

# Assessment of the Aquino Pilot Decentralization Project

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*The first Pilot Decentralization Project conducted in the provinces of Laguna, Tarlac, Negros Occidental and Davao Oriental is evaluated based on the following: (1) the extent of participation of beneficiary provinces in the decisionmaking process of the project; (2) the extent of devolution of authority to the pilot provinces; and (3) the use of the block grants and the management of projects. The evaluation underscores the lack of specified representation for the pilot provinces in the Cabinet Action Committee on Pilot Decentralization; the lack of substantive authority and power devolved to the local government units; and the absence of specific implementing guidelines for the project. In view of these, the following suggestions are given for the second phase of the project implementation: (1) appointment of at least two representatives of each pilot province to the cabinet-level committee; (2) tapping of existing provincial structures as consultative bodies; (3) consultation of provincial government agencies and NGOs; and (4) specification of the role of the NGOs.*

## Introduction

The implementation of a successful decentralization program has been identified as one of the basic principles of reorganization by the Presidential Commission on Government Reorganization in 1986 and one of the major objectives of the Aquino administration.

Towards this general objective, the administration implemented a Pilot Decentralization Project (PDP) in four provinces initially. This article assesses the Aquino government's first pilot decentralization project. It measures the accomplishments of the project by matching the objectives of the pilot decentralization project against actual performance. Specifically, the accomplishments are measured in terms of the following indicators:

- (1) roles played by the implementing agencies and departments concerned;
- (2) the extent of power and authority devolved and instruments used to transfer power and authority;
- (3) participation of beneficiary LGUs in the decisionmaking process; and

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This article is based on a paper presented at the Roundtable Discussion on Local Autonomy, PCED Hostel, University of the Philippines, 6 June 1990. The assistance of Dr. Perla E. Legaspi in the preparation of this paper is acknowledged.

(4) utilization of the block grants.

The areas assessed varied from province to province inasmuch as no guidelines or general framework of implementation were issued by the Office of the President or the implementing agency.

### **Methodology**

The assessment of the project is based on the case studies of Laguna and Tarlac conducted by the Local Government Center, College of Public Administration, University of the Philippines (LGC-CPA-UP), and of Negros Occidental and Davao del Norte by the Jaime V. Ongpin Institute of Business and Government - Decentralization Watch Project (JVOIBG-DWP) Team.

The Local Government Center looked into the implementation of the Pilot Decentralization Project in the provinces of Laguna and Tarlac in terms of the decentralization measures undertaken by the two provinces, the decisionmaking structure as well as the processes involved in the identification, planning and implementation of specific decentralization projects, and the utilization of the block grant. An attempt was also made to assess whether or not the decentralization reforms undertaken in the provinces lead to genuine local autonomy, redemocratization of the political system, and accelerated local development.

Likewise, the JVOIBG-DWP Team monitored the implementation of the same project in the provinces of Negros Occidental and Davao del Norte. The Team likewise looked into the decisionmaking process in the provinces as far as the allocation of the decentralization fund is concerned, the actual use of the fund, and problems encountered in the implementation of the project.

Follow-up interviews were conducted with the governors of Laguna and Negros Occidental, the Senior Executive Assistant of the province of Laguna, and the Executive Assistant of Tarlac, in order to further inquire about the status of implementation of the decentralization project in their respective provinces.

### **Legal Basis**

The first Pilot Decentralization Project was created by virtue of Memorandum Circular (MC) No. 63 issued by the Office of the President on 30 May 1988. The circular also created the Cabinet Action Committee on Decentralization (CACD) composed of the following officers: Chairman - Secretary of Budget and Management; Co-Chairman - Secretary of Local Government; Vice Chairman - Cabinet Secretary; Secretary - Undersecretary of the Presidential Management Staff; and Members: Secretary of Finance; Secretary of Agriculture; Secretary of Public Works and Highways; Secretary of Education, Culture and Sports; Secretary of

Labor and Employment; Secretary of Health; and Secretary of Transportation and Communications.

The following were the responsibilities of the CACD (OP 1988: 2):

- (1) formulate guidelines and launch decentralization projects in the four pilot provinces;
- (2) ensure that consultation with officials and agencies concerned is undertaken in formulating the plans for decentralization projects;
- (3) recommend approval of the appropriate legal issuances to implement the plans for the decentralization projects proposed by the Provincial Development Councils (PDCs); and
- (4) submit a report to the President on measures on administrative decentralization that can be adopted by the executive branch.

The Presidential Management Staff was designated as the technical committee and secretariat as well as monitoring arm for the project.

The pilot project was formally launched in October 1988, five months after MC No. 63 was issued. It initially covered four provinces, namely: Laguna, Tarlac, Negros Occidental and Davao del Norte. On 24 April 1989, the Province of Batanes was included as a fifth pilot province. The choice of the first four pilot provinces was made on the basis of the President's confidence in the governors of said provinces and on the basis of their performance and track record (CACD Minutes of Meeting, 8 June 1988).

The first four pilot provinces were given a block grant of ₱120 million each to be used specifically for infrastructure and livelihood projects. No specific guidelines were issued as to the allocation/breakdown of the ₱120M. Batanes was given a block grant of ₱5 million. These financial grants were charged against the contingent fund of the President.

### Operationalizing Decentralization

Basically, three strategies were adopted by the CACD to implement the Pilot Decentralization Project: (1) conduct of consultation; (2) giving of block grants; and (3) drafting and approval of legal issuances, circulars and memoranda of agreements.

#### *Conduct of Consultations*

Fifteen meetings were conducted by the CACD during its existence. Participation of the different departments is considerably high with the presence of the secretaries and/or undersecretaries in most of the meetings.

In these meetings, the CACD reported that "the members were made aware of the provincial governments' clamor for local autonomy, i.e., authorities/powers, functions and resources which they feel are needed to effectively carry out their roles as political-administrative units of the country" (PMS 1990).

### *Giving of Block Grants*

The block grant may be considered as the essence of the Pilot Decentralization Project. Through the block grants, the provincial governments were able to implement immediately their infrastructure and livelihood programs and projects.

The giving of block grants, however, raises a number of issues. Under present budgetary constraints, the national government cannot give huge amounts of doleout funds to the 75 provinces every year all over the country. Moreover, this could be used by the former to control decisionmaking at the local level.

### *Issuance of Circulars and Drawing Up of Memoranda of Agreement*

Six circulars have been issued to facilitate the implementation of the pilot decentralization project. These are summarized in Table 1.

The memoranda of agreement (MOA), in addition to the circulars, have been conceived to serve as the main instruments through which "devolution" of powers and authority in the real sense of the word, could be achieved. MOAs with selected departments and local government units have been drafted. The departments which issued MOAs include the following: Department of Environment and Natural Resources (DENR), Department of Public Work and Highways (DPWH), Department of Education, Culture and Sports (DECS), Department of Agriculture (DA), and the Department of Social Work and Development (DSWD).

*MOA Between DENR and the Pilot Provinces.* The first MOA was forged on 2 March 1989 between the DENR and Negros Occidental. The MOA provided for the creation of an Environment and Natural Resources Council (ENRC) with the Provincial Governor as Chairman, and the Provincial Environment and Natural Resources Officer as Vice-Chairman. It also stipulated that the Chairman and the Vice-Chairman shall select a third member of the Council, and the three of them shall select four additional members who may come from the government or the private sector.

The Council is designed to serve as a consultative body in connection with the issuance and regulation of licenses, leases, permits and other agreements to explore,

Table 1. Summary of Circulars Issued

<i>Circular</i>	<i>Issued By</i>	<i>LGUs Covered</i>	<i>Salient Provisions</i>	<i>Remarks</i>
Local Budget Circular No.33 dated 1 Oct. 1988	Department of Budget and Management	All provinces and cities	Authorizing all governors and city mayors throughout the country to declare operative or inoperative, in whole or in part, the annual principal and supplemental budgets of their respective provinces and cities without prior review by the Department of Budget & Management (DBM).	Under existing laws, LGUs can immediately implement annual and supplemental budgets approved by local councils and chief executive. This circular clarifies 1988 provisions of Sec. 29, PD 477 as amended by PD 1375.
Memo Circular No. 88-53 dated 14 Oct. 1988	Department of Local Government	All provinces, cities and municipalities	Allowing LGUs to implement projects under the 20% development fund (PD 144) without prior approval from the Department of Local Government.	The circular amends Sec. 39 of PD 477 and MLGCD Memo Circular No. 77-81; lessens administrative control over local budget.
Local Budget Circular No. 34 dated 1 Oct. 1988	Department of Budget and Management	All provinces, cities and municipalities	Authorizing provincial governors, city and municipal mayors, to fill up existing vacant positions, hire consultants, contractual and casual employees without prior approval from DBM.	This circular shortens the processing time of papers.
Memo Circular No. 81 dated 21 Oct. 1988	Office of the President	All provinces, cities and municipalities	Authorizing LGUs to purchase transport and heavy equipment for their respective local units, provided that such purchases are paid from local funds.	This circular lessens administrative control over local budgets.
Department Order No. 105-88 dated 6 Oct. 1988	Department of Finance	All provinces, cities and municipalities	Transferring to LGUs the power to appoint representatives of Market Vendors' Associations in provincial, city & municipal market committees.	New provision.
Memo Order No. 88-228 dated 1 Oct. 1988	Department of Transportation and Communications	Laguna, Tarlac, Negros Occidental, Davao del Norte	Delegating to the pilot provincial governments the function of rationalization, planning and allocation of tricycle routes and number per route within municipalities.	New provision.

exploit, develop and utilize the natural resources of the country, and to predetermine the feasibility and regularity of renewals of licenses, leases or permits, agreements and other related matters.

A very important provision of the MOA is that: the DENR shall not issue licenses, leases without prior evaluation and approval of the Council.

The Council has been authorized to dispose lumber and logs, confiscated by the DENR and donated to the province, for any local or national project, to monitor DENR programs in the province, and to furnish the Provincial Development Council with regular reports.

Although conceived only as a consultative body, the ENRC is vested with the power to determine the qualifications, competence and capability of applicants for licenses, leases, permits and other agreements, and to recommend approval, disapproval or other appropriate action consonant with the agreements.

*MOA between DPWH and Pilot Provinces.* The MOA with DPWH and the pilot provinces was signed and notarized on 8 March 1990. It called for the creation of a Provincial Infrastructure Council with the Governor as Chairman. The Council was envisioned to serve as a consultative body for the implementation of infrastructure projects, such as provincial/municipal/barangay roads and bridges, municipal ports, drainage seawalls, water wells/springs and school buildings. These exclude national highways, regional fishing ports, major flood control and similar projects of national, regional, or supraprovincial significance as well as foreign-assisted projects.

The MOA delineated the functions of the DPWH from that of the province. Specifically, it provided that the responsibilities of the province shall be:

- (1) to conduct engineering surveys and design, prepare plan specifications and programs of work for the projects in accordance with DPWH technical standards. This activity includes the design, construction (including improvement and rehabilitation) and maintenance (including repair) of infrastructure facilities which are local in character, and whose impact are limited to the local area of the province;
- (2) to conduct public bidding, award and approval of contracts through its Prequalification, Bids and Awards Committee;
- (3) to manage the implementation of projects, by contract, up to completion, in accordance with DPWH technical standards;
- (4) to undertake, if it so desires, some projects under the provincial governments themselves, particularly the Office of the Provincial Engineer, but limited to 25 percent of the total number of projects;
- (5) to effect immediate correction of any defects in project implementation noted by DPWH in its postaudit work;
- (6) to submit monthly report on the physical and financial status of project implementation, and a monthly disbursement report duly audited by COA; and
- (7) to identify jointly with the DPWH, the appropriate personnel involved in these projects who may be transferred from the DPWH Engineering Office to the province. Moreover, the DPWH shall transfer funds based on approved programs of work without retaining any amount for engineering and administrative overhead. The DPWH authorizes the province to manage the implementation of the projects mentioned above.

*MOA between DECS and Pilot Provinces.* The MOA has undergone revisions to incorporate the suggestions of the four governors. The draft MOA called for the creation of a Provincial Education Council (PEC) which shall recommend appropriate actions regarding the (1) formulation of plans and strategies; (2) implementation of the education budget of the province; (3) construction, repair and maintenance of schools and facilities; (4) hiring, promotion, transfer and removal of DECS personnel; (5) acquisition and titling of school sites; (6) payroll servicing for teachers and other DECS personnel; and (7) other matters pertaining to education in the province.

The PEC shall be chaired by the Governor. The Vice-Chairman and concurrent administrator shall be the Division Superintendent.

The Council members shall consist of Parent-Teachers Association representatives from both public and private schools, a representative from the organization of private schools and a representative from a sociocivic organization.

Funding for capital expenditures such as equipment, furniture, school desks, and instructional materials shall be released to the province.

*MOA Between DA and Pilot Provinces.* This is the only MOA which specified the use of an existing structure to serve as the consultative council, which could either be the Provincial Agricultural and Fishery Council or a similar body within the Provincial Board in charge with the formulation of agriculture and agriculture-related activities affecting the province. The MOA also specified that the Governor shall approve and supervise the implementation of the agriculture sector's plans and programs, and shall have authority to supervise the Provincial Agricultural Officer. On the other hand, the Provincial Agricultural Officer shall be responsible for the implementation of approved agriculture and fishery plans and programs, projects and budget under the Governor's supervision.

*MOA between DSWD and Pilot Provinces.* This MOA provided for the creation of a Provincial Social Welfare and Development Council (PSWDC) with recommendatory powers. The council shall be chaired by the Governor. The Provincial Social Welfare Officer is designated as Vice-Chairman and Council Coordinator, who shall work under the administrative supervision of the province.

## **Project Implementation in the Pilot Provinces**

### *Province of Laguna*

The ₱120 million block grant came to the province in three installments: ₱34 million in November 1988, ₱20 million and ₱66 million both in December 1988. The fund was used as follows:

**Table 2. Utilization of the Block Grant  
Province of Laguna**

<i>Purpose</i>	<i>Amount</i>
Concreting of various provincial, municipal and barangay roads and bridges	₱ 89,000,000
Construction of Multi-Purpose Sports Complex	14,000,000
Construction of Provincial Office Building	7,000,000
Livelihood Projects	10,000,000
<b>Total</b>	<b>₱ 120,000,000</b>

The following decisions and actions of the Governor have shaped the implementation of the pilot decentralization project in the province:

- (1) The block grant has been considered part of the National Assistance to Local Government Units (NALGU) funds in Laguna. However, the Provincial Treasurer decided to use a separate control book for the block grant to facilitate disbursement, and ensure proper fund control.
- (2) The decentralization fund was initially deposited in a private bank, the Metro Bank, but was later transferred to two government banks: the ₱110 million infrastructure fund was deposited at the Land Bank of the Philippines, while the ₱10 million fund for livelihood projects was deposited at the Philippine National Bank. The livelihood fund was used to augment the Kaunlaran sa Laguna (KSL) Project Fund. The KSL project aims to financially assist low-income families in their economic activities by providing them low interest loans.
- (3) Governor Felicisimo San Luis encouraged the participation of local officials as well as national agencies in the identification of beneficiaries to the livelihood projects, and the identification of specific infrastructure projects to be funded. The Department of Agriculture was consulted in identifying and screening project beneficiaries for farming loans; the DSWD, for small-scale industry loans. The Governor conducted a series of consultations with the 29 municipal mayors to identify infrastructure projects that could best respond to the needs of their respective municipalities.
- (4) The services of the Integrated Farm Management Corporation were contracted to provide the postharvest facilities for farmers who obtained palay farm loans.
- (5) The Governor stuck to the policy of keeping the same number of personnel. Many positions remained vacant each year, thus reducing the



actual number of employees from 849 in 1984 to 666 in 1988. Most of the vacant positions were not filled up "in order to generate savings and . . . since the provincial government has been able to function well even without filling up these vacant positions." The Governor hired only two warm bodies on a contractual basis in relation to the pilot project, i.e., two retired PNB managers were hired to serve as project manager and project accountant, respectively. They are paid monthly honoraria out of the interests of outstanding loans and/or interests of funds deposited in the bank.

- (6) There was no build-up of personnel and equipment at the Provincial Engineer's Office (PEO). The number of personnel remained at 197. The Governor preferred to leave construction work to private firms so that the PEO can concentrate on the preparation of project plans and specification of technical requirements.
- (7) The province entered into a memorandum of agreement with the Civil Service Commission to establish a provincial office in Laguna primarily to facilitate the processing and approval of local appointments. This decision was contained in a resolution passed by the *Sangguniang Panlalawigan*. The CSC provincial office became functional in April 1989. The arrangement has been beneficial as it has decongested the CSC Regional Office IV of about 6,000 appointment papers.

One factor contributing to the success of the pilot decentralization project in the province is the block grant itself. According to Governor Felicisimo San Luis, the block grant, which is more than double the 1988 provincial income of ₱54.1 million, enabled them to prove that they can effectively implement a considerable number of infrastructure projects even without augmenting the equipment and personnel complement of the Provincial Engineer's Office, and the personnel size of the whole provincial government. Its infrastructure project output for the period January-August 1989 was already more than ten times higher than its annual accomplishment prior to the pilot project.

Another factor is leadership provided by the Governor who has been holding the reins for thirty years since 1959. So far, there has been no reported misuse of the decentralization fund. This has been attributed primarily to the sound internal control system established under the leadership of the Governor. As mentioned above, the ₱120 million decentralization fund, although considered as part of the NALGU fund, was recorded in a separate control book and subjected to pre- and postaudit by the Commission on Audit. Similarly, contracting of infrastructure projects is based on the results of public bidding. Contracts are ratified by the *Sangguniang Panlalawigan* before these are awarded to private contractors.

*Province of Tarlac*

Prior to the formal implementation of the pilot decentralization project in Tarlac, the province has already implemented its development plan consisting of an infrastructure program, and a livelihood program called *Rural Industrialization Can Happen (RICH)*.

The ₱120 million block grant was released to the province in two installments: ₱20 million in July 1988 for the livelihood program, and ₱100 in November 1988 for the infrastructure program. The livelihood fund was later increased by ₱5 million. Utilization of the fund is shown in Table 3.

The block grant received by the province may be considered a drop in the provincial coffer inasmuch as generous amounts of financial support have been received from the national government. For the period of May-December 1988 alone, ₱943,373,653 was allocated to the province for various purposes including the block grant (Advice of Allotments, May-December 1988, Province of Tarlac).

**Table 3. Utilization of the Block Grant  
Province of Tarlac**

<i>Purpose</i>	<i>Amount</i>
Construction, repair and maintenance of various provincial, municipal and barangay roads and bridges and Victoria Plazuela	₱ 30,010,000
Construction, repair and maintenance of school buildings/desks/toilets, public market, Tarlac Training Center, Provincial Guest House, Maria Clara Chest Center, Police Outposts	64,990,000
Livelihood Projects (RICH)	25,000,000
<b>Total</b>	<b>₱120,000,000</b>

The infrastructure program of Governor Mariano Un Ocampo is grandiose, requiring huge capital outlay. This includes the renovation of the Provincial Capitol building (₱29 million); establishment of a multi-specialist hospital, sports complex (₱26 million), Business Center (₱22 million), Hall of Justice (₱9.5 million), Provincial Guest House, Penal Colony, Tarlac Training Center (₱65 million), library, museum; and construction, repair, and maintenance of various roads and bridges, schools, and other projects.

Shortly before Governor Ocampo assumed his post in February 1988, he formed a task force to conduct an audit of the provincial government. The task

force, composed of his trusted and professionally competent friends and colleagues, came up with a provincial baseline survey of human and material resources as well as performance audit of the province. Based on the findings of the task force, the Governor undertook administrative reforms, and formulated the said infrastructure and a livelihood program.

Planning of the livelihood program was done by a team of consultants, managers and scientists who visited all municipalities and held dialogues with mayors, farmers and businessmen to gather information on projects the constituents would want to implement in their respective towns.

Likewise, implementation of the RICH program and management of the ₱25 million livelihood fund was given to the Lingkod Tarlac Foundation, Inc. (LTF), a nonstock, nonprofit, non-governmental organization. The province and the LTF determine jointly the viability of projects to be funded out of the livelihood fund.

In addition, the Governor made the following decisions:

- (1) Reorganized the Provincial Planning and Development Office (PPDO) and created an office/unit under the Provincial Planning Development Coordinator to implement the livelihood program.
- (2) Hired casuals and purchased heavy equipment to augment the personnel complement of, and strengthen the Provincial Engineer's Office. The staff complement of the PPDO was subsequently increased to manage the implementation of the livelihood program.
- (3) Hired services of the Sycip, Gorres, Velayo and Co. to monitor the loans granted by the Lingkod Tarlac Foundation, Inc.

#### *Province of Negros Occidental*

The criteria of trust and geographic distribution were applied by the President in the selection of Negros Occidental as a pilot province, according to the JVOIBM-DWP Team report.

It was learned that Governor Daniel Lacson has been quite liberal in managing the affairs of the province. In the implementation of the decentralization project in Negros Occidental, he delegated to the Vice-Governor and to the Provincial Board the planning and prioritization of projects to be funded through the block grant.

Like the other three pilot provinces, Negros Occidental received ₱120 million block grant. In an interview with the Governor on 20 June 1990, he said that only about one-fifth of the total fund was expended last year. For this year, the whole

amount has been obligated. The Vice-Governor preferred to go slow in disbursement to ensure the quality of outputs. Table 4 shows the projects that have been implemented by the province.

In addition to these projects, a communal irrigation system (P10 million), postharvest facilities (P10 million), and a cooperative have been put up, while hope centers for 31 towns (P300,000 each hope center), a bridge (P12 million), and 25 fish markets (P250,000 each) have been programmed to develop the countryside and alleviate the people from poverty. These are all part of an integrated program on poverty alleviation of the Governor.

**Table 4. Utilization of the Block Grant  
Province of Negros Occidental**

<i>Purpose</i>	<i>Amount</i>
Construction of provincial jail including site acquisition	P' 5,000,000
Construction of ten (10) Community Hope Centers	3,000,000
Renovation of Mambucal Conference Center	1,000,000
Livelihood Dispersal Program	1,600,000
Purchase of Radio Communications Equipment	50,000
Purchase of Motor Vehicles	4,750,000
Special Assistance Center for Refugees	2,500,000
Rebel Rehabilitation Project	2,100,000
<b>Total</b>	<b>P20,000,000</b>

The inability of the province to dispose all of the P120 million block grant last year has been due to some project constraints. In their housing project, for example, they encountered problems in the conversion of agricultural lands to residential use, the low adaptability of the site, and the non-readiness of landowners to sell their lands. Two towns and one city were given P5 million each to implement the housing project.

The Governor said that devolution under the pilot project has to be effected through memoranda of agreement. In devolution, the readiness of both the giving line departments and the receiving LGUs must be assured. The line departments must be ready to give up certain powers and resources, on one hand. On the other hand, LGUs must be ready to assume additional powers, functions and resources.

*Province of Davao del Norte*

In an interview with Governor Prospero Amatong by the JVOIBM-DWP team, the Governor said that the relatively peaceful condition in the province and the manageable insurgency level, compared to neighboring provinces, were used as criteria in choosing the province for the decentralization project, in addition to the criteria of capability to deliver results and geographic location.

Table 5 shows how the decentralization fund of the province was used for the various projects.

**Table 5. Utilization of the Block Grant  
Province of Davao del Norte**

<i>Purpose</i>	<i>Amount</i>
Infrastructure and support projects (roads network, flood control drainage, etc.)	₱113,652,000
Livelihood Projects (livestock farming, postharvest facilities, cooperative cold storage, coop credit financing, etc.)	6,348,000
<b>Total</b>	<b>₱120,000,000</b>

The Governor has established good working relations with officials of the province with the involvement of the Provincial Planning and Development Office and the Provincial Board in the preparation and approval of the development plan, respectively. Also, the Provincial Development Council was consulted in the utilization and allocation of the decentralization fund.

That the annual income of the province is only ₱26 million in 1989 magnified the significance of the ₱120 million decentralization fund allocated to the province. The Governor saw the need for more funds primarily to fight insurgency. He also saw the need to effect changes in the organization to make it more responsive and to raise the level of competence of its personnel. The lack of technical competence of the provincial staff may have prompted the province to request permission from Malacañang to hire consultants for their zonification project. Unfortunately for them, this request was not granted.

### **Evaluating The Pilot Decentralization Project**

It may be too early at this point to come up with a categorical statement on the success or failure of the Pilot Decentralization Project. However, it is possible

for us to identify some indicative measures. The success or failure of the project may be looked into in terms of the following criteria:

- (1) participation of the beneficiary local government units (LGUs) in the decisionmaking process;
- (2) the extent of devolution of authority to LGUs concerned, and actions and strategies taken by the central government and implementing agencies; and
- (3) utilization of the block grant and management of projects.

### *Role of the Implementing Agency and Departments Concerned*

To a certain extent, the CACD has failed in its job to ensure that consultations are held not only with relevant regional and provincial officials of affected national line agencies concerned, but more importantly with the five governors, provincial board members and other key provincial officials, congressmen of provinces concerned and the Provincial Development Councils.

Project monitoring has been weak. According to the Executive Assistant of Tarlac province and Governor Lacson of Negros Occidental, the Presidential Management Staff never went to their respective provinces to hold consultations or dialogues with provincial officials. This could be true in all five provinces.

On the part of central departments, not all have been responsive to the call for decentralization. During the initial stages of implementation of the project, only five to six departments manifested their enthusiasm. For instance, when the department heads were asked, together with the governors, to submit their decentralization proposals to the Presidential Management Staff (PMS), only the Department of Labor and Employment (DOLE) and the Department of Science and Technology (DOST) and the four governors complied.

Moreover, of the 15 departments involved in the implementation of the project that were asked to comment on the matrix of proposals submitted by the four governors, only ten submitted their comments, and only six of them presented definite proposals on devolution (PMS 1989).

### *Extent of Devolution of Authority*

The extent of devolution and deconcentration could be measured in terms of the content of circulars issued and the memoranda of agreement between the department secretaries and the provincial governors concerned.

*Assessment of the Circulars.* The six circulars issued in relation to the decentralization project came from the DBM, OP, DLG, DOF and DOTC. A review of the circulars revealed that emphasis was more on administrative decentralization; and that some of the authority transferred were not substantive. On the brighter side, the scope of application of the circulars, except DOTC-MO No. 88-228, extend beyond the boundaries of the pilot provinces.

Based on the monitoring report of the PMS dated 12 January 1989, Laguna and Davao del Norte have complied with the provisions of Local Budget Circular (LBC) No. 34; Laguna and Negros Occidental with MC No. 81. Provisions of DOF-DO No. 105-88 has not been complied with. Noncompliance to DOTC-MO No. 88-228 has been due to the absence of formal communication from the DOTC.

LBC No. 33 has authorized LGUs to implement their respective annual and supplemental budgets upon approval by the local Sanggunian without prior review by the DBM. Under existing laws, local budgets are considered legally final once approved by the Provincial Board or City Council. In practice, however, LGUs still regard the review as implying prior clearance (Ocampo and Panganiban 1985: 46).

Memorandum Circular No. 81 shortened the processing of papers significantly inasmuch as local officials need not come to Manila just to obtain authorization from DBM and the Office of the President. On the other hand, although the budget process may have been shortened, central government control over the local budget has not been relaxed considering the nationalization of local budget officers under Executive Order No. 112.

Compared to the degree of authority and powers requested for devolution by the first four pilot provinces, no genuine transfer of powers has been achieved through the circulars. The authority and powers given to LGUs via the circulars do not seem to meet their immediate concerns, e.g., rationalization of tricycle routes, appointment of representatives of market vendors' association in LGU market committees.

*Content of MOAs.* After almost two years of implementation, only a number of memoranda has been finalized, signed and implemented on a province to province basis. Based on feedbacks from provincial officials, implementation of the MOA has been quite slow.

An analysis of the MOA signed/drafted showed that: (1) except for the Provincial Environment and Natural Resources Council, all the councils called for are consultative and their decisions are mostly recommendatory; (2) only in the draft DA-LGU MOA did they elect to make use of an existing structure to serve as consultative body; and (3) only the DENR has been quite liberal in devolving authority to the council.

The Governor of Laguna has also signed MOA with the DA, DPWH, DECS, DENR, and DSWD. The Provincial Environment and Natural Resources Council created by the MOA with the DENR has been formed but not yet convened. The Council's first meeting is supposed to be held on 7 June 1990. The Provincial Education and Culture Council, on the other hand, has not been created and funding for this has not been released.

In Tarlac, the MOA entered into by the Governor with the DPWH, DSWD, DA, DECS, DENR and DOH have been signed/approved, and all the councils have been formed but not convened. The implementation of the MOA with DSWD and DECS has been hampered by the failure of the departments concerned to transfer the necessary funds.

The MOA between Negros Occidental and the DENR, DA and DPWH have been signed and the respective councils formed and activated, according to the Governor. Governor Lacson deferred the signing of the MOA with DECS pending the incorporation of his request to transfer to the province the power to hire, promote, transfer and remove DECS personnel in the province.

The provincial officials bewail the failure of the line departments concerned to transfer the necessary funds and personnel to the provinces to cause the delay in implementation.

Devolution has been achieved, to some extent, under the MOA with the DENR. This has reference to the issuance and regulation of licenses, leases and permits, to explore, exploit, develop and utilize natural resources within the area of jurisdiction of the provinces.

Significantly, the MOA clothed the Environment and Natural Resources Council, chaired by the Governor, with the power to determine the qualifications, competence and capability of applicants for licenses, leases, permits, etc. and to recommend approval or disapproval of the same. Furthermore, it provided that the DENR shall not issue licenses, leases, permits, etc. without prior evaluation and approval by the Council.

The MOA signed by the four governors with the DPWH were also quite substantive. However, most of the substantive functions transferred have long been within the scope of authority of LGUs, i.e., conduct of engineering surveys and design; preparation of plans specification and programs of work; conduct of public bidding, awarding and approval of contracts; and management of implementation of projects (by contract) which are local in character.

The MOA signed with the DECS called for the creation of a Provincial Education and Culture Council (PECC), which is clothed with relatively substantial



powers. But one question that may be raised here is: Why were the Local School Boards (LSBs) not chosen to serve as consultative bodies instead of creating a new council, considering that the council to be formed and the LSB have overlapping functions and membership? The MOA providing for the creation of said council, however, has been returned to the DECS to incorporate certain provisions that are more favorable to the pilot provinces. Once the PECC is created, its relationship with the LSB must be threshed out.

The MOA signed with the Department of Agriculture is not very clear in its provisions. Specifically, the MOA provided that the Governor shall approve and supervise the implementation of the agriculture sector's plans and programs. The Governor shall also have authority to supervise the Provincial Agricultural Officer (PAO) of the DA. At the same time, the MOA vested in the PAO functions which are quite beyond the scope of "supervisory authority" of the Provincial Governor. The functions of the PAO include, among others: (1) to implement the approved agriculture and fishery plans, programs, projects and budget; (2) to enforce all laws, rules and regulations governing the conservation and proper utilization of agricultural and fishery resources; (3) to enter into contracts; and (4) to hire, promote, transfer or remove DA personnel assigned in the area.

Except for the MOA drawn up between the pilot provinces and the DENR and DPWH, all the rest are wanting in power and authority for devolution. The anemic state of the MOA indicates the lack of political will and commitment of the project proponent itself: the executive department.

#### *Participation of Beneficiary LGUs*

From the beginning, one could readily surmise minimum participation from the provincial governments concerned due to two facts established by MC No. 63. First, the circular provided that participation of the pilot provinces shall be limited to "consultation with the respective governors." Second is the fact that not one of the governors or perhaps a representative for the pilot provinces was included in the membership of the CACD. The composition of the implementing agency has been largely limited to the executive department, a manifestation of the centralist bias of the national government (Guerrero and Brillantes 1989: 34).

To what extent have the provincial officials been consulted? A review of the attendance to the CACD meetings revealed that participation of beneficiary LGUs has been minimal. The provincial governors and/or their representatives were present in only two CACD meetings (8 and 29 June 1988). Tarlac officials were present only once (Minutes of CACD Meetings from 1 June 1989 to 15 August 1989).

### *Block Grants: Management and Utilization*

In terms of fund utilization, the block grants have been very useful in the implementation of projects that have been identified as necessary and urgent. In Tarlac, the livelihood fund has been used to finance income-generating projects, such as the postharvest facilities, a bag factory, vegetable processing center, and the construction of Tarlac Training Center. One-half of the livelihood fund or ₱10 million was lent to the Tarlac Integrated Livelihood Cooperative organized by Bernabe G. Buscayno, alias Ka Dante, to build postharvest facilities and help the poor farmers of Capas, Tarlac. The province has likewise successfully completed its major infrastructure projects within six months on the average.

In Laguna, the province has similarly implemented with dispatch its programmed infrastructure projects without increasing its personnel and equipment at the Provincial Engineer's Office. Its livelihood program has been relatively successful considering that 93 percent of the loans had been repaid by rice farmers.

In the provinces of Negros Occidental and Davao del Norte, the ₱120 million decentralization fund released to the provinces played a major role in the implementation of their infrastructure and livelihood projects. The fund enabled them to program the infrastructure projects already identified in their development plans.

The block grant may be considered as the essence of the first Pilot Decentralization Project. It has put to test the capability of the pilot provinces to administer huge amount of funds and to direct the implementation of many development projects. To the pilot provinces, the block grants proved to be the key to the immediate implementation of development projects that have been conceived.

Block grants would be most welcome to recipient LGUs. But they raise a number of issues. Should the provincial governor be authorized to exercise complete discretion in the allocation and utilization of block grants, or should the local sanggunian be involved? What should be the decisionmaking structure for the allocation and utilization of the block grants?

Similarly, it may not be feasible for the national government to give all provinces/LGUs huge amounts of block grants yearly. Instead of making the LGUs more self-reliant, the block grants could rather make them more dependent on doleout funds. This could also be used by the national government to control decisionmaking processes at the local level.

### **Conclusions**

Within the general context of democratization and decentralization, the PDP seems to have fallen short of expectations. For one, the pilot provinces had minimal

participation in the decisionmaking process and consultation with provincial officials has been very minimal; there has been weak monitoring of project implementation; and very little substantive powers were transferred through the circulars and MOAs.

The decentralization reforms that have been undertaken were very minimal to have achieved genuine local autonomy. The type of decentralization that transpired was more of deconcentration.

The Pilot Decentralization Project was not uniformly implemented in the pilot provinces. This may be due to the absence of guidelines or general framework on how the project may be approached, and how the decentralization fund may be utilized. This may have led some officials in one province, for example to say, albeit jokingly, that the Governor may have construed that the decentralization fund "is a fund of the Governor, not of the Province." This may also be one reason why the Governor, who is a businessman by profession, opted to involve the private sector in the identification of projects to be funded and in the management of the livelihood fund-portion of the block grant.

The implementing organization, the CACD, was able to facilitate the issuance of only a handful of circulars, one of which simply reiterated the powers that LGUs may exercise. The rest of the issuances did not touch on the priorities of the pilot provinces.

With respect to the implementation of projects in the pilot provinces, the Pilot Decentralization Project (PDP) is relatively successful. Laguna, Tarlac and Davao del Norte in particular were able to prove that, given the necessary financial support, they can implement their own projects, which could even be better in quality than the projects undertaken by DPWH (as in the case of Laguna).

The giving of block grants, however, raises a number of concerns. Practically, the national government cannot regularly give LGUs large amounts of block grants. Secondly, rather than make the LGUs more independent, the block grants could on the contrary make them more dependent on the national government.

The minimal achievements during the first Pilot Decentralization Project indicate the need for a comprehensive framework that will guide similar projects in the future. The need for a framework is emphasized considering the non-uniformity in operationalizing decentralization at the provincial level, human variances in style of leadership, extent of discretion that governors could exercise, and the lack of policies regarding the use of nongovernment/community organizations and other private organizations.

There should be adopted a general framework of implementation, which should articulate the following:

- (1) A ready list of power and authority to be transferred or devolved, classified into immediate and long-term concerns to really give meaning to political decentralization.
- (2) Guidelines specifying the organizational structure, relationships among the units, and the roles and responsibilities of all units involved, i.e., central line departments, and their regional and provincial offices and local government offices such as the Office of the Governor, Provincial Development Councils, Provincial Boards, etc.;
- (3) Installation of institutional and administrative policies and strategies to ensure efficient implementation of the project;
- (4) A monitoring and evaluation scheme to immediately assess the progress and degree of achievement of a set of objectives, i.e., identification of the following: departments, agencies and local offices and officials to be involved in which phase of the project; functions and responsibilities of all offices and people involved; key agreements to be carried out; specific program and project targets; status of implementation; problems and issues encountered; and proposed solutions to the problems; and
- (5) Delineation of the extent to which LGUs may tap the expertise and services, and the role of NGOs in the decentralization program in general.

In determining the powers and authority that may be devolved, the following strategies may be considered:

- (1) directly asking the pilot provinces, as has been done by the CACD;
- (2) consulting the League of Provinces, or possibly the League of City Mayors, and League of Municipal Mayors;
- (3) collating the new provisions of the proposed Local Government Code now pending in Congress;
- (4) conducting direct consultations with local officials, relevant NGOs and officials in the regional offices of national line departments; and
- (5) conducting consultation with agencies such as the Local Government Center of the College of Public Administration, University of the Philippines.

Genuine and sincere decentralization requires the devolution of the powers and authority requested by the governors of the pilot provinces. Simultaneously,

it requires political will on the part of national line departments and implementing agencies to devolve such powers and functions which rightfully belong to LGUs.

In the future, it must be envisioned in any decentralization effort that it involves building partnerships in decisionmaking between the executive and the legislative; in implementation, between the governors and the congressmen. The issue of accountability must be assigned and monitored. The people and organizations who must assume technical accountability for the quality of programs must be identified. Finally, as Carmencita Abella (1990) has articulated, the process of decentralization involves a shift in power bases and accountability, for which the LGUs and central government agencies must be prepared to accept and implement.

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