

SYNOPSIS OF FINDINGS

EIGHTH

RAPID FIELD APPRAISAL OF DECENTRALIZATION

Governance and Local Democracy Project
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EXECUTIVE SUMMARY

In the *Eighth Rapid Field Appraisal of Decentralization (RFA)*, all sixteen regions of the country, including the National Capital Region, were covered. In addition, five separate sectoral studies covered agriculture, the environment, health, local government finance, and social services. The findings from these sectoral appraisals were used as background for the regional assessments, and are included in this *Synopsis*.

In the 8th RFA, two basic themes emerged:

1. Decentralization is here to stay. Many of the trends discerned in the *Eighth Rapid Field Appraisal* are continuation of the changes which have been wrought since the passage of the 1991 Local Government Code. There is every prospect for the continuation of these positive trends.
2. Encouraging signs from national government agencies were noted. In contrast to the past several RFAs, national government agency efforts to engage local governments in new ways were praised.

In the five sectoral studies, the basic findings were:

- New national initiatives offer opportunities and constraints for local government.
- There has been a recent surge in sentiment for re-centralization among devolved personnel.
- However, the sentiment for re-centralization is driven by salary and benefit disparities rather than program dissatisfaction.

In terms of local revenue and resource mobilization, the 8th RFA found that reliance on the Internal Revenue Allotment (i.e., IRA as a percentage of total receipts of local government) has tended to go down, because of the innovative resource generation efforts undertaken by local governments.

The 8th RFA examined four devolved service delivery areas: agriculture, environment, health, and social services. All the sectoral studies, as well as the regional findings, confirm that there are widespread improvements in the delivery of public services under decentralized governance.

Participation in governance is a cross-cutting issue in *Rapid Field Appraisals*. Effective citizen participation can take place in any policy arena, at any point of the policy cycle. Earlier RFAs identified a positive trend toward greater participation in local governance. The 8th RFA found increasing LGU-private sector partnership through institutionalized mechanisms.

Along with these general conclusions, this *Synopsis* includes a wealth of detail that enriches understanding of decentralized governance. Findings from the Sectoral Appraisals are presented after general themes are summarized. Then the regional Field Appraisals are discussed in terms of Trends discovered, Constraints to these Trends, and possible Recommendations.

SYNOPSIS OF FINDINGS EIGHTH RAPID FIELD APPRAISAL OF DECENTRALIZATION

BACKGROUND

In September 1998 the Governance and Local Democracy Project (GOLD)^{*} undertook this eighth 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 annually. It is planned to lodge this unique data collection effort in a Philippine institution to ensure continuity.

Rapid Field Appraisals have played an important role in 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 for greater local autonomy set forth in the 1987 Constitution.

Among all *Rapid Field Appraisals*, the *Eighth RFA* is the most

extensive. All sixteen regions of the country, including the National Capital Region, were covered. In preparation for regional assessments, five separate sectoral studies were undertaken, covering agriculture, the environment, health, local government finance, and social services. The findings from these sectoral appraisals were used as background for the regional assessments, and are included in this *Synopsis*.

Summarizing Past *RFAs*

- 1st: **July 1992**--Newly elected local government officials had a "wait and see" attitude towards implementation of the new Code.
- 2nd: **January 1993**--Local officials began Code implementation, with national government agencies responding to administrative demands of transferring personnel and assets.
- 3rd: **September 1993**--Administrative problems in personnel devolution were being solved, and the Internal Revenue Allotment system began to function.
- 4th: **June 1994**--Increased momentum on the part of LGUs as they reaped fruits of experimentation.
- 5th: **June 1995**--Greater local resource mobilization and improved service delivery, while National Government agencies had not pro-actively pursued new roles after devolution.
- 6th: **May 1996**--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 more proactive and developmental, and many sectors advocated even greater local autonomy.
- 7th: **August 1997**--Overall success in decentralization under the 1991 Local Government Code. A new, participatory style of local leadership is emerging. However, a major constraint to further decentralized democratic development was reluctance at the center to change.

^{*} The Governance and Local Democracy (GOLD) Project, assisted by the United States Agency for International Development, provides support to the Government of the Philippines for its decentralization reforms. This continuing partnership between the two governments seeks to institutionalize democratic reforms under the 1987 Constitution and dramatically decentralize governance in the Philippines.

Rapid Field Appraisals chiefly describe actual experience of decentralized governance at the local level, rather than 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 a set of questions focusing on key elements of the decentralization process, namely:

- Local Resource Mobilization and Management,
- Delivery of Basic Services (i.e., Health, Agriculture, Social Services, and Environment), and
- Participation (of NGOs, People's Organizations, Business, and Civil Society in general).

The consultants each bring their reports to a "Synthesis Seminar" in which a team consensus is sought as to prevailing trends and major constraints. The views of national agencies are reviewed, fed into the distillation of trends and constraints, and 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 EIGHTH RAPID FIELD APPRAISAL

From the discussions in the two-day synthesis seminar, two basic themes emerged:

1. Decentralization is here to stay. Many of the trends discerned in the Eighth *Rapid Field Appraisal* are continuation of the changes wrought since the passage of the 1991 Local Government Code. Local governments are increasing efforts to raise funds locally, even as they work towards better delivery of government services. Civil society has increased its participation in local governance and the business sector is being tapped for partnerships with local government. Local government units are collaborating with each other to improve service to their constituents.
2. Encouraging signs from national government agencies were noted. In contrast to the past several *RFAs*, national government agency efforts to engage local governments in new ways were praised. The Department of Trade and Industry, and the National Economic and Development Authority, have programs helping with resource mobilization. The Department of Agriculture has not only launched the Agriculture and Fisheries Modernization Act, but is pilot testing a bottom-up planning process, and plans to replicate it.

While these are general themes that emerge from this Eighth *Rapid Field Appraisal*, there is a wealth of detail, which enriches our understanding of democratic decentralized governance. This "Synopsis" discusses the Sectoral Appraisals, and then the Field Appraisals. There are several sections:

- Sectoral Rapid Appraisals
- Local Revenue and Resource Mobilization
- Delivery of Basic Services (Health, Agriculture, Social Services, Environment)
- Participation
- Annex on Method

SECTORAL RAPID APPRAISALS

For the first time in the series of *Rapid Field Appraisals*, sectoral appraisals were conducted (for agriculture, environment, health, finance, and social services) prior to the regional *RFA* *investigative* process.

For the 5th, 6th, and 7th *RFAs*, a single consultant covered national government agencies in Manila at the same time as the regional consultants were in the field. The purpose was to obtain the viewpoints from the center in order to be able to understand contrasts between those and views from the field. The 8th *RFA* employed several consultants in order not only to garner the views of central agencies, but also to explicate substantive issues in the several sectors. Sectoral consultants combined interviews with representatives of the central offices of national government agencies and field visits where they felt, based on their expertise and knowledge of the current situation, that useful lessons could be learned.

The sectoral appraisals were used to help design guide questions for regional consultants. Many of their findings were re-echoed in the regional reports, and are captured in the more detailed discussion of trends, constraints, and recommendations that follows. However, it is worth highlighting some particular findings that provide the overall context within which decentralization is operating.

Findings

New national initiatives offer opportunities and constraints for local government. This finding has particular reference to the Agriculture and Fisheries Modernization Act. Similar comments could be made about a range of initiatives—protected areas, special economic zones, the Social Reform Agenda/Anti-Poverty Commission—where the national government is working to accomplish some substantive goal. For any of these, local governments have access to resources and attention from the national government, but often on the terms of the national government. Balance must always be struck between accomplishing tasks legitimately set by higher authorities, and respecting local autonomy.

There has been a recent surge in sentiment for re-centralization among devolved personnel. Many observers considered this issue settled by President Ramos' 1995 veto of a bill re-nationalizing health workers. However, during the 1998 election campaign, the re-nationalization issue resurfaced, and was supported by some higher levels of the concerned agencies. Thus encouraged, devolved workers once again pressed for re-centralization.

However, the sentiment for re-centralization is driven by salary and benefit disparities rather than program dissatisfaction. That is to say, devolved workers recognize the widespread improvement in service delivery that has occurred since devolution in 1992. However, when workers in the same sector are paid different amounts in different local government units, or when devolved workers begin to fall behind the retained workers in the same sector (whether in salary or career terms), discontent unsurprisingly follows.

The heads of devolved agencies (DA, DOH, and DSWD) in the new administration have re-affirmed their support for devolution. Re-centralization was found not to be a viable option. In all fairness to the devolved workers, national government agencies need to discover new ways to address the legitimate salary and career concerns of devolved workers. The

AFMA's establishment of a unified National Extension System for Agriculture and Fisheries, with the national and local, as well as private extension workers, as subsystems is a step in the right direction.

Recommendations

National government agencies need to allow sufficient time for genuine grassroots involvement in national initiatives. Local government officials are worried that the genuine sense of urgency about food security will lead the Department of Agriculture to implement AFMA before local agricultural planning exercises can influence national plans. Bottom-up planning takes more time than top-down exercises, but experience has repeatedly shown that genuine participation produces better and more sustainable implementation of plans.

The Departments of Agriculture, Health, and Social Welfare and Development must make their stands on re-nationalization clear and widely known. The new leadership of all these departments must make it clear to the devolved workers that there is no prospect for return to the national agency. This will then orient all parties involved—the devolved workers, the local governments, and the national government agencies—to the urgent tasks of addressing the legitimate concerns of these devolved personnel.

Incentive structures need to be re-oriented to provide for national government agency assistance to more autonomous local government units. Currently there are no sanctions on national government personnel who thwart decentralization, and no rewards for supporting decentralization. The danger is that initiatives taken at the local level, by national government field personnel working closely with localities, might be stifled for lack of prioritization of decentralization.

Incentives could include responding to local priorities as "Key Result Areas" in the evaluation of national government personnel. Mechanisms could include: "...the Department of Budget and Management shall require a Certificate of Consultation from the local government unit concerned prior to the release of the funds for the project." This latter has been proposed by the Leagues of Local Government, in order to put more teeth in the provisions of the 1991 Local Government Code which require such consultations.

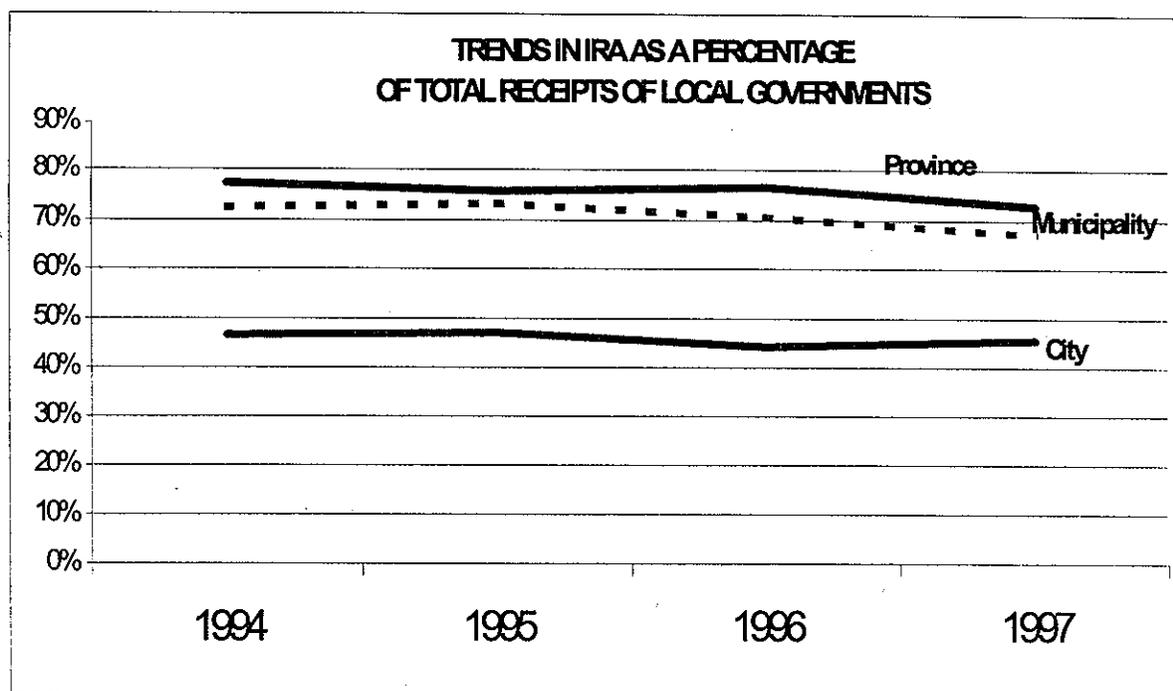
In what follows, this "Synopsis" discusses the findings from the regional Field Appraisals, in terms of Trends discovered, Constraints to these Trends, and possible Recommendations.

LOCAL REVENUE and RESOURCE MOBILIZATION

The issue concerning resources that was uppermost in the minds of local officials was the withholding of ten percent of the Internal Revenue Allocation in the 1998 budget. This move called into question the Code-required automatic release of the IRA, and surprised local governments, which had budgeted based on the full IRA share. However, this crisis-driven event seems to have had little lasting effect—but it does bring our attention to the importance of the IRA.

Trends

The first trend discovered is that *local government efforts at raising local revenue have been as strong, and as effective, as national government efforts to collect revenue.* Past RFAs have repeatedly cited qualitative trends to this effect. The quantitative result of this effort is seen in the graph, "Trends in IRA as a Percentage of Total Receipts of Local Governments."



Despite increases in the amount of IRA, we can see that as a percentage of total receipts the importance of IRA has slowly declined over the years since 1994, when the full 40 percent of internal revenues were directed to local government. For cities, in fact, the Internal Revenue Allotment counts for less than half of total receipts.

* These data come from the "Tables" volume of the *Budget of Expenditures and Sources of Financing* submitted each year to Congress. The data are lagged two years—that is, the 1994 data come from the 1996 budget submission, and so on until the 1997 data come from the 1999 budget. The graph begins in 1994, when the full 40 percent of internal revenue was first given to local governments, and ends in 1997, the last year before the fiscal crisis affected the IRA.

As has been the case for the past several *Rapid Field Appraisals*, in the 8th RFA we can document *innovations in local revenue mobilization*. Bangued, Abra, continues to realize significant revenue from the new public market, while Tagum City has embarked on the same strategy. In Aparri picnic sheds are constructed along the shoreline, with revenues divided between the barangay and the residents in charge of upkeep. Sultan Kudarat, Maguindanao, has a "Municipal Revenue Plan" that includes various devices and incentives to increase municipal revenue. Kidapawan City reports a tripling of Real Property Tax revenues by focusing on collecting arrears.

The private sector is involved in numerous ways. Variations of Build-Lease-Transfer, or Build-Operate-Transfer, allow construction of market stalls by associations of vendors, or the vendors themselves (such as in Concepcion, Iloilo), which will be transferred to the local government after a stipulated period. Investment promotion centers (Bohol, Cotabato), Naga City's Trade Missions to Taiwan, and the like testify to the importance local governments attach to good relations with business. The Department of Trade and Industry's Enterprise Development Program are widely praised at the local level as enabling government-business interaction.

Credit finance is widely utilized. The Government Finance Institutions are aggressively lending to local governments, with credit windows being almost fully utilized. These loans are used for a variety of purposes, generally to finance revenue-generating projects. For instance, financing heavy equipment not only allows local governments to build infrastructure at costs lower than those of the Department of Public Works and highways, but also to generate revenues by renting the equipment to other local governments, or even the private sector. A move to increase private sector involvement in local government credit is the new LGU Guarantee Corporation jointly instituted by the Development Bank of the Philippines and the Bankers' Association of the Philippines. The province of Palawan will use its share from national wealth utilization (from the oil fields) instead of the Internal Revenue Allotment as collateral for a bond flotation.

Constraints

Perhaps the most important constraint to the spread of innovative resource mobilization is the *lack of appropriate skills at the local level, particularly in project development and enterprise management*. Many localities now have at least a familiarization with the skills needed, as a result of training programs that have been held by many institutions over the past few years. However, the pool of trained capable people is spread very thinly, with often just one or two in a local government.

A second constraint is *outmoded and unwieldy regulations surrounding financial matters*. These impinge on a number of areas. That depository banks for local government are restricted to government financial institutions limits the opportunity otherwise open to LGUs to deal with private banks, especially in accessing a free market for loans. The Commission on Audit restricted Bohol's plan to rent out space in its new capitol building—thereby reducing the amount of revenue mobilized to construct this building. Department of Finance rules hamper local government flexibility in their attempts to make real property taxation truly revenue-generating.

Recommendations

It should be recognized that national government agencies are already proving valuable to local governments in revenue mobilization. As noted, the Department of Trade and Industry's Enterprise Development Program deserves support. NEDA has Provincial Development Assistance Centers providing technical assistance to local government units—which could focus on lower-class LGUs. Training programs should be regionalized, and focused on what local governments need to undertake programs—targeted to helping with particular projects (“learning by doing”).

Given that there are numerous examples of successful innovations, the Leagues of local government—of Provinces, of Cities, of Municipalities—should institutionalize their sharing through cross-visits, followed up by technical assistance from one LGU to another, facilitated by the Leagues.

DELIVERY OF BASIC SERVICES

In the atmosphere of shared budget constraints caused by the ongoing Asian Financial Crisis, local respondents remarked much less than in previous years about the growth of national agency budgets, despite devolution. It was recognized that all agencies—national and local—suffered from budget cuts. At the same time, new administrations at both the local and national levels have excited speculations on what might be possible in particular arenas. Change is in the air.

All the sectoral consultants, as well as the regional consultants, confirm that there are widespread improvements in the delivery of public services under decentralized governance.

The 8th RFA examined trends and constraints in four devolved service delivery areas: agriculture, environment, health, and social services.

Social Weather Stations Data on Devolved Services

In the first semester of 1998, Social Weather Stations included in surveys questions about devolved services in agriculture, health and social welfare. Roughly 30% of the respondents were aware that these services had been devolved (the same percentage who were aware of the Comprehensive Tax Reform Package).

Among those aware of devolution:

- 82% were satisfied with the LGUs' provision of social services
- 56% were satisfied with the LGUs' agricultural extension services
- 59% said that health care had improved while only 9% said it had become worse (31% said it had not changed)

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. After devolution, localities were concerned about agriculture, but often had difficulty in putting forth their own priorities in the face of continued national government programs in the area of agriculture. In this 8th RFA, we see more encouraging trends.

Trends

Perhaps the most striking trend is *growing local ownership of appropriate national programs*. At the beginning of *Gintong Ani*, local officials complained about the restraints imposed on choices within the program, even as they welcomed the extra resources being provided by the Department of Agriculture. As the menu of options has grown, the increased flexibility of *Gintong Ani* is welcomed by localities who are now able to select the crops that they feel are most beneficial for their locality. Now, with the on-going implementation of the Agriculture and Fisheries Modernization Act, the DA receives high marks for consultations with localities. In fact, a pilot program, funded by the Asian Development Bank, shows how the DA is searching for truly participatory, bottom-up planning approaches. The Department is now discussing how to continue that process—to institutionalize that planning process.

Localities are taking the initiative to mobilize resources for agricultural priorities. Davao del Sur and Davao Oriental have set up Provincial Agro-Industrialization Centers, with project management offices in municipalities. Nueva Vizcaya is setting up organic fertilizer and plant propagation projects. In Pan-ay, Capiz, the Municipal Cooperative Development Council is a conduit between farmers and government financial institutions.

There is also *expanding grassroots involvement in agricultural planning and implementation*. Non-Government Organizations welcome the opportunities provided by the Agriculture and Fisheries Modernization Act to take part in planning—they cite this as a positive change on the part of national government. NGOs are now collaborating with local governments in agricultural implementation. Marinducare (an NGO) is collaborating with the municipality of Boac in setting up a coconut oil processing plant.

Constraints

Most local governments merely implement Department of Agriculture programs. As noted above, these programs are now seen as more flexible, but the fact that they exist is an inhibiting factor in developing programs that are truly responsive to local priorities. Priorities are still set by the Department of Agriculture, and finances remain with the national government. The devolved agricultural workers continue to be treated as “extension” workers, rather than as technical people charged with developing a local vision for agricultural development, and managing a program to respond to that vision.

Coupled with this constraint is *a continued low level of investment in human resources*. To the extent that devolved agricultural workers need to be re-oriented towards promoting local priorities, they will need a new set of skills to plan and manage programs. In this regard, both localities (which need to devote resources to human resources) and the Department of Agriculture (which is the obvious source of technical assistance in this regard) have been remiss.

Recommendations

In order to more fully address local priorities, the Department of Agriculture can *continue the planning process under the Agriculture and Fisheries Modernization Act, with sufficient time to allow for genuine consultations at the grass roots*. As noted above, the DA is reaping

increasingly high marks for its flexibility and willingness to collaborate with local government units. AFMA offers not only a new venue for such collaboration, but also opportunities to overcome the human resource constraint by linking local governments with State Colleges and Universities in their jurisdiction. The main danger under the AFMA process is that unrealistically short deadlines will be imposed, leading to top-down planning in an attempt to meet those deadlines. Genuine bottom-up planning not only takes time, but also offers the best avenue for overcoming long-standing problems in agriculture.

The human resource constraint can be attended to by a number of methods. AFMA envisions a unified extension service, encompassing all workers no matter who employs them, which would offer a more wide-ranging career path. Local governments must realize that if local agricultural priorities are to be addressed, local agricultural personnel will need the skills to identify and pursue those priorities. And, the private sector can be tapped for those projects that are economically viable.

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

From the beginning of the 1992 decentralization process, observers have noted a very high level of concern about the environment throughout the Philippines—according to one consultant "a seemingly feverish awareness is present in all local governments surveyed." Coastal and forest watch programs (*Bantay Dagat* and *Bantay Gubat*) are by now very well known. An increasing number of initiatives on air pollution, specifically smoke belching vehicles, are seen—such as the *Sagip Hangin* campaign of Puerto Princesa City, and the provincial campaign of Albay. Solid Waste Management (SWM) initiatives abound (from Pinili and Solsona in Ilocos Norte to Guimaras to General Santos City). Many of these SWM initiatives promote sustainability by proving that there is money to be made in wastes.

Inter-LGU collaboration on environmental matters has increased. On the island of Pan-ay, six municipalities of Capiz are cooperating in the Pilar Bay, while three municipalities of Iloilo similarly cooperate in the Banate Bay Resource Management Council. In Zamboanga del Sur, seven municipalities in Sibuguey Valley (helped national government agencies and the province) cooperate not only to develop the valley, but also to conserve its natural resources. The municipality of Daraga and Legaspi City are cooperating on Solid Waste Management.

Local Government Units are working with DENR local officials to undertake devolved functions, and searching for ways to increase their activities in environmental management. Depending on the attitude of local environmental officials, local governments can be encouraged to work on environmental management. On the other hand, local governments, particularly municipalities, often are interested in such matters as pollution control—which have not been clearly devolved.

Local Government and DENR Collaborating

San Pablo, Isabela (a fifth class municipality) appropriated 100,000 pesos for a Community Forestry Program project. The residents of six barangays now manage 11,470 hectares of forest land. DENR awarded the Community Based Forestry Management Agreement (CBFMA), and the 215 recipients are now operating the San Pablo Agro-Forestry Multi-Purpose Cooperative.

Constraints

Current policy implementation limits and discourages local government involvement in environmental management. Local government actions, even in devolved functions, are still under the “supervision, control, and review” of DENR. Thus, LGUs are constrained to wait for guidelines from the national government—guidelines that seem not to be forthcoming. Local governments look to the DENR for technical assistance, because of communities' great concern for their environment.

In addition, 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 transported logs make private sector production very difficult, if not impossible.

Recommendations

The Department of Environment and Natural Resources should better define its role and programs to reflect the realities of decentralized governance. 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. The DENR should structure its assistance to LGUs to better support local initiatives and priorities. A Key Result Area for CENROs should be to what degree they have collaborated with and enabled local government action on environmental problems. A discrete program of technical assistance from the DENR to the local government would allow devolution to deepen in environmental management.

At the same time, local governments should institutionalize local “champions” for the environment. These could be separate environmental offices, units within, say, the agricultural office, or even issue-based relations with NGOs that are concerned with the environment. Comprehensive local environmental codes, taking into account both existing national regulations and local priorities can help to focus attention on management of the environment. Finally, multi-sectoral bodies should provide a venue for discussing different

perspectives (e.g., economic development versus sustainable development) which hamper collaboration in the environmental arena.

ON HEALTH

For health services in particular, quantitative data from the Health Intelligence System demonstrate an improvement in service delivery. For instance, there were significant reductions in infant and maternal mortality, and in morbidity in communicable diseases. The following table with summary details of health care program coverage, compares the last year in which programs were directly under the Department of Health (1992), and the latest year for which there are data.

| | Under DOH (1992) | Under LGU (1997) | Change |
|---------------------------------|---------------------|---------------------|--------|
| Pregnant Women with 3 visits | 41% | 62% | 21.0% |
| Pregnant with tetanus toxoid | 65% | 69%* | 4.0% |
| EPI (Immunization) | 90% | 89% | (1%) |
| Family Planning (new acceptors) | 804,296 | 1,167,496 | 45.2% |
| Family Planning (current users) | 1,537,386 | 4,055,962 | 163.8% |
| Dental Care Program (clients) | 4,292,271 | 7,640,802 | 78.0% |

Source: Health Intelligence System, Department of Health

Trends

The trends found by the regional consultants reflect these macro data. *LGUs are committed to quality health care services despite limited resources.* Health care costs are the highest among devolved services. Yet, local governments are not only coping with the increasing demand for larger quantities of health care, but are also working to improve the quality of what is offered. The *Lingap sa Barangay* in Pasig targets health care provision to the marginalized in the barangays. North Cotabato allocated 73 million pesos in 1997 for health, a 22 percent increase from the previous year, and 300% more than the 1993 devolved budget. Throughout the Philippines, health care personnel with high levels of service delivery skills assist local governments in meeting this demand.

A particular problem continues to be hospitals. *LGUs have initiatives to mobilize resources (e.g., patient fees or insurance schemes) to cope with the particularly high cost of hospital operations.* The municipality of San Isidro, Davao Oriental, has cooperated with Ayala Plans, to offer health insurance coverage. In Puerto Princesa, the provincial hospital employees' cooperative, *Pangkalusugang Kooperatiba ng Palawan* gives 10% of income from laboratory tests and medicines back to the hospital, to fund additional personnel or pay the fees of indigent patients.

Finally, health care demonstrates a high level of grassroots involvement and multi-sectoral collaboration. In Palawan, Barangay Health Committees (BHCs) operate at the grassroots as "local health boards," recognized as such by the municipalities. The BHCs are trained in management, proposal making, networking, and other skills to ensure quality health care in

* 1998 data on Tetanus toxoid coverage from National Demographic and Health Survey Preliminary Report (National Statistics Office, July 1998).

their locality. Another long-standing tradition is the "medical mission," where medical personnel provide free services to far-flung localities.

Constraints

Health care is one area during the 8th RFA in which local officials pointed with resentment to the continuing high budget of a department, the majority of employees of which have been devolved. Given their continued constraints at the local level, the fact that health care resources are given to a national government agency causes adverse comment. This is compounded by the high cost of managing hospitals, and by the higher salaries due health workers under the Magna Carta for Health Workers. In short, the constraint is that the funds remain at the national level, while the service delivery responsibilities are with local government.

Auditing rules and regulations concerning hospitals are a continuing constraint. Designed for a centralized national service, they hinder innovative and efficient hospital management by local governments.

Recommendations

Department of Health funds should be re-directed to local governments. If the position of the Department is that decentralization is here to stay, then the DOH should work with Congress to insure sufficient funding for the service delivery responsibilities that were devolved.

Regional offices of DOH should have their performance appraised for how well they are assisting LGUs. This goes beyond the question of money to technical assistance in innovative management strategies, health care planning, alternative resource generation, and the like.

COA should finalize the accounting procedures to guide the sub-allotment for hospitals, as it is required to by the June 1995 resolution of the Oversight Committee.

Local government units should institutionalize cost-sharing on hospitals. There are occasions when most of the patients in a city hospital come from surrounding municipalities; similarly, it is the case that a provincial hospital serves the population of a city. This is an illustration of possible "spill-over" effects, since the health of the population of surrounding areas can affect the health of residents in a given city or municipality. In such cases, inter-LGU cooperation would help produce the optimal result. Similar schemes could encompass co-management of district hospitals, to avoid overburdening any one local government.

Agusan del Norte and Butuan City

The city and provincial governments have an agreement where the provincial hospital will bill the city government for its indigents treated at the hospital. The city, on the other hand, has set up a fund to cover the expenses of this sort. This way, the resources at the provincial hospital meant for provincial residents are replenished if used up by city residents.

ON SOCIAL SERVICES

Rapid Field Appraisals have repeatedly found that the devolution of social services went rather smoothly, and that services continued to be delivered with few overt problems.

Trends

The 8th RFA found that *local governments are taking developmental initiatives in an environment of traditional approaches to social services*. The advent of the new administration has certainly raised expectations among potential clients for social services, but there is a disturbing tendency for clients to expect dole-outs. Social workers defend their gains at professionalizing by trying to emphasize the development aspects of social services. In Zambales, social workers include values counseling for their clients.

These developmental initiatives are aided by *collaboration among LGUs and national government agencies, as well as partnerships with NGOs and the private sector*. In Iloilo an extension program of the University of the Philippines, *Pahinungod*, fields volunteers for disaster relief and management in DWSD offices. In Dapitan City, a focus on child labor in Pulawan Wharf brought together the province, UNICEF, DOLE, and an NGO in an integrated program aimed at both the children and their parents.

The Minimum Basic Needs (MBN) approach to community-based planning is increasingly being adopted at the local level. In Abra, the province is making assistance to municipalities based on the results of the MBN survey, and is encouraging municipalities to utilize the data in their municipal development plans. Cotabato province similarly makes resource allocation decisions contingent upon documentation by MBN data.

Constraints

Continued funding for the Comprehensive Integrated Delivery of Social Services (CIDSS) is in doubt. Local governments have found this to be a very successful approach, sponsored by the Department of Social Welfare and Development, but are worried about where to find the resources for their own continuation of this project. This is particularly the case in 5th and 6th class municipalities.

And, as is the case in other social services, there is *low priority for LGU-initiated and funded capability-building programs for social workers*. Such programs are necessary if social workers are to maintain their professional standing, and contribute to the holistic development of the community.

Recommendations

Social Workers and their partners need to convince local governments of the value of development-oriented social services. Instead of dole-outs to needy clients, local government adoption of such strategies as CIDSS will maintain a professional approach to clients. A complementary strategy is creation of a local venue or mechanism for consensus building among the many sectors involved in social services delivery.

To bolster this effort, *the DSWD must provide venues for local government personnel to enhance skills.* Social workers must realize that their responsibility, in turn, is to convince their local governments of the value of such trainings, so that local resources are invested. The likelihood of the success here would be increased if trainings were localized, tailored to specific communities, rather than generic, or region-wide.

The DSWD should institute a local government assistance program, targeted particularly at lower class municipalities. Modeled on *Gintong Ani*, but without that program's programmatic requirements, such a program would reduce the compensation grievances of social workers at the local level, while also allowing such innovative programs as CIDSS. Part of the technical assistance package should localize program development, to include training on how to run a local CIDSS, should the locality decide on such a program thrust.

PARTICIPATION

Participation in governance is a cross-cutting issue in *Rapid Field Appraisals*. Effective citizen participation can take place in any policy arena, at any point of the policy cycle.

Trends

Earlier *RFAs* identified a positive trend toward greater participation in local governance. The 8th *RFA* found *increasing LGU-private sector partnership through institutionalized mechanisms.* "Private sector" here means NGOs, POs, and other elements of civil society, as well as business. Institutionalized mechanisms are not limited to local special bodies as specified in the 1991 Local Government Code, but it was found that there is substantial compliance with the letter of the Code. Some of the spirit of the Code has been transmitted through other bodies, such as the Dumarao (Capiz) People's Congress, which has survived a change in mayors.

There are often more specialized venues for interaction. In agriculture there are FARMCs for coastal areas, or the setting up of a Food Security Council in Leyte. In the environment, aside from the well-known spread of *Bantay Dagat* and *Bantay Gubat* bodies, there are examples of other environmental initiatives, such as a Task Force on Anti-Pesticides-Fertilizer Smuggling in Pagadian Bay--attempting to cut down on the raw materials for dynamite fishing. In resource mobilization there are many examples, such as the private sector being involved in investment promotion, as in Bohol.

This trend in turn reflects a number of other trends. *NGOs tend to participate in an issue-focused manner, leaving day-to-day general governance to local government.* At the same time, *participation is encouraged by openness of*

A View from Region 1

There is a growing number of associations and POs going into variants of project co-financing with local governments: market vendors and stall holders associations contributing to public market facilities construction and improvement, balikbayan associations providing funds for the construction and maintenance of parks and community multi-purpose centers and for livelihood activities, farmers' associations and cooperatives providing counterpart (usually labor) for the construction of agricultural infrastructures (farm-to-market roads, post-harvest facilities, irrigation systems), etc.

LGUs, and in particular Local Chief Executives. Time and again consultants report that there have been much less resistance by local officials to participation from wider sectors.

Constraints

A continuing constraint is *remaining clashes of perspectives between local governments and non-government organizations.* The suspicions of the early 1990s (NGOs perceived as communist, local governments perceived as oppressive) have faded, but difficulties remain. In particular, local governments often view agricultural development and environmental management from a perspective that maximizes the chances for industrialization, while NGOs often emphasize more environmental preservation and promotion of livelihood for small farmers.

A second constraint is *the lack of technical capacity of non-government organizations.* Skills such as project preparation, facilitation of meetings, and systematic record keeping are in short supply. Often local governments look to partnerships with NGOs in order to tap particular abilities that are needed by the local community. New skills would complement existing NGO strengths such as community organizing and networking with other organizations.

Recommendations

Both NGOs and LGUs need to learn from their respective networks and leagues about the many success stories that exist, in order to deepen participation. Often, in the initial stages of participation, civil society complains that participation is *pro forma*—not really meaningful. To the extent that local actors can learn from the experience of other localities, considerable spread effects can be realized.

In addition, *venues and attitudes must make it possible to discuss differing agenda.* Too often LGUs expect NGO participation to merely support LGU initiatives, while NGOs expect their role to be making demands of local government. Success stories involve negotiation of differences to allow true partnership.

NGOs need to go beyond a focus on participation to more substantive policy matters. In order to make NGO-LGU collaboration more fruitful, NGOs need to upgrade their skills to have more to offer the local government. Vision-setting, project preparation, and policy analysis are areas in which NGOs can develop their comparative advantage to complement the reach and sustainability of local government action.

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. For the 8th *RFA*, consultants visited 40 provinces, 35 cities, and 135 municipalities. Well over half of the municipalities visited were 5th and 6th class, in order that a realistic picture of decentralization would be possible. Five of the provinces were from the "Club of 20"—priority provinces for poverty alleviation efforts. Over 1,500 respondents were interviewed—from local and national government, and from other sectors such as business, non-government organizations, cooperatives, and the like.

Regional reports are then discussed at a two-day seminar among the consultancy team and ARD/GOLD technical staff (for the 8th *RFA*, 28-29 September 1998). The report is then presented at a seminar (30 September) for discussion by over 100 participants (representatives of local government units, national government agencies, Congress, donors, NGOs, academe, etc.). The seminar and the discussions at the public presentation form the basis for this *Synopsis*.

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 directives emanating from the center. Instead, *RFAs* emphasize yielding the field perspective as feedback to the progress of decentralization.

Trends Analysis Approach

The 8th *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.

Guide Question Formulation

For each *Rapid Field Appraisal* a series of guide questions is formulated. These are not meant to be directly asked by consultants in any formal sense, but rather are to serve as starting points for their exploration of the realities in their region. Certain consistent themes have emerged, such as resource mobilization, delivery of basic services, and participation.

Other themes have been more topical, depending on the most conspicuous critical dynamics of decentralization at the time of the RFA.

For the 8th RFA, a more elaborate procedure was followed. The value added of RFAs, once the immediate devolution process was over, has been to sharpen understanding of issues involved in deepening decentralization. After a number of years of the new, more decentralized system of governance, issues are becoming more complex, technical, and varied. Thus, experts in certain sectors (agriculture, environment, health, finance, and social services) were tapped to write appraisals of their sectors.

The findings of these sectoral appraisals are discussed in the "Sectoral Rapid Appraisal" section. In addition, their insights served as inputs into the formulation of "guide questions" for use by the regional consultants. The guide questions were reviewed by the regional team in a workshop to ensure a uniform understanding of critical issues before fieldwork.

List of Consultants

This *Synopsis of Findings* was prepared by Steven Rood, Policy and Indicators Measurement Specialist, on the basis of the 8th Rapid Field Appraisal seminar, discussion at the public presentation, and individual appraisal papers submitted by the following consultants:

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| Juan Perez III | Health |
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