1990s this helped bring about passage of legislation mandating the return of health services to the national government. While the bill was vetoed by President Ramos, such resistance persists, as reflected in the more recent case where the Department of Interior and Local Government stirred up a hornets' nest of complaints by prescribing guidelines for local governments to follow when purchasing heavy equipment.

Also, because the Code is essentially attempting to alter centuries-old patterns of governance and political behavior, change in many instances is uneven and slow in coming. This gives rise to a concern that the natural difficulties to be expected in decentralizing will come to be regarded as permanent fixtures and thereby reinforce the temptation to return devolved powers to the national government. Indeed, it is instructive that the phrase, "imperial Manila" – referring to the national government's still dominant role – was heard frequently when decentralization came up in CDIE's interviews and conversations with U.S. officials and Filipinos.

Finally, the Code is undergoing a mandatory review of its status by Congress, a process which includes the possibility of amendments. It is by no means certain which way this process will go – to promote or curtail decentralization – and concerns are further heightened by the seeming unawareness on the part of the general public about this review. This is in sharp contrast to the atmosphere during the late 1980s when the Code was drafted, where the issues were openly discussed and there was a public clamor for decentralization.

Aside from the Code, there is concern among some knowledgeable observers about the country's still evolving democratic fabric. They point to pervasive corruption, the persistence of patron/client relationships, and the absence of a coherent party system, as evidence that democracy in the Philippines is systemically dysfunctional. These observers also express concern that the late 1980s reform movement has introduced so many checks and balances that government cannot act effectively. For example, they cite the fact that anyone can sue any government official for misconduct in office and the Ombudsman can suspend any official, including the President, from office for six months and renew the suspensions indefinitely.<sup>8</sup>

### III. MISSION CONTEXT

#### An Evolving Approach

Rather than reflecting any pro-active, systematic approach, DG cross-sectoral linkages in USAID/Manila evolved gradually during the 1990s as a result of the combined effects of several

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<sup>8</sup>Jim Vermillion, Associate Assistant Administrator, Global Bureau, Center for Democracy and Governance, referring to conversations he had with U.S. officials in Manila, in a draft Memorandum to USAID Mission Director, Patti Buckles, September 24, 1999.

factors. First, is the natural potential for interaction provided by the Mission's broad-based portfolio – and, most particularly, its project GOLD initiative<sup>9</sup> – and the implementation of the Local Government Code. For much of the decade, Mission programming has focused on economic growth, health and population services, natural resources management, and governance and participation. The tie between these goal areas and the Code is underscored in the Mission's 1995 Program Strategy, which states that “as a result of decentralization, local government units are now natural partners for USAID activities across all four strategic objectives.”<sup>10</sup> The authors later point out that under the Mission's DG strategic objective “appropriate preference” would be given to activities that support other Agency strategic objectives. Thus, the narrative continues, “coalitions of indigenous tribal groups and poor fisherfolk, as well as increased LGU [local government unit] environmental planning capacity, will directly benefit USAID's coastal, forest and pollution abatement activities.”<sup>11</sup> Likewise, it was assumed increased local government capacity in service delivery would help Mission efforts in the health area.

Second, aided and abetted by project GOLD activities, the natural links between Mission programming and decentralization have presented a continuous stream of “targets of opportunity” that have been seized on by certain key staff and implementing partners who saw the cross-sectoral potential and acted to take advantage of it. For example, within the Mission, Foreign Service National (FSN) staff responsible for the day-to-day management of sectoral activities told CDIE they saw the need for information sharing and coordination, and on an informal basis were able to find opportunities for cooperative efforts with their DG colleagues.

One such technical sector FSN explained that the Local Government Code's implementation made it clear that continued success in her area of responsibility depended on learning more about the workings of local governments and how to help them with their newly devolved responsibilities. Through regular, informal contacts with her DG counterparts she learned about project GOLD's Technology of Participation (ToP)<sup>12</sup> and arranged to attend a workshop on it. She immediately saw the ToP's relevance to activities in her sector and helped persuade initially resistant contractors and national government officials to make use of it.

Similarly, contractors and implementing partners at the activity level have taken advantage of decentralization-related opportunities. The chiefs of party of the GOLD and Coastal Resource Management (CRMP) projects told CDIE they and their staffs have been working together for several years in ways that link their respective areas. Implementing partners explained that

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<sup>9</sup>Launched in 1995, Project GOLD was designed to demonstrate that decentralized (devolved) governance can help local communities accelerate development and improve government performance. Its operational approach is predicated on assisted self-reliance and the provision of technical support on a demand-driven basis. Project sites are located in nine provinces and two highly urbanized cities. GOLD is currently in its final “roll out” stage, whereby its activities will expand to approximately 30 of the Philippines' 77 provinces by the project's scheduled termination in December 2000.

<sup>10</sup>*Partnership for Democracy and Development: Country Program Strategy for the Philippines, 1995*, p. 9.

<sup>11</sup>*Ibid.*, p. 55.

<sup>12</sup>A state-of-the-art facilitation methodology that enables groups representing diverse constituencies (e.g., political leaders, civil society organizations, business people and professionals, and individual citizens) to share basic assumptions, define common ground, identify feasible approaches to problem solving, and move toward concrete action.

cross-sectoral cooperation at their level is virtually a given because of their proximity with one another. For example, in Sarangani Province local representatives of USAID democracy and governance, economic growth, environment, and health programs routinely attend the same meetings hosted by local authorities and NGOs. Simply being at the same place at the same time assures that they are constantly exposed to opportunities to do things for their mutual benefit. These same sources also emphasized that at the local level those with the necessary skills and experience are few in number and because of this frequently come across one another in other development-related contexts.

The third factor behind the Mission's evolving cross sectoral approach is the reduction in its operating budget. During the 1990s, USAID/Manila's budget went from the hundreds of millions of dollars early in the decade to steeply reduced allocations in the second half, as USAID/Washington efforts to downsize and/or close the Mission were pursued. When budgets were high, according to Mission staff, there was little thought about and/or perceived need for cross-sectoral cooperation, since sector leaders and their staff had enough resources to do their work. However, as budgets declined the consequent competition for funds prompted increased awareness of the need for and utility of cross-sectoral cooperation.

### Ground-Breaking Changes

With the arrival of a new Mission director in 1998, more attention began to be given to the establishment of linkages between and among sectors. Increased emphasis was placed on breaking down stovepiping through more effective integration of programs. Illustrative of this new emphasis, a "synergy" matrix was developed as part of the Mission's March 1999 Results Review and Resource Request (R4). Included as an appendix to the R4, the matrix schematically depicts how the Mission's overall program had the potential to be more than the sum of its individual strategic objectives.

At the same time the Mission developed a revised strategy,<sup>13</sup> which states that "reduced budget levels experienced this year and anticipated in the future require new implementation approaches that rely on greater collaboration among Mission Teams...."<sup>14</sup> The new strategy retained the existing six strategic objectives, but made significant revisions in four of them. Most important, for the purposes here, many of the specific actions proposed in the revision – thirteen in all – suggest close linkages between democratic governance and the other sectors. For example the Mission promised to expand activities with municipal and provincial governments to improve tax collection and increase access to other forms of finance.

In addition, the strategy asserted that the Mission would "integrate environment, economic growth and democracy strategic objectives through shared common sub-results and contractual mechanisms to encourage contractors and grantees to collaborate."<sup>15</sup> The strategy also

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<sup>13</sup>According to the Strategy for FY 1999-2004: An Assessment and Redirection, USAID/Philippines, March 31, 1999, p. 1, the factors that led to this revision were: the economic development constraints and opportunities created by the Asian Financial Crisis; priorities of the new Philippine Government; impacts of calamitous weather on agriculture; lessons learned from pilot and demonstration activities; and changing perspectives on U.S. national interests in the Philippines and East Asia.

<sup>14</sup>*Ibid*, p. 1.

<sup>15</sup>*Ibid*, p. 8.

acknowledged that under its revised approach the Mission would have to adjust its management style and operational structure. Thus, after stressing that Mission management objectives, *inter alia*, would “reinforce the areas of program integration and synergy,”<sup>16</sup> the text underscores this commitment by pointing out that the democracy objective (SO 6) is “more than any other strategic objective...the force integrating the...strategy.”<sup>17</sup>

However, sooner than anyone could have reasonably anticipated, in July 1999 USAID/Washington mandated yet another major reduction – from \$40 million to \$30 million – in the Mission’s annual program budget. This necessitated yet another difficult, intense and, in this instance, painful debate within the Mission; for unlike the earlier revision, in any successor something would clearly have to go. In the resulting strategy addendum this was indeed the case, since the Mission chose to drop SO 6 as a stand-alone SO and integrate it into the surviving SOs. While the Mission had emphasized the integrative power of SO 6 in the initial revision, it now proposed making “DG approaches and results...long-term, fully integrated mechanisms to achieve sustainability in all SO results.”<sup>18</sup> In effect, the logic of using DG as the integrative force set forth in the initial revision had been taken to the next level.

While this bold initiative has yet to be implemented, its potential implications are already apparent. It raises key questions that go to the heart of the way USAID approaches its mission and conducts business in a time of diminished budgets and staff. Will the Mission integrate DG staff into their new work areas in ways that enable them to bring their DG expertise to bear on a sustained basis? Will formal DG indicators and intermediate results be written into all Mission SOs? Will the Mission be able to attract the best and brightest DG officers, given that they will no longer have a traditional portfolio to manage? Will DG results be written into SO team leaders’ performance objectives? Answers to these and other such questions over the next year or so will reveal how well this landmark effort is faring and what the experience with it may suggest for the Agency as a whole.

#### IV. EFFECTS OF CROSS-SECTORAL LINKAGES

Among the Missions visited in this cross-sectoral linkages study, USAID/Manila is the one with the most numerous and highly developed examples of synergistic results. These results were described by Mission staff and partners in Manila, are further detailed in supporting documents and, most importantly, were readily identifiable at activity sites in four of the nine project GOLD provinces – Nueva Vizcaya, Capiz, Bohol, and Sarangani – CDIE visited. At these sites, DG/environment, DG/health, and/or DG/economic growth results surfaced in firsthand observations, discussions with implementing partners, and interviews with beneficiaries (local officials, NGO representatives, and individuals in the community).

The results have one or more themes in common. They were largely unplanned and informal, not having been set forth as official performance indicators or intermediate results in Mission reporting documents. Second, for the most part they appear to be reciprocal rather than one-way;

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<sup>16</sup>*Ibid*, p. 9.

<sup>17</sup>*Ibid*, p. 21.

<sup>18</sup>Revitalizing the Economy and Transforming Governance to Accelerate Sustainable Growth: An Addendum to the USAID/Philippines Strategy for FY 2000 – FY 2004, USAID/Philippines, October 1, 1999, p. 3.

i.e., DG approaches and principles enhanced outcomes in the technical sectors and outcomes in the technical sectors reinforced elements of democratic governance. Lastly, while some results were an outgrowth of joint or closely coordinated DG/technical sector efforts, others came from local officials applying good governance and participatory principles from prior GOLD training to Mission-supported activities in other sectors.

### DG/Environment (ENV) Linkages

Perhaps more than any other strategic goal area, the environment has provided the most natural setting for DG cross-sectoral linkages because it ties together substantive areas of USAID's focus with key features of the current Philippines context. In other words, the Mission's emphasis on local governance and participation and community-based natural resources management mirrors the Local Government Code's implementation and increased concern among Filipinos that depleted natural resources and environmental degradation threaten their country's current and future well-being. Specifically, DG/ENV linkages appear to have evolved most successfully in the interaction between project GOLD and environment activities focused on local management of coastal, forest, and other natural resources, as illustrated below.

- Local officials have used project GOLD's ToP process in numerous activities supported by USAID environmental programming. In Maitum, a municipality in Sarangani province, project GOLD staff acted as facilitators/advisors in support of the mayor's efforts to organize the overall environmental planning process in an inclusive, participatory manner. A leading example of the results of these efforts is the recent two-year push to develop a comprehensive municipal forest land use plan. This activity responds to alarm among the mayor and other local officials that 60% of the municipality's forest resources have already been lost and, as a result, flashfloods and other consequences of deforestation are occurring with increasing frequency. The work was done by a 90-member committee representing all segments of the community, including barangay captains, tribal leaders, academics, business people, government officials, NGOs, farmers, fisherfolk, and religious groups. In line with ToP principles, the process surrounding the plan's development was participatory, consultative, and transparent.

While the plan's development and adoption in March 1999 is a formidable achievement in its own right, some concrete effects are already emerging. For example, local officials told CDIE the plan has helped increase the number of illegal loggers apprehended in the municipality. The reason, they explained, is inhabitants of upland areas who previously did not see such illicit activity as something of concern to them now do because of their involvement in the plan's development. In effect, they have become stakeholders in preserving the remaining forest and seeing that its resources are managed better.

The plan and the participatory process that spawned it have also prompted new attitudes and expectations between local government officials and their constituents. A municipal planning official, who admittedly was very hesitant about the land use committee's participatory approach, said that the extra effort it entailed was worthwhile because it created trust among the people which, in turn, has helped make her work easier and more effective. Similarly, a barangay captain said he feels the presence of government in a much more

positive way. Previously, he explained, it seemed as if there was no government for him and the members of his tribe, but now they are interacting with local government in ways they have never done before and are thinking about ways to become even more involved.

- Collaborative DG/ENV efforts have helped propel the issue of coastal resource management to the forefront of national and local political agendas. For example, in 1996 GOLD and CRMP contractor staff worked jointly (including sharing costs) in designing and conducting a series of workshops for local government officials, NGOs, community members, and others aimed at educating and engaging them in the then little understood subject of coastal resources management. This undertaking, the Coastal Resources Challenge (CRLC), included more than 300 participants representing 29 coastal municipalities and six provinces.

According to the CRMP chief of party, the workshops were very successful, as evidenced by documented results reported by workshop participants, including: more effective coastal law enforcement; development of better planning and monitoring information; improved laws and policies; and, a growing number of interventions. Also, in response to major gaps identified in participants' knowledge of coastal resource management, a Legal and Jurisdictional Guidebook was developed after the workshops were completed. Significantly, the Guidebook was launched on a national scale at the League of Municipalities – a leading project GOLD client – National Convention in 1997. In a survey conducted after the Guidebook's distribution, hundreds of local officials and other users said that it had been very helpful and, as a further result, it is being revised and updated.

- GOLD/CRMP collaboration played an important part in the landmark national Conference of Coastal Municipalities held in May 1999. The Conference was a high profile event, attended by 700 (85%) of the country's 832 coastal mayors, as well as major government figures, such as President Estrada, five cabinet secretaries, and other important officials. The Conference served as a forum for local governments to formulate an advocacy program and promote coastal resource management as a national issue. Indeed, a CRMP semi-annual report states: "At no time in the history of the country has an environmental forum generated so much attention from the mass media and government leaders." In addition, Conference workshops developed resolutions and recommendations that were presented to President Estrada and appropriate legislative committees. In response, the President directed that an inter-agency task force be created to develop a national and coastal marine policy framework and ordered key cabinet departments to review these proposals and study ways to implement them.
- Local officials are using the ToP participatory planning process in innovative ways to address the effects of degradation of upland watersheds, one of the Philippines' most pressing environmental problems. In Neuva Vizcaya, for example, a key issue is the decline of upland areas that form the watershed for a major river system important for irrigation and hydro-power. Much of this decline is attributable to upland tribal groups, whose slash-and-burn agricultural practices have been denuding remaining forests and preventing replanted trees from getting established.

In response to this situation the province's Governor and other officials met extensively with upland community members, using ToP planning and facilitation procedures. Having

carefully listened to their explanations, the Governor realized their behavior could not be changed by exhortation because to them slash-and-burn practices are a matter of survival. The Governor then found that under the Local Government Code he could issue certificates of leasehold to secure the uplanders' rights to the land and, with some restrictions, also make them owners of the trees they plant. Suddenly, the uplanders became stakeholders in what happens to the land, not just transients focused solely on surviving from crop to crop. Slash-and-burn agriculture has all but disappeared and the Governor's innovative approach has been successful enough that the provincial government has entered into an agreement with the national Department of Environment and Natural Resources to manage over 35,000 hectares of land in the watershed. In effect, as a result of enhanced relationships between local governments and their constituents, problems that were addressed previously through mostly unsuccessful national government initiatives are now being managed at the local level with the involvement and support of those most essential to a sustainable outcome.

- In the wake of DG/ENV activities, basic democratic principles, such as transparency, accountability, and participation are being internalized and institutionalized by local government units. The most striking example of this surfaced in Tagbilaran (Bohol) in a provincial government display outside a project GOLD-sponsored strategy development conference. The display, comprised of four large posters and a computer display ([www.bohol.gov.ph](http://www.bohol.gov.ph)), highlights Bohol's environmental protection and natural resource management activities in recent years.

Each of the posters' titles – “Metamorphosis--Bohol Environment in Progress; Bohol LGU Governance--A Web of Proactive Synergy; Making Decisions to Create A Balanced Bohol; and, Environmental Initiatives” – illustrate the interplay between DG principles and environmental activity outcomes. For example, the “making decisions” poster has four information packets placed in sequence – “the beginnings, the turning point, laying the groundwork, forging synergy and partnerships” – which together describe how local governments are working “to create a[n environmentally] balanced Bohol.”

Also illustrative is the vivid “metamorphosis” poster, which symbolically depicts Bohol's progression in environmental protection and natural resource management in terms of a butterfly's life-cycle. Each stage – caterpillar, chrysalis, and adult – is represented by an oversize figure alongside of which are labels describing important milestones and accomplishments. Foremost among these is the initial notation alongside the caterpillar – “1995 GOLD Project Planning Meeting” – which bears witness to the pivotal, catalyzing role the Project played from the very outset of Bohol's environmental management efforts. Similarly, other notations beside the caterpillar – e.g., “Technical Working Group-Environment formation, Strategic Planning Workshop, Municipal Environmental Planning Workshop” – bear the stamp of project GOLD participatory principles.

### DG/Health (HPN) Linkages

For a number of reasons, DG/HPN linkages have developed more slowly and less extensively than in the environment sector. First, the devolution of health care has been more difficult and time-consuming to implement because: local officials were ill-equipped to handle its myriad

programs and activities; much larger numbers of employees had to be transferred;<sup>19</sup> and, once transferred, a large percentage of them “continue[d] to agitate for recentralization.”<sup>20</sup> Second, at various times key Mission health staff and implementing partners have been unsupportive of and/or resistant to cross-sectoral collaboration. Several Mission sources reported that the health office’s previous head had been generally unsupportive of cooperating with the DG office and others described how one health sector contractor resisted the idea of attending a project GOLD ToP training session until early 1999.

Notwithstanding their comparatively slow development and limited numbers, DG/HPN linkages have spawned significant results, including:

- With project GOLD support, in March 1999 a group of 15 Bohol officials – lawmakers, planning coordinators, health officers, a municipal engineer, and health volunteers – went on a study tour to another GOLD province, Negros Oriental, to learn about its solid waste management activities. After the tour, with the application of ToP participatory principles, local legislation was passed to establish a waste management program in Bohol. Bohol health officials told CDIE that these efforts have been tied directly to important areas, such as controlling respiratory diseases and diarrhea, targeted under USAID’s Local Government Performance Program (LPP).<sup>21</sup>

These same officials added that “the influence of [project] GOLD has helped improve health care service delivery” in their province in a more general sense. They explained that ToP-inspired changes in the structure and operations of the provincial government have led to increased coordination and collaboration between and among its various offices, with corresponding public health benefits. For example, health office personnel have started to assist the Provincial Veterinarian – whose office has primary responsibility for rabies eradication – in the vaccination of dogs.

- In Neuva Vizcaya and Capiz, CDIE saw examples of the way the combination of ToP-inspired local priority setting, empowerment through participation, and results-oriented officials has impacted positively on the health establishment. For instance, as part of project GOLD’s Quality Service Improvement Program, hospitals under direct local government control, as well as others not subject to such controls, have used ToP techniques to assess their performance and develop ways to improve services.<sup>22</sup> The administrator of the Neuva Vizcaya regional hospital explained that before he and his staff learned to use project GOLD participatory techniques, the tendency was to sit back and complain, waiting for another project from Manila to fix things up. Now, he added, the staff feel responsibility for the hospital’s overall operations and quality of care and frequently come up with ideas for raising money or solving problems.

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<sup>19</sup>A total of about 5,000 employees in the Environment and Natural Resources and Social Welfare and Departments, as compared to some 45,000 Health Department personnel.

<sup>20</sup>Project GOLD Occasional Paper, No. 98-04, Makata City, Philippines, p. 8

<sup>21</sup>The LPP is a major USAID-supported and Philippines Department of Health-sponsored effort to help local governments with their newly devolved health care responsibilities.

<sup>22</sup>The Quality Service Improvement Program has been applied to hospitals, health services, and a wide range of other local government services. Reflecting recent Mission efforts to make it more “indigenous,” it is now called the Public Service Excellence Program.

- After running for office on a platform that featured a call for improving the quality of health services in the province, the Governor of Capiz used Quality Service Improvement Program resources to make good on his campaign promises. In a recent State of the Province Address, the Governor pointed out that more funds had been allocated for Capiz's eight provincial hospitals and a Center of Wellness had been established to provide surgical and dental services to the poor. He also cited significant improvements in the operations of Roxas Memorial, the province's regional hospital. These improvements in the delivery of health care services were later recognized by the LPP, which described Roxas Memorial as one of the top performing local government health institutions in the Philippines. A substantial cash award (about \$35,000) accompanied this honor. The LPP, it should be noted, was not the only program to recognize the hospital's accomplishments; World Medical Relief provided more than \$300,000 worth of supplies and equipment and the Makati Medical Center provided an X-Ray machine.

### DG/Economic Growth (EG) Linkages

For much the same reasons as with DG/HPN – disinterest on the part of key Mission staff and an often uncondusive decentralization context – DG/EG linkages have likewise developed more slowly and in limited ways. There have been project GOLD-generated EG impacts, albeit largely without coordination between the Mission's DG and EG offices, resulting from numerous ToP-based participatory planning activities at the local level. Such results include the establishment of local government/Chamber of Commerce investment promotion units in several provinces, decisions to privatize poorly-managed public concerns, and numerous business, commercial farming, and offshore fishing ventures that have grown out of barangay planning and budgeting workshops.

There have also been some instances of productive collaboration between the Mission's DG and EG offices, including:

- Joint DG/EG support has been provided to the innovative Local Government Unit (LGU) Guarantee Corporation established as a for-profit private venture by the Bankers Association of the Philippines. The Corporation responds to one of local governments' biggest problems: obtaining financing for their development projects. Local governments are inexperienced in tapping debt markets and lenders are reluctant to deal with them because of the lack of any reliable credit history or rating system. The Corporation aims to bring about "a policy environment conducive to the promotion of an LGU debt market [and]...mobilize resources of the private sector toward LGU financing and thus become partners of government in countryside development."<sup>23</sup>

The Corporation has already guaranteed financing for two projects and is pro-actively involved in helping local government officials learn about financing and the potential of a debt market. It is also well along in the process of creating a credit rating database for some 120 cities, provinces, and larger municipalities. Interestingly, a senior vice president told CDIE that the Corporation views the credit database as more than just an instrument for

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<sup>23</sup> LGUGC. Your Link to Progress, undated, LGUGC, Makati City, Philippines.

making sound financing decisions. They believe a good credit rating will become an indication that a given local government is performing well and, thus, for example, when an incumbent mayor or governor is seeking reelection, it could become a factor in voters' decisions on which candidate to support.

- In recent years, DG and EG groups have been working jointly on a number of issues. Perhaps most prominent among them, GOLD staff have worked with the EG-sponsored group, Accelerating Growth, Investment and Liberalization with Equity (AGILE) to develop a package of amendments for the pending Congressional revision of the Local Government Code. How this revision turns out will likely affect the future of decentralization in the Philippines. AGILE and GOLD elements have been working on amendments that, *inter alia*, would rationalize the internal revenue allotments on which local governments depend, increase local control over internal structures, and expand devolved powers.

## V. CONCLUSION

### Significant Accomplishments

Cross-sectoral linkages between DG and other sectors in USAID/Philippines have evolved more extensively and successfully than in any other Mission visited in the course of this study. They have been a function of the interplay among the uniquely conducive host country context created by the 1991 Local Government Code; USAID's commitment, through Project GOLD and its predecessors, to support the GOP's effort to implement the Code; and, reduced Mission staff and budget resources. In effect, against the backdrop of declining resources, the Code's devolution of authority and responsibility to the local level has provided a natural context by which the Mission could promote democratic governance and sectoral objectives at the same time.

When cross-sectoral linkages have been established, the results generated have been impressive and fully reflective of the value-added concept of synergy ( $1 + 1 = 3$ ) described earlier in this paper. Concrete accomplishments in DG/HPN, DG/EG and, most particularly, DG/ENV have helped spawn new relationships between local officials and their constituents. In some cases, such activities have provided the situational contexts by which local governments have begun to internalize and institutionalize basic democratic principles, such as transparency, accountability, and participation.

There also appears to be a positive correlation between performance in a technical sector and the credibility and effectiveness of elected local officials. The Governors of Capiz, Nueva Vizcaya, Bohol, and Sarangani emphasized their elections and re-elections were based on their promise and/or record of accomplishments in environmental management, health, and other areas. In this sense, cross-sectorally linked programs may be helping to promote a shift away from traditional patron-client, "big man" government to more responsive performance-based government.

### An Uncertain Future

While cross-sectorally linked activities have helped promote a deepened commitment to democratic governance and enhanced sectoral outcomes, for several reasons the future of such

efforts is uncertain. First, given the centuries of centralized government and traditional elite domination of national and local politics, eight years of reform under the Local Government Code has to be looked at realistically. However successful these reforms have been, "imperial Manila" is still very much in evidence and agents of recentralization pose a continuing threat to the hard-won gains achieved under the Code.

Second, it is unclear what effect the Mission's October 1999 decision to fold its free-standing DG strategic objective into the economic growth, environment, and health sectors will have. If implemented successfully, i.e., in a way that truly makes "DG approaches and results...long-term, fully integrated mechanisms to achieve sustainability in all SO results," it could build on and even accelerate the momentum created by the interplay between Project GOLD and, for example, the Coastal Resources Management Project. Conversely, given the difficult questions this decision raises and the corresponding institutional hurdles – including further budget cuts – it will almost certainly face, there is ample reason for concern about its prospects. Indeed, if things go badly, it could have a chilling effect on the very synergistic results it seeks to achieve and, more immediately, on USAID's ongoing ability to support democratic decentralization in the Philippines.

#### Observations/Issues for Further Consideration

In Madagascar, the Mission has decided that it is necessary to have a free-standing DG SO, even if strengthened democratic values and behaviors are an integral part of other SOs' strategic approaches. However, by virtue of its October 1999 decision to fold its free-standing DG SO into its other SOs, USAID/Philippines has decided precisely the opposite. While it is hard to identify the implications of these two contrasting views – particularly since the Mission is just embarking on its new approach – it is clear they at least have set the parameters for how this key issue is being addressed. Along with the experience of the other Missions studied, these contrasting views are a matter to be addressed in the final synthesis report.

As with the Dominican Republic, Guinea, and Madagascar case studies, cross-sectoral linkages in USAID/Philippines are very much a product of deliberate, conscious effort on the part of a change agent/someone with a sense of vision. In two of the three cases above, the catalyst was the Mission director, and in the other it was a senior manager. In the Philippines study, while the Mission director and at least one senior manager have supported cross-sectoral linkages, it is a few FSNs and, even moreso, contractors and implementing partners, who have been leading the way. In interviews with CDIE, these key people exhibited a degree of comprehension and proactive outlook about the benefits of cross-sectoral collaboration far beyond anything observed in the other country studies. The Philippines case study further underscores the idea that cross-sectoral linkages depend on committed individuals with an ability to think "outside the box."

As with other Missions studied, the status of cross-sectoral linkages in USAID/Philippines reflects the tension between top-down versus bottom-up development approaches. However, what is most striking about the Philippines case study is that so many key respondents – a half-dozen – raised this issue in interviews with CDIE. The consensus view was that bottom-up approaches are essential for the development and implementation of cross-sectoral linkages.

**APPENDIX A****INTERVIEWS****Manila****USAID/Philippines**

Michael Calavan, Leonardo Dayao, Michael Henning, Office of Governance and Participation, October 6, 1999.

Michael Henning, Office of Governance and Participation, October 7, 1999.

Charles Lerman, Office of Population, Health and Nutrition, October 7, 1999.

Jose Dulce, Office of Governance and Participation, October 7, 1999.

Jose Ernesto Wijangco, Office of Environmental Management, October 8, 1999.

Patricia Buckles, Director, October 8, 1999.

Joseph Ryan, Office of Economic Policy, October 18, 1999.

Michael Calavan, Michael Henning, Office of Governance and Participation, October 18, 1999.

Alfred Nakatsuma, Catalina Jensen, Priscilla Rubio, Carmelito Tatlonghari, and Rosario Calderon, Office of Environmental Management, October 19, 1999.

Corazon Manaloto, Reynalda Perez, Marichi Sagun, Office of Population, Health and Nutrition, October 20, 1999.

Lawrence Dolan, Office of Program Resources Management, October 20, 1999.

Robert Barnes, Office of Economic Development, October 20, 1999.

**U.S. Embassy**

Aloysius M. O'Neill III, Counselor for Political Affairs, October, 20, 1999.

**Contractors, Partners, NGOs**

Paul Lundberg, Chief of Party and Philip Schwehm, Deputy Chief of Party, Associates in Rural Development, Inc., October 8, 1999.

Agnes Villarruz, Executive Director, Gerry Roxas Foundation, October 11, 1999.

Steven Rood, Policy and Measurement Indicators Specialist, Project GOLD, Associates in Rural Development, Inc., October 14, 1999.

Eugenio Caccam, Jr., Associate Director, Philippine Business for Social Progress, October 18, 1999.

Gavin Tritt, Executive Director, Maribel Buenaobra, Program Officer, Caroly Mercado, Senior Program Officer, The Asia Foundation, October 18, 1999.

Lydia Oriol, Senior Vice President, LGU Guarantee Corporation, October 19, 1999.

David Tardiff, Managing Director, Ramon Clarete, Chief of Party, Accelerating Growth, Investment, and Liberalization with Equity (AGILE), October 19, 1999.

Jose Rodriguez, Chief of Party, Management Sciences for Health, October 20, 1999.

Jaime Faustino, Venture for Fund Raising, October 21, 1999.

### **Bohol**

Stuart Green, Provincial Coordinator, Coastal Resources Management Project (CRMP), Tagbilaran, October 11, 1999.

Juanito Cambangay, Provincial Planning and Development Coordinator, October 11, 1999.

Eileen Miltenberger, Peace Corps, Barangay Lomboy, Pangangan Island, Loon, October 11, 1999.

Francisco Razalo, Provincial Health Officer, Joy Pepito, Provincial Family Planning Coordinator, Malou Sevilla, Technical Advisor, Management Sciences for Health, October 12, 1999.

Edgar Chatto, Vice Governor, October 12, 1999.

Josephine Cimene and Vera Gesite, Research Associates, Divine Word College of Tagbilaran Research Center and Center for Local Governance, October 12, 1999.

Rene Lopez Relampagos, Governor, October 12, 1999.

### **Cebu**

Catherine Courtney, Chief of Party, CRMP, Tetra Tech EM, Cebu City, October 13, 1999.

### **Sarangani**

Hermenegildo Cabangon, CRMP Coordinator, Ephraim Agcaoli, ARD/GOLD Coordinator, Renne Subido, Area Head/Growth with Equity in Mindanao Project, General Santos City, October 13, 1999.

Priscilla Chiongbian, Governor and eight senior Provincial Officials representing health, agriculture, NGO coordination, engineering, and administration, October 14, 1999.

Twenty-five Members of the B'laan Community, Upper Lasang, Sapu Masla, Malapatan, October 14, 1999.

Leaders of the Cabug Cooperative, Cabug, Malapatan, October 14, 1999.

Ramon Francisco, Chief of Harbor Operations, Joey Pamonag, Chief of Market Operations, General Santos Fish Port, October 14, 1999

Laarni Nagal, Municipal Planning and Development Coordinator, Fabian Duhaylunhsod, Municipal Environment and Natural Resources Officer, Maitum, October 15, 1999.

Leaders of the T'boli Community, Barangay Lumotan, Maitum, October 15, 1999.

Eight Staff of the Kiamba Municipal Health Office, October 15, 1999.

### **Capiz**

Vincente B. Bermejo, Governor, Capiz, October 11, 1999.

Mayor, Roxas City, October 11, 1999.

Mark G. Oriz, Member, Roxas City Council, October 11, 1999.

Roxas City Hotline Action Office, October 11, 1999.

Agnes "annie" Villaruz, Pilar Bay Organization, October 11, 1999.

Director and 12 Staff Members of Roxas City Hospital, October 12, 1999.

Director and 8 Staff Members, Concepcion Municipality, October 12, 1999.

### **Iloilo**

Zaldy V. Barotil, Executive Director, Municipal Development Foundation, Iloilo, October 12, 1999.

Roberta "Bobbie" Escepcion, Senior Economic Development Specialist, National Economic Development Agency, Iloilo, October 12, 1999.

Inspector Erna C. Foerster, Chief, Women and Children's Concern Section, Iloilo City Police Office, October 12, 1999.

David M. Bermudo, Regional Director, Commission on Human Rights, Region VI, October 12, 1999.

Christopher C. Monfano, Training and Information Officer, Commission on Human Rights, Region VI, October 12, 1999.

### **Nueva Vizcaya**

Rodulfo Q. Agbayani, Governor, Nueva Vizcaya, October 14, 1999.

Edgardo D. Sabado, Planning Officer, Chairman, GOLD Task Force, Nueva Vizcaya, October 14, 1999.

Vigilio Tiongson, Provincial Administrator, Nueva Vizcaya, October 14, 1999.

Basilio P. Rupisan, Provincial Legal Officer, Nueva Vizcaya, October 14, 1999.

Mike Jubay, Task Force, Legal Office, Nueva Vizcaya, October 14, 1999.

Vennew V. Boy, Assistant Provincial Health Officer, Nueva Vizcaya, October 14, 1999.

Ver A. Tiongson, Provincial Administrator, Nueva Vizcaya, October 14, 1999.

Alesandra S. Dacumos, Budget Officer, Nueva Vizcaya, October 14, 1999.

Margarita A. Dumlao, Nurse I, Nueva Vizcaya, October 14, 1999.

Elvira M. Soliven, Alliance of Community Development Advocates, Nueva Vizcaya, October 14, 1999.

Staff of Nueva Vizcaya Tertiary Hospital, October 14, 1999.

Sito Barangay, 15 villagers and elected leaders from hillside village, October 15, 1999.

Director and Staff of Nueva Vizcaya Regional Hospital, October 15, 1999.

Batang Barangay, 25 members, elected leaders, and officials undergoing GOLD/ToP exercise, October 15, 1999.

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