

Decentralized Democratic Governance Under the Local Government Code: A Governmental Perspective

ALEX B. BRILLANTES, JR.*

The overthrow of the Marcos dictatorship in 1986 saw the beginning of the transition to democracy ("redemocratization") in the Philippines. It marked the restoration of formal structures and processes characterizing democratic governments, including the adoption of a constitution, an open political system, free elections, a free press, lawmaking bodies, etc.¹ It was against this backdrop that a local government code was enacted in 1991 decentralizing the politico-administrative system and further widening the access of people to the political system and providing autonomy to local institutions. The first part discusses the notion of decentralization and local autonomy in relation to democratization. The second part provides a brief historical background of decentralization in the Philippines. The third part discusses the Local Government Code enacted in 1991, including some of the issues and concerns regarding its implementation. Finally, the fourth part discusses some of the "best practices" at the local level that illustrate the operationalization of decentralized governance in the Philippines with the outlook that democratic structures and processes in the country will be further strengthened with strong and autonomous local institutions.

Decentralization and Democratic Governance

Decentralization, according to Raul de Guzman, "generally refers to the systematic and rational dispersal of power, authority and responsibility from the center to the periphery, from top to lower levels, or from the national to local governments." There are two major reasons why governments

*Associate Professor, University of the Philippines College of Public Administration. Dr Brillantes earlier served as Director of the Local Government Center, University of the Philippines, and Executive Director of the Local Government Academy of the Department of the Interior and Local Government.

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decentralize. First, decentralization hastens decisionmaking processes by decongesting central government and reducing red tape. Second, and perhaps, more important, it increases citizen participation, and empowers them thereby leading to a more open and democratic government.

Within the context of the Philippine politico-administrative system, and in light of the Local Government Code of 1991, decentralization may take three major forms:

- deconcentration;
- devolution; and
- debureaucratization.

Deconcentration involves the transfer of functions to lower level administrative units designated by the central office. It is essentially a management tool to decongest the central office and spare it from having to act on matters, including routine and administrative matters, that may best be addressed at the lower levels. However, final and "substantive" authority still rests in the central authorities. Deconcentration therefore is mostly administrative in nature.² Ironically, it was in 1972 right after the establishment of the dictatorship, that an Integrated Reorganization Plan (IRP) was adopted bringing about a comprehensive reorganization of the country's administrative system. One significant feature of the IRP was the division of the country into, initially, eleven administrative regions³ and the establishment of regional offices of the many national government agencies throughout the country within the context of deconcentration and decentralization.

Devolution involves the transfer of powers and authorities to lower level political or local government units. A local government essentially has the following major features: it has an elected local executive; it has an elected local legislative body that passes local laws/ordinances; it has specific taxing powers; and it has jurisdiction over a certain defined geographical area. The notion of devolution has always been related to that of local autonomy. Devolution is political in nature.

Finally, a third mode of decentralization in the Philippine context is debureaucratization which involves the transfer of powers and authorities to units not within the purview of government.⁴ This involves the transfer of such powers and authorities to nongovernmental organizations (NGOs) and people's organizations (POs), including the private sector, all of which are sometimes collectively referred to as "civil society." Debureaucratization also harnesses the energies of the private sector to bring about good governance.⁵

A review of Philippine history will show that decentralization and the accompanying notion of autonomy is not really a new phenomenon.

Historical Background of Decentralization and Democratic Governance in the Philippines

Most political historians agree that the Philippines has had a long tradition of centralized government. Ever since the arrival of the Spaniards in 1521, the Philippine islands have always been ruled from the national capital, Manila to a point that because of the excessive centralization of powers in the capital city, it has been derisively referred to as "imperial Manila." Almost five hundred years later, the inertia of centralization brought about by imperatives of deeply rooted administrative and bureaucratic procedures, hierarchical and organizational arrangements, exacerbated by a culture predisposed to dependency and centralized arrangements, and mindsets that look condescendingly upon local level institutions in the belief that "the center knows best," vestiges of an overcentralized politico-administrative structure remain. If anything, it certainly has been a difficult task to undo centuries-old centrally oriented institutions, structures, procedures, practices, behaviors and culture.

The classic work of then Senator Jose P. Laurel written in 1926, *Local Government in the Philippine Islands*, which is an essential reader for local autonomy scholars and practitioners, traces the roots of autonomy among local units and institutions as existent even before the arrival of the Spaniards in 1521 (Laurel 1926: 289). The following are among the milestones in Filipino local autonomy identified by Laurel:

The local villages (the barangays) of the Philippine archipelago that had been existent even before the arrival of the Spaniards in 1521 were for all intents and purposes autonomous territorial and political units headed by a monarchical chieftain called the *datu*, *pangino* or *pangolo* (Ortiz 1996: 1).

With the arrival of the Spaniards in 1521, these barangays and tribal organizations were adapted by the colonial authorities to become administrative units with each headed by a headman called the *cabeza de barangay* whose main responsibility was the collection of taxes. As they expanded and grew, some barangays evolved into *pueblos*. Pueblos were composed of *poblaciones* (town centers), *barrios* (rural settlements) and *visitas* (municipal districts) (Ortiz 1996: 1).

In 1893, the Maura Law was enacted by the Spanish colonizers. Described by Laurel as "Spain's belated and half-hearted tribute to Filipino ability in self-government," the Maura Law included the establishment of *tribunales*

municipales and *juntas provinciales*. However, inspite of the law, a centralized regime still prevailed with the

... retention of rights and prerogatives by the principalia class, the straight laced centralization of powers, the continued intervention of the church in State affairs, the limited franchise granted, the inadequate election method devised and enforced, and the defected (sic) financial system instituted (Laurel 1926: 290).

In 1898, against the backdrop of the Philippine Revolution against Spain, the first (but short-lived) Philippine Republic under the Malolos Constitution was established. Officials were elective on a popular basis and "decentralization" and "administrative autonomy" (which was actually the language used in the Malolos Constitution) were among the rallying cries of the period. Local lawmaking bodies, namely the municipal and provincial assemblies, were instituted.

The American occupation of the Philippines (1902-1935) saw the promulgation of a number of policies promoting local autonomy. These included the organization of municipal and provincial councils based on general suffrage. Other pronouncements indicative of the thrust towards local autonomy included the following: the Instructions of President McKinley to the Taft Commission; the incorporation of the City of Manila (Act 183 of the Philippine Commission in 1902); the establishment of the Moro Province (Act 787 in 1903); the organization of provincial governments (Act 1396 in 1905); and the extension of popular control, like the elimination of appointive members from the provincial board.⁶

Inspite of the enactment of the abovementioned policies purportedly supportive of local autonomy, the Americans maintained a highly centralized politico-administrative structure. Largely because of security considerations, local affairs had to be under the control of the Americans (Ocampo and Panganiban 1985).

The Commonwealth period (1935-1946) saw local governments in the Philippines placed under the general supervision of the President as provided for under Article VII Section II of the 1935 Constitution. Additionally, the President, by statute, could alter the jurisdictions of local governments and in effect, create or abolish them (Ocampo and Panganiban 1985: 5). Ocampo and Panganiban note that the constitutional provision limiting the President's power to general supervision was a compromise measure substituted for the stronger guarantee of local autonomy that was proposed during the constitutional convention. President Quezon preferred to appoint the chief officials of cities and would brook no "democratic nonsense" (Ocampo and Panganiban 1985: 5).

Philippine political independence was granted by the Americans in 1946. The first local autonomy act (RA 2264) was enacted in 1959, entitled, "An Act Amending the Laws Governing Local Governments by Increasing their Autonomy and Reorganizing Provincial Governments." This act vested in city and municipal governments greater fiscal, planning and regulatory powers. It broadened the taxing powers of the cities and municipalities within the framework of national taxing laws.

The year 1959 also saw the passage of another landmark legislation as far as local autonomy is concerned. The Barrio Charter Act (RA 2370) sought to transform the barrios, the smallest political unit of the local government system into quasi-municipal corporations by vesting them some taxing powers. Barrios were to be governed by an elective barrio council.

Less than a decade later, the "Decentralization Act of 1967" (RA 5185) was enacted. It further increased the financial resources of local governments and broadened their decisionmaking powers over administrative (mostly fiscal and personnel) matters. More specifically, the Decentralization Act granted:

local governments greater freedom and ampler means to respond to the needs of their people and promote prosperity and happiness to effect a more equitable and systematic distribution of governmental power and resources.

By any measure, the imposition of martial law in 1972, which abolished local elections and vested in the dictator the powers to appoint local officials who were beholden to him, was a great setback for the local autonomy movement in the Philippines. Notwithstanding the highly centralized dictatorial setup, the Marcos Constitution (1973) rhetorically committed itself to a policy of local autonomy: "The State shall guarantee and promote autonomy of local government units, especially the barrio, to ensure their fullest development as self-reliant communities."

However, the President continued to exercise "supervision and control" over the local governments. The authoritarian government promulgated the Local Government Code of 1983 (Batas Pambansa Bilang 337) which reiterated the policy of the State to:

guarantee and promote the autonomy of local government units to ensure their fullest development as self-reliant communities and make them effective partners in the pursuit of national development.

Full autonomy could not be realistically implemented under the authoritarian regime.

With the overthrow of Marcos in 1986 during the so-called EDSA Revolution that installed Mrs. Corazon Aquino as President of the Philippines,

the Freedom Constitution was enacted. It provided that "the President shall have control and exercise general supervision over all local government." It was this provision that enabled Mrs. Aquino, through the Minister of Local Government, to remove local officials throughout the country whose loyalties were questionable, and replace them with officers-in-charge (OICs). Seen as an isolated act, the appointment of OICs may be seen as a setback to the cause of local autonomy, but viewed in its proper historical/political context, it may be appreciated as a necessary measure in stabilizing the immediate post-dictatorship transition government.

The promulgation of the 1987 Constitution saw the inclusion of specific provisions guaranteeing autonomy to local governments. Among the major state policies articulated was the policy that "(t)he State shall ensure the autonomy of local governments." Additionally, Article X, Section 3 of the Constitution provides:

The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative, referendum, allocate among the different local government units their powers, responsibilities and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of local units.

Philippine politico-administrative history is replete with examples of tensions between a highly centralized governmental structure and the demands for autonomy among the various component local units: at one level, there is an imperative for a dominant and assertive leadership necessarily for the consolidation and even for the very survival of the weak state; at another level, there is the clamor and demand among the component local institutions for maximum autonomy from the central government in order to enable them to become more responsive to situations obtaining locally.

Earlier historical attempts to decentralize power and authority to local institutions through various means are testimony to the fact that the problem of overcentralization is one that has been recognized—but continued to persist—through the years. For instance, the decentralization of **administrative** authority (but conspicuously unaccompanied by political decentralization) was a hallmark of the Marcos dictatorship. A Local Government Code was in fact enacted in 1983. But these attempts at decentralizing government remained only on paper and were actually simple administrative formalisms. Power continued to be concentrated in Manila with local units heavily dependent upon central government. In fact, before the enactment of the Code, local governments were beginning not only to be restive but also more assertive, demanding that the umbilical cord that tied them to Manila be severed because this was the root cause of their stunted growth and underdevelopment.

The Local Government Code of 1991 and Democratic Governance

In 1991, a Local Government Code was enacted in the Philippines. As suggested at the outset, it was by far the most radical and far-reaching policy that addressed the decades-old problem of an overcentralized politico-administrative system with most significant political and administrative decisions concentrated in Manila.

The promulgation of the Code was actually in accordance with a 1987 constitutional provision declaring that "the state shall ensure the autonomy of local governments." It was towards operationalizing this policy that the Constitution mandated Congress to legislate a Local Government Code that would devolve substantial political and administrative authorities to local government units long held hostage by the central authorities.

Thus the promulgation of the Local Government Code in 1991 was a move welcomed by most sectors of society. It finally transferred the responsibility for the delivery of basic services to the local government units, including appropriate personnel, assets, equipment, programs and projects. The following are the major features of the Code:

- (1) It devolves to the local government units the responsibility for the delivery of various aspects of basic services that earlier were the responsibility of the national government.

These basic services include the following: health (field health and hospital services and other tertiary services); social services (social welfare services); environment (community-based forestry projects), agriculture (agricultural extension and on-site research); public works (funded by local funds); education (school building program); tourism (facilities, promotion and development); telecommunications services and housing projects (for provinces and cities); and other services such as investment support.

- (2) It likewise devolves to local governments the responsibility for the enforcement of certain regulatory powers.

These included the following: the reclassification of agricultural lands; enforcement of environmental laws; inspection of food products and quarantine; enforcement of national building code; operation of tricycles; processing and approval of subdivision plans; and establishment of cockpits and holding of cockfights.

The devolution to local governments of the responsibility for the delivery of the basic services, including the enforcement of some regulatory and licensing functions has indeed transformed the very operations and nature of the local government units. The devolution entailed not only the transfer of powers and responsibilities, but also equipment, assets and personnel. To a certain extent, this has led to some kind of "administrative shock" on the part of some local governments giving rise to the proposal that the implementation of devolution should somehow be phased or gradually implemented in some kind of a pilot fashion. However, there are those who feel, quite correctly, that such proposals are no more feasible considering that devolution has been implemented on a full scale basis.

- (3) The Code also provides the legal and institutional infrastructure for the participation of civil society in local governance.

More specifically, it allocates to NGOs and POs specific seats in local special bodies as mandatory. These special bodies include the local development council, the local health board, the local school board. Because of their ability to organize and mobilize the people, one door wide open for NGO and PO participation in governance is in the area of promoting local accountability and answerability, specifically through the recall and people's initiative provisions.

Over 16,000 NGOs and POs throughout the country have been accredited for possible membership in the local special bodies. Many NGOs and POs throughout the country have come together through various formations and national coalitions to specifically examine the provisions offered by the Code and develop their strategies to respond to such. One such example is the National Coordinating Council on Local Governance (NCCLG) that operated from 1993 to 1996. It served as an umbrella network for NGOs that, among other things, developed advocacy strategies to meaningfully implement the Codal provisions for NGO participation in local governance. Established in 1996, the Institute of Politics and Governance (IPG) has served as the focal point for a number of NGOs as far as information dissemination and advocacy of NGO/PO interests are concerned. As a matter of fact, the IPG has spearheaded the NGO/PO working group for review of the Local Government Code.

- (4) The Code increases the financial resources available to local government units (LGUs). Specifically, the Code: (a) broadens their taxing powers; (b) provides them with a specific share from the national wealth exploited in their area, e.g., mining, fishery and

forestry charges; and (c) increases their share from the national taxes, i.e. from a previously low 11 percent to as much as 40 percent share of the internal revenue allotments (IRA). The Code also increases the elbow room of local governments to generate revenues from local fees and charges.

Indeed, the local financial resources made available to local government units after increasing their share from the Internal Revenue Allotment has increased significantly. In fact, in 1996 alone, 56 billion pesos is IRA which is thirteen percent of the national budget. The following table reflects the increased IRA share of LGUs from 1991 to 1997:⁷

<i>Year</i>	<i>IRA Share of LGUs (in billion pesos)</i>
1991	9.4
1992	20.2
1993	36.7
1994	46.7
1995	51.9
1996	56.5
1997	71.049

Because of the increased share of the LGUs in their IRA, it was not unusual to see LGUs' budgets triple and even quadruple. However, the increase in IRA share of LGUs has to be placed within the context of the increased responsibilities devolved to them under the Code, and perhaps equally significant, the national government personnel devolved to them. This has brought up a situation where in the final analysis, a number of LGUs, specially the municipalities and provinces, could not afford the cost of devolution inspite of increased IRA share. Over and above this, the issue of "unfunded mandates" has also cropped up. Simply put, this means that largely due to the inertia of centralized politico-administrative structures, processes and mindsets, a number of national government agencies continue to formulate and develop programs and projects at the national level and then mandate LGUs to implement them, without at least consulting the LGUs, and to make matters worse, mandate LGUs to implement these programs without providing the necessary financial support.

- (5) Finally, the Code laid the foundation for the development and evolution of more entrepreneurial oriented local governments.

It provided the foundations for local governments to enter into build-operate-transfer arrangements with the private sector, float bonds, obtain loans from local private institutions, etc., all within the context of encouraging them to be "more businesslike" and competitive in their operations in contradistinction to "traditional" government norms and operations.

Indeed, at the end of the day, local autonomy would mean less reliance upon national government, including "allotments" made by the national government,⁸ and more dependence upon internally generated resources, or resources jointly generated with other institutions, be they other local government units, private institutions, etc. It is within this context that the Code encourages LGUs to be more aggressive and entrepreneurial. "Going into business" with the private sector and, where appropriate, adapting private sector strategies, techniques and technologies to generate resources and thereby enable them to deliver the much needed basic services to the people are encouraged by the Code. It is also imperative for them to launch a vigorous tax collection campaign if only to supplement locally generated resources. The past five years have seen how some LGUs have actually used this very provision to become more entrepreneurial and thereby more responsive local governments. Examples of such (variously referred to as "best practices" or "innovations" in local governance) are discussed later.

Best Practices at the Local Level and Democratic Governance

While it may be relatively early to say whether or not the process of devolution will work in the Philippines, indications are that we are on our way to such and therefore strengthening the base for democratic governance in the country. The contemporary praxis of local government administration has more than its share of best practices at the local level. Due to the increased powers and responsibilities of local governments, innovativeness and creativeness at the local level have been engendered. Not only are local governments taking up the challenge of devolution, NGOs and POs as well have been encouraged to take active part in the process of governance at the local level. This is a key feature of democratic governance. Partnerships between the various sectors, GO and NGO alike, have emerged. The recipients of the *Gantimpalang Panglingkod Pook (Galing Pook)* Awards Program are a testimony to such. This program aims to highlight best practices, innovations and excellence at the local level

and inspire other similarly situated local governments. They have been selected based on the following criteria:

- effectiveness of service delivery ;
- positive socioeconomic and/or environment impact;
- promotion of people empowerment; and
- transferability.

Such best practices may be classified according to the following:

- health services;
- environmental management;
- public finance;
- peace initiatives;
- integrated approach to development;
- sociocultural development;
- employment generation/livelihood; and
- productivity improvement.

The following is a sampling of some of the best practices that somehow provide a flavor of the kinds of local programs and how they have contributed to strengthening democratic governance at the local level.

- *Taking Care of People and Environment in Negros Oriental* is an example of how development and improving the quality of life of the people and meeting their minimum basic needs are the best approach to counterinsurgency. This involved the construction of a Community Primary Hospital in the hinterlands of Negros Oriental that provided basic health services to the people coupled with the Community Based Resource Management Approach that empowered local fisherfolk in the province to take the lead in environmental protection.
- *Energizing the Purok in Sampaloc Quezon through a Kapit Bisig Program* was a municipality's approach to solving its insurgency problem through the establishment of an organizational machinery beginning with the Purok to the municipal council. This was supported by NGOs and people's organizations with specific sectoral concerns such as peace and order, health, agriculture and livelihood.
- *Saving the Mangroves of Kalibo, Aklan* involved the reforestation of a fifty hectare swampland undertaken by families of fisherfolk who were organized by a local NGO into the Kalibo Save the Mangrove or KASAMA.

- *Transforming Malalag into a Provincial Agro-Industrial Center in Davao Del Sur* is an example of how a holistic approach towards building the capability of the local government unit, the barangay officials and the partner agencies in local administration and management, human resources development, local legislation, service delivery and local economic enterprises can improve the quality of life of the people.
- *Acquiring a Complete Equipment Pool in Muñoz, Nueva Ecija* demonstrates synergy in action: it shows how a municipal government can actually meet its basic infrastructure equipment needs by creatively acquiring through memorandum receipts underutilized equipment of national and provincial government agencies in the area.
- *Floating Bonds for Low Cost Housing in Victorias, Negros Occidental* has shown us how a small municipality, with the support of the people, can take the bold economic strategy to float bonds to provide shelter and housing to its people, a minimum basic need. Victorias is one of the first local government units to float bonds for a housing project in the country.
- *Improving the Productivity in Naga City* is one city's version of reinventing government by demonstrating how, by focussing on four major areas of local government productivity, the full potentials of the various departments and offices of the entire city government for effective, efficient and adequate delivery of public services can be unleashed. The areas focussed on were the following: (1) providing sufficient services to meet requirements of the population; (2) getting optimum outputs with minimum expenditures; (3) producing quality results as desired and planned; and (4) making services accessible and acceptable based on the principle of the greatest good for the greatest number.
- *Sustaining Development through an Integrated Approach in Guagua, Pampanga* has resulted in the increase of the municipality's income from P3 million in 1986 to more than P37 million in 1994 thereby improving its status from a third class to a second class municipality. The local government's partnership with NGOs and POs was indispensable in the development effort.
- *Enriching for a Brighter Tomorrow in Bulacan* has succeeded in instilling a collective pride in the unique cultural and historical heritage of Bulacan to fuel the search for excellence among the Bulakeños.

- *Lote Para sa Mahirap: Land Banking in San Carlos City* was a program specifically designed for the very poor of San Carlos City. Although a product of the concerted efforts of the different sectors of society, government and nongovernment alike, the beneficiaries were mostly the marginalized sectors of society: pedicab drivers, fish and vegetable vendors, construction and dock workers, etc. They pay only P5.00 a day for a period of five years after which the title of the land is issued to them.
- *Solid Waste Management Program in Sta. Maria, Bulacan* is an innovative and pioneering program in solid waste management veering away from the traditional notions of garbage disposal. It emphasizes the concept of waste reduction, recovery and re-use. Biodegradable materials are separated from the nonbiodegradable ones, with the former processed into organic fertilizers and the latter sold for recycling.
- *Eco-Walk for the Environment in Baguio City* is a year-round environmental awareness program for children. It addresses the need for school children to develop relationships with the environment through a series of guided hikes to the City's major watershed. It has become a community undertaking involving many sectors of the city including national government agencies, the private sector, civil society, church and NGOs.

The list goes on and on. There are many other best practices out there attributed to devolution which contribute to better democratic governance at the local level.

The Program has brought about a number of downstream activities in the implementation of capability building programs for local governments. For one, institutions such as the Local Government Academy (LGA) have shifted the methodology and approach to "training" for local governments away from lectures and classroom instruction to experiential learning by the participant local officials. In accordance with the general philosophy that example is the best teacher, we have encouraged the winners themselves to tell their stories to their fellow local officials during training programs, with the national training agency, such as the LGA, simply providing the framework for such. In partnership with the leagues of local officials themselves, we have organized study visits for local officials (*Lakbay Aral*) to the winning programs for other local officials to observe the innovations themselves and encourage appropriate replication and adaptation. We are currently organizing "innovations laboratories" to support the efforts of the winners to showcase and ensure wider dissemination of their stories.

Concluding Remarks: Decentralization Towards Democratic Governance

It has been close to five years since the Code was promulgated. Experience has shown that implementing the provisions of the Local Government Code has not been exactly smooth sailing, considering that there were a number of intervening factors (anticipated and unanticipated) that hampered its smooth implementation. These included the conduct of simultaneous local and national elections in 1992; the resistance of certain devolved agencies to devolution (mostly the Department of Health) and the subsequent moves to recentralize the health sector as advocated by certain members of Congress; the unequal distribution of financial resources (specifically the IRA) as a result of a not-so studied distribution formula among the various levels of local governments with the cities gaining a windfall and municipalities and provinces not being able to afford the cost of devolution; "lags" in the release of the IRA shares of LGUs, hence the proposal that these should be automatically appropriated to the LGUs; the lack of guidelines to the LGUs from the national government agencies in operationalizing devolution; the continuing need to define and clarify intergovernmental relations, i.e. national-local, local-local, all within the framework of "subsidiarity"; hesitance among NGOs and POs to participate in local governance due to continuing distrust between the government and nongovernment sectors; and general lack of information about the Code among various stakeholders.

It is important not to lose sight of the fact that we come from a tradition of overcentralization. This has been manifested in the long entrenched bureaucratic structures, processes and procedures. Thus in face of the Local Government Code of 1991, it is urgent that we remain cognizant of the fact that there continue to be lags in the implementation processes. These include bureaucratic institutions, systems, procedures and mindsets suffering from the inertia of excessive centralization.

In operationalizing reforms, it is imperative that we learn from the implementors themselves, the frontline local officials who are in the trenches, so to speak. This means learning from the innovative and creative practices developed at the local level. As our experience in best practices has shown, the local communities which are in the frontline have much to teach central government.

There is no question that the implementation of the Local Government Code has contributed to the restoration of democratic governance in the Philippines. However, there are those who fear that like a double edged sword, there is the danger that it may lead to the restoration of elite dominated politics at the local level (which characterized the pre-dictatorship period). Thus, vigilance and participation by all sectors, including civil society, must be supported. After all, the promotion of accountabilities, open and accessible structures and processes of governance characterize democratic governments. Fortunately, these are enshrined in the Local Government Code of 1991.

Endnotes

¹There is the perspective, however, that the "democracy" that existed before the dictatorship was not a real democracy (i.e. open and participative and empowering) considering that it was characterized by domination by the elite and oligarchs who controlled both the economic and political systems, violent elections, licentious press, etc.

²The literature also lists "delegation" as a mode of decentralization. Like deconcentration, it involves the transfer of functions and powers to lower level institutions. To a certain extent, delegation is the process through which deconcentration, devolution and debureaucratization may be brought about considering that central authorities identify specific authorities (be they administrative or political) that can be "delegated" to lower level institutions.

³Through time, the number of administrative regions has increased to fifteen. However, there is the thinking that with devolution, the "region" as an administrative mechanism has outlived its purpose. Local government units are now more autonomous and an additional layer between the province and the national government may not all be that necessary anymore. At the very least, it is argued, the region must be radically streamlined.

⁴Note that both deconcentration and devolution are operationalized WITHIN the context of formal governmental structures and processes. Debureaucratization operates outside of the framework of government, or "outside the bureaucracy."

⁵To a certain extent, the notion of "governance" in the Philippines has been redefined in the light of active and direct participation of the private sector in the delivery of basic services. Where before, governance was mostly confined to the formal structures and processes of government involved in the delivery of basic services, through time, it has taken cognizance of active private sector participation in governance.

⁶For an extensive and detailed discussion of these various initiatives, see Laurel (1926: 289-293).

⁷Based on figures provided by Senator Aquilino Pimentel, the principal author of the Local Government Code.

⁸However, it must be noted the IRA does not "belong" to the national government nor is it being "shared" and "alloted" to LGUs out of the goodness of their heart. This internal revenue belongs also to the local governments and the job of the national government is simply to administer these resources and return to LGUs what rightfully is theirs in the first place.

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Resource Allocation Imbalances Under Decentralization*

The Internal Revenue Allotment (IRA) has increased the budgets of local governments in the past few years. The IRA is essentially the share of local governments from the collection of national income and value-added taxes, etc.. This would seem to bode well with the process of decentralization. But another picture emerges when the increase is seen in the context of the size of the national budget and in relation to the responsibilities devolved to the local governments.

The IRA as Compared to the National Budget: How Significant?

One of the outstanding features of the Code is the increased resource for local governments. Some barangay budgets shot up from as low as ₱5,000 per annum to as much as ₱180,000. There were municipalities whose budgets increased from ₱1.5 million to as much as ₱9 million. It was not unusual to see the IRA shares of cities increase by over 200 percent. Dumaguete's IRA increased by 415 percent, from ₱5,430,000 in 1991 to ₱28,000,000 in 1995.

A similar trend occurred for the provinces. For instance, the IRA of the province of Capiz increased by 1,215.56 percent, from ₱25,026,828 in 1991 to ₱329,110,000 in 1995! Thus, many local governments enjoyed an initial windfall.

It is important to understand that the IRA is not equivalent to the national budget but only a small percentage of the same. The IRA increased the budgets of local governments. However, experience over the past five years has brought to fore two major concerns. The first pertains to whether the IRA share of the local governments was indeed sufficient to cover the cost of devolved functions to the local governments. Earlier studies conducted for the Local Development Assistance Program (LDAP) concluded that provinces and municipalities essentially "lost out" in the process: despite devolution and in spite of the increased shares of local governments from national taxes, the amounts transferred to them through the IRA have not been sufficient to cover the cost of devolution, the bulk of which went to salaries of personnel devolved to them.

*This paper is authored by Dr. Alex B. Brillantes, Jr., Policy Specialist for the Governance and Local Democracy (GOLD) Project managed by the Associates in Rural Development, Inc. and funded by the United States Agency for International Development, Associate Professor at the University of the Philippines, and former Executive Director of the Local Government Academy. This also appeared in *GOLD Occasional Papers No. 97-01*.

The other (more contemporary) issue, pertains to the relative size of the IRA compared to the national budget. While it is true that the IRA shares of local governments have indeed increased significantly, the figures are not as significant compared to the total national budget: in 1997, the IRA comprised only 14 percent of the total budget. This was to be shared among more than 41,000 local governments throughout the country!

While the Local Government Code specifies a 40 percent share in national internal revenue taxes for local government, this amounts to only 14 percent of the total budget. In other words, 86 percent of the national budget is still under the control of and spent by national government agencies and offices. It will be noted that the IRA share of local governments rose from a miniscule percentage of 4 percent (before devolution) to 7.7 percent in 1992, to 13 percent in 1993, remaining in that vicinity ever since. Table 1 provides the figures detailing such amounts and percentages.

Table 1. IRA Shares of Local Governments vs. the National Budget

<i>Year</i>	<i>Total Budget (in million pesos)</i>	<i>IRA (in million pesos)</i>	<i>IRA as Percent of Total Budget</i>
1991	248,679	9,841	4.0%
1992	262,042	20,305	7.7%
1993	276,859	36,724	13.3%
1994	329,985	46,815	14.2%
1995	392,450	51,925	13.2%
1996	415,557	56,594	13.6%
1997	492,568	71,049	14.44%

Note: Table constructed from data obtained from the Department of Budget and Management, April 1997.

Increase in Budgets of NGAs Despite Devolution

Another concern regarding the implementation of meaningful decentralization in the Philippines pertains to the continuing increase in budgets of devolved national government agencies despite devolution. It will be recalled that devolution brought with it the transfer of close to 70,000 personnel of national government to local governments. Devolution also brought with it the transfer of appropriate programs, assets, and equipment to local government units. Table 2 reflects the distribution of the staff of these devolved agencies before devolution in 1991 and in 1997. It will be noted from Table 2 that in 1991, there were 111,987 personnel collectively deployed in the field from these agencies. After devolution, the number of field personnel of these national agencies was drastically reduced to 38,685.

Table 2. Distribution of National Government Agencies Staff, 1991 and 1997

Agency	1991			1997		
	Central Office	Field	Total	Central Office	Field	Total
DOH	1,808	61,312	63,120	11,747	13,597	25,344
DA	4,149	25,047	29,196	4,816	5,836	10,652
DSWD	502	6,264	6,766	485	2,121	2,606
DENR	3,699	19,364	23,063	2,823	17,131	19,954
Total	10,158	111,987	122,145	19,871	38,685	58,556

Note: Table constructed from data obtained from the Department of Budget and Management, April 1997.

Sixty-one percent of field personnel was devolved to local governments as Table 3 shows. More specifically, 75 percent of the Department of Health (DOH) field personnel was devolved to local governments; 71 percent of the Department of Agriculture (DA); 65 percent of the Department of Social Welfare and Development (DSWD); and 4 percent of the Department of Environment and Natural Resources (DENR). Table 3 reflects the breakdown of these devolved personnel.

Table 3. Devolved National Government Agencies Personnel vs. Pre-Devolution Personnel

Agency	Pre-Devolution Field Personnel	Field Personnel Devolved	Percentage of Field Personnel Devolved
<i>Fully devolved:</i>			
DOH	61,312	45,945	75%
DA	25,047	17,823	71%
DSWD	6,264	4,127	66%
Subtotal	92,623	67,895	73%
<i>Partially devolved:</i>			
DENR	19,364	895	5%
Total	111,987	68,790	61%

Note: Table constructed from data obtained from the Department of Budget and Management, April 1997.

Surprisingly, though, the budgets of these affected agencies greatly increased despite devolution. More specifically, between 1991 to 1997, DA's budget increased by 175 percent; DOH's by 59 percent; DENR's by 81 percent; and DSWD's by 25 percent. The total budgets of devolved national government agencies increased by 93 percent from 1991 to 1997. The figures are even more telling when we use 1993 figures considering that this was the first year when local governments began to absorb the salaries of devolved personnel. In spite of devolution, when comparing 1993 and 1997 budgets, DOH's budget increased by 126 percent, DA's by 174 percent, DSWD's by 216 percent, and DENR's by 130 percent! Table 4 reflects the details of increases by year from 1991 to 1997.

Table 4. Increase in Budgets of National Government Agencies, 1991-1997

National Government Agency	Year							Percent Increase	
	1991	1992	1993	1994	1995	1996	1997	91/97	93/97
	In Million Pesos								
DOH	8510	9118	5966	6159	6745	11184	13493		
% Increment		7	-35	3	10	66	21	59	126
DA	5369	7421	5918	6629	10580	15321	14762		
% Increment		38	-35	12	60	45	-4	175	174
DSWD	1344	1009	530	900	1421	1517	1676		
% Increment		-25	-47	70	58	7	10	25	216
DENR	4125	3227	3241	4204	4954	6803	7460		
% Increment		-22	0.4	30	18	37	10	81	130
Total	19348	20775	15655	17892	23700	34825	37391		
% Increment		7	-25	14	32	47	7	93	138

Note: Table constructed from data obtained from the Department of Budget and Management, April 1997.

Increases in budgets can in part be attributed to the continuing practice of initiating major field-level programs and projects through national government agencies that had field personnel devolved. For instance, Countryside Development Funds (CDF) are channelled through the budgets of designated national government agencies. In agriculture, the explanation for the increase is the "safety net" for farmers, under Philippine participation and commitment in the General Agreement on Tariff and Trade (GATT) with DA playing a lead role. At DOH, one explanation offered is the renationalization of previously devolved hospitals. To the extent that such funds assume activities by field personnel, there is an imbalance between the national government agency that has the money and local government units which have the personnel.

Next Steps

The Philippines may have taken significant strides in the implementation of devolution in the Philippines. Relations between the national government and the local government have been reconfigured. However, five years after the Local Government Code of 1991, in spite of the gains achieved by devolution, there are a number of actions that could be considered if devolution is to be meaningfully implemented as provided for in the Constitution. There have been proposals to reverse the 40-60 ratio to 60-40 in favor of local governments. Together with this, the appropriations of devolved national agencies could be reexamined to see what aspects of their budgets could be transferred directly to local governments. The practice of unfunded mandates should be reexamined. The relationship between local grantees and Countryside Development Fund-supported projects should be reexamined with local governments playing a greater role in their planning, dispensation, and use. Finally, devolved national government agencies should strengthen mechanisms that facilitate continuing dialogue and consultations with local government units. The example of the Local Government Assistance and Monitoring Service of the Department of Health might be instructive.