

Democratic Decentralization in Contemporary Times: The New Local Government Code of the Philippines

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Decentralization has been espoused by the country's government leaders since the distant past. It was looked upon as a means of improving the delivery and performance of basic services and functions of local governments through the devolution of the inherent powers and responsibilities formerly held by the different departments and agencies carrying out similar duties at the local government levels. With the passage of the Local Government Code of 1991, it was presupposed that the transfer of duties and functions from the center to the periphery would be as smooth as silk. Such was not the case. There were emerging problems and areas of reform that cover mainly two dimensions of local governance: democracy and efficiency.

Introduction

The new Local Government Code of the Philippines came at a time when decentralization has become almost worn-out as a philosophical-ideological question. For several decades, the existence of local government in the country has always been justified in the more abstract framework of democracy. It has always been more of a democratic political institution than an efficient unit of service delivery. Unfortunately, this role was never really operationalized and played to perfection due to some mitigating circumstances and realities. On the other hand, efficiency though sometimes touted as a major rationale of local government was less credible and popular in view of the general unsatisfactory performance in the delivery of basic services at the local level.

Contemporary problems, particularly the crisis of resources, dictate revision of local government focus and orientation in the country. Although local government is still basically a bastion of democracy for the Filipino people, the pragmatic concerns of efficiency are now expected of the system. The new Code, therefore, has to address these two dimensions of local governance.

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This paper focuses on the new Code of the Philippines as the country's major vehicle for democratic decentralization, particularly as it tries to address the twin concerns of democracy and efficiency. The process and the result of interaction between the two variables is made to bear upon the emergence of a new devolution Philippine style which is still in its infancy and constantly reforming itself.

The Contextual Framework

Local government in the Philippines has always been part of a unitary system. Of the three branches of government, the executive office and congress have always wielded stronger influence and control over local governments, particularly the president through his supervisory authority and the congressmen through their legislative power and countrywide development fund.

The Philippines has a long tradition of centralism owing to its past colonization and the contemporary destabilizing forces that call for stronger nationwide unification and control. More than three centuries of Spanish rule, and more than three decades of American regime, a brief Japanese interlude have left indelible marks of local subservience to central authorities. The authoritarian rule under deposed President Marcos further strengthened the centralist tendencies. Despite his administration's showcase portrayal of the barangay (village government) as the hallmark of freedom and citizen participation, the last vestiges of democracy that have started to flourish since the declaration of Philippine independence in 1946 disappeared almost completely with the declaration of martial law in 1972. There was a time when local elections were suspended and local officials were appointed by the president. The lifting of martial law after several years merely gave a semblance of democracy. It was only in 1987 after the people's power revolution that a Freedom Constitution under the Aquino term restored the citizens' rights.

Despite the long history of centralization, regions and localities have managed to exercise strong influence over the country's governance and politics through the years. These regions are natural continuous groupings which have also been drawn together primarily by their cultural or ethnic affinities. They became the basis for the creation and evolution of the 13 administrative regions (including Metro Manila or the National Capital Region) for planning and deconcentration purposes. While other countries look at regions in purely instrumental and economic terms, their significance in the Philippines lies primarily in their social and historical values.

Cultural as well as natural diversity characterizes the whole country consisting of 1.3 million sq. kms. including over 7,000 islands with a total land area of 300,000 sq. kms. Its total population of almost 65 million belong to 25 language

groups and 63 cultural minorities. There are also wide disparities in income and wealth among different groups and regions. One primate city, Metro Manila in the biggest island of Luzon, and a few other emerging metropolis in the southern islands of Visayas and Mindanao dominate the rest of the nation as economic, administrative, and political centers. These imbalances persisted despite government's efforts through regional and rural development programs and through decentralization. However, these were not sustained with the worsening of its resource-strapped economy where the central government itself was heavily indebted and suffering from huge budgetary deficits.

Against this backdrop, decentralization in a variety of forms was tried over the years. These attempts finally culminated in an unprecedented act of empowerment to local governments in 1991 with the passage of a new Local Government Code towards the end of the Aquino administration.

The Local Government System

The local government system consists of a four-tiered hierarchical structure of political units including 76 provinces, 62 cities, 1,544 municipalities, and 41,912 barangays. Provinces supervise cities and municipalities, which in turn supervise barangays; however, there are 15 highly urbanized cities which are completely independent of the province and cannot participate in elections to provincial offices. In addition to the 13 regular regions throughout the country which are utilized for planning and administrative purposes by the national government, regional structures exist in certain areas and constitute additional tiers superimposed on existing local governments. These include the Metropolitan Manila Development Authority (MMDA) in Metro Manila; the Autonomous Region in Muslim Mindanao (ARMM); the Cordillera Administrative Region in the Cordilleras; and the CARAGA Administrative Region which covers Surigao del Sur, Surigao del Norte, Agusan del Sur, Agusan del Norte, Butuan and Marawi in Mindanao.

All local governments are constituted by law and are endowed with political and corporate powers that allow substantial control over local affairs and representation of the inhabitants within their territorial jurisdictions.

Local governments in the Philippines are likewise creatures of the center which can be created, abolished or reduced at will by the national government. As a general rule, the creation of a local government unit or the conversion of a municipality to a city should be based on verifiable indicators of viability and projected capacity to provide services, such as income, population, and land area. However, the criteria have most often been observed in the breach especially in the past. Thus, there are several units which attained their status only on account of their historical or cultural significance and as a result of gerrymandering in congress. As a result, the size and population of Philippine

cities vary and range from 11.7 sq. kms. (Mandaue) to 2,382 sq. kms. (Puerto Princesa); and from 15,686 (Trece Martires) to 1.7 million (Quezon) inhabitants. It is obvious, therefore, that the political jurisdictions of local government units do not actually coincide with the size requirements of local and regional economies (Panganiban 1994). There are also repercussions on the performance of their respective administrative systems.

As general purpose governments, local governments perform regulatory, financial, and service functions. These include planning, levying and collecting revenues, budgeting, issuing and enforcing regulations, and administering certain public services, particularly garbage collection; operation of markets, slaughterhouses, waterworks, cemeteries, and other utilities; delivery of certain components of health, agriculture, and education; road and public building construction and maintenance; etc. Most units, especially the lower level municipalities, perform only the most basic of services; the more-urbanized areas, on the other hand, are even engaged in a number of enterprises.

The New Local Government Code

Devolution as a Strategy

The Code is a landmark legislation in the Philippines, having provided for the highest form of decentralization and having inspired the most enduring commitment possible from any ruling administration. The end-result is a devolution strategy whose essence and complexity eludes an accurate assessment after three full years of implementation and two presidential terms of commitment and support.

There are two major components which can be pictured as two parallel and independent streams of devolution (Panganiban 1993: 4-7). These two devolution streams provide new opportunities for making local self-government a reality, both in partnership with national government and other institutions, and within local government itself. The first stream includes the transfer of services and functions from national government agencies to local governments. The second stream refers to enhancement of local government power and authority. Each of these two streams has definite tracks and rigorous requirements to follow, but can still be open to liberal interpretation, creativity, and flexibility of action.

The first stream, i.e., the devolution of authority and responsibility for selected basic services and functions involves the transfer of corresponding programs or projects, funds, personnel, assets and liabilities, and records from national government agencies to local governments. Five major frontline services are mandatory: health, natural resources and environment, agricultural extension, social welfare and public works. Public works was later excluded,

except for some roads, waterworks, and other minor infrastructures which were localized immediately. Health turnover was on hold for a while pending the passage of some congressional bills suspending its devolution. Non-compliance in public works was mitigated more by political than by technical factors. In the case of health, the reasons are more due to financial constraints particularly for hospitals, objections of the health workers themselves, and efficiency considerations. The other minor services which seemed optional at the time were either accepted or rejected by individual local government units on their own judgment and discretion. This variation and flexibility bespeak strongly of autonomy and democracy but unfortunately affect the efficient delivery of services at the local level.

The enhancement of local government power and authority is operationalized in the Code in terms of addition or expansion of powers, lessening of central control, and easing up of restrictions on local governments in specific areas of responsibilities. These include fiscal management, organization and administration development, personnel system, private sector mobilization, etc. They open up vast potentials which local governments can explore: increased revenues by way of new sources, higher rates of levy, and expanded share percentages; liberal use of credit financing; application of new development schemes; enhanced NGO/private sector participation; creation of more local special bodies; direct accessing of grants and loans; reclassification of lands; and other instruments. In broader terms, local governments are now given the necessary policy and administrative tools for achieving self-sufficiency and real independence in their respective communities. The spectrum of activities and opportunities for local governments is almost inexhaustible, but everything has to be exercised with more initiative, determination, and creativity. Above all, political will has come to be of utmost importance.

Problems of Implementation

The decisions that need to be made arising from the initial implementation of the new devolution strategy range from political to administrative. While the problems in service devolution can be largely attributed to central government inadequacies, the second stream or the enhancement of local power and authority is localized and local governments by themselves should be able to solve them.

The first stage particularly highlighted the problems of financing, personnel, and capabilities. The internal revenue allotment (IRA) which is intended to be the major source of funding for the devolved services, including salaries of personnel, has been found to be inadequate to cover the cost of devolution. Its allocation has also been the cause of complaints.

IRA is the share of local government in the internal revenue collections of the central government based on the gross collection for the third fiscal year

preceding the current fiscal year. It has been increasing as follows: 30% in 1992 or the first year of effectivity of the Code, 35% in 1993, and 40% in 1994 and thereafter. Among the different types or levels of local governments, its distribution is prescribed in the following manner: provinces, 23%; cities, 23%; municipalities, 34%; and barangays, 20%. A new formula is likewise provided for: population, 50%; land area, 25%; and equal sharing, 25%.

Although there were augmentations made to cover any IRA shortages, the cost of devolution was still too high for most local governments. There were also claims and counter-claims on the "equitableness" of its allocation. It was pointed out that the allocation formula has an urban bias and therefore tends to favor cities because of their large population. In addition, the 23% overall share of cities divided among 60 units (at the time) was definitely more advantageous compared to the 23% for 76 provinces and the 34% for 1,544 municipalities.

Definitely, IRA amendment is called for but not purely on the basis of equitableness. The issue of efficiency is critical as well because of the absence of "needs/performance" factor in the allocation formula.

Due to the almost obsessive (but understandable) preoccupation with IRA, the potential funding support that can be generated by both the devolved service and the enhanced power of local government was almost totally overlooked. Some local units, however, are now proving that the cost of devolution is the least of their problems considering the large gains that their enhanced power can possibly bring.

The second problem was related to devolved personnel. By 1993, a total of almost 70,000 permanent national staff have been turned over by national agencies to local governments. Being on a higher salary scale than their local counterparts and being aware of the politically volatile situation in local government, the national employees were unwilling to transfer. On the part of local governments, they were not welcome for a number of reasons. Some were politically motivated, but others were justified on grounds of ineptness, incompetence, inappropriateness, and redundancy of devolved positions. They also felt that the number of posts being imposed on them does not exactly match their organizational needs because these are just duplications of what they have been doing all along even before the Code. In extreme cases, very urbanized cities are being forced to absorb agriculturists despite the lack of agricultural areas or any agriculture-related functions in their jurisdictions.

The third problem was the lack and variety of local government capacities. Devolution has rendered it difficult for the traditional organizational structure to function efficiently and effectively. In service delivery alone, the old systems and practices cannot accommodate the substantial changes brought about by decentralization. While they may be fully adequate for very basic functions in the

past, they are no longer cohesive and responsive enough for the larger and more complicated service demands under devolution. The poor and small local governments cannot readily adapt to these changes. On the other hand, the more developed units are either growing impatient with the uncertainties and hesitations, or getting on and widening their original gap from their poorer counterparts.

As it is, three years after the enforcement of the Code, the needed "infrastructure" in terms of adequate funding, personnel development, and capacity-building are not fully in place. In the meantime, individual local governments need to fend for themselves and find better alternatives within the law.

Specific Areas of Reform

The preceding discussion shows that the new Local Government Code is really quite unprecedented in the opportunities being given directly to local governments. However, it does not ensure that the intended goals and objectives of devolution can be met at all. In addition to new problems arising from its inherent weaknesses both as a piece of legislation and in its manner of implementation, there are inadequacies and practices in the old system that tend to persist and even magnify themselves. More difficult are the equally significant efficiency concerns under the new system that tend to dilute or negate democratic goals. The Code also offers an incremental type of reorganization; it has to preserve and build on past experiences, indigenous institutions, and existing mechanisms which have been found working but defective at some points nonetheless. In the final analysis, though, the Code remains as unique provider of new visions and opportunities for local communities.

These complex processes of interaction between conflicting values and combination of old and new practices are highlighted in the following specific areas of reform under the new devolution strategy.

Democratization: Participation and Representation

Less Central Control. Before the Code, local governments in general mainly served as administrative agents of the center; over and above their own local programs they implemented certain programs of the national government and supplemented central funding if required. Majority of them depended on allotments coming from the national government. Some of the key local officers were appointed by central agencies, e.g., treasurer, assessor, and budget officer and their assistants. This was further aggravated by the existence of agencies with direct supervision and control over local government activities: Department

of Budget and Management (DBM) over budgeting; Department of Finance (DOF) over treasury and financial management, and Department of the Interior and Local Government (DILG) on overall supervision.

This subordinate role of local government has been removed by the Code which specifically provides that "consistent with the basic policy on local autonomy, the President shall exercise general supervision over local government units" (Sec. 25, Republic Act No. 7160). An intervening layer consisting of the DILG and other national agencies is thus removed from the hierarchy, thereby shortening and facilitating local government access to the President and other institutions.

Local government administration has also run parallel with deconcentration. Local authorities have always existed and worked side by side with national government agencies and other parastatal organizations in their respective jurisdictional areas. Most often, they worked independently of each other and their programs did not always coincide and even duplicated one another. With the transfer, the problem of coordination is lessened and the strong "presence" of national agencies which sometimes confuses accountability is minimized. In matters of taxation and budgeting, in particular, the conversion of the positions of treasurer, assessor, and budget officer to local personnel category correspondingly relaxed the hold of DOF and DBM on local governments.

National allotment, or the IRA, still constitutes the biggest income for local governments. But instead of being purely "substitutive" as the past experience indicates it can possibly "stimulate" local infusion of own funds for infrastructure and other service needs. The IRA is now treated with a sense of responsibility because it is designed in the Code as payment for the cost of devolved services.

As of now, the actual reformation of the spirit of local subservience on one hand and of central supremacy on the other is an uphill struggle. The President in a subsequent Administrative Order No. 267 has delegated certain powers (mostly administrative, with the general supervision clause still open to question) to DILG in particular. Some national agencies continue lording it over local governments.

Private Sector Involvement. From the pre-Spanish period to post-war years, Philippine towns and cities usually had an informal council of elders who advised local governments on all matters. They were generally considered as the wisest, the most educated, and the best informed among the community's inhabitants. In some places, in the absence of such, direct participation and involvement in community affairs used to be on an individual case-to-case basis. Although it was widely encouraged, it was not always sustained.

Under the new Code, similar arrangements can be found with some modifications. The basic idea of multisectoral participation and partnership has

been institutionalized primarily by strengthening the role of people's organizations (POs), nongovernmental organizations (NGOs), and the private sector in general, as active partners. The Code now establishes direct linkages and assistance by allowing local governments to enter into joint ventures and other cooperative arrangements in the delivery of certain basic services, capability-building and livelihood projects, and development of local enterprises; to give preferential treatment for organizations and cooperatives of marginal fishermen, and for cooperatives development as a whole; and to cooperate with them in sourcing grants and packaging necessary proposals to donors and lending institutions.

Local special bodies have also been created wherein PO/NGO representatives now serve as bonafide members. These are the following: local development council; local prequalification, bids, and awards committee; local school board; local health board; and local peace and order council. Unlike before when the council of elders served and acted on matters of general concern, these special bodies under the Code coopt individuals and groups on the basis of their expertise or specialization.

The first step, which is proper accreditation of POs and NGOs has been made and completed by each local government unit after some initial hassles. It was accomplished with some reluctance only upon strict written instruction of DILG mainly because of the prevailing suspicious attitude of both parties towards each other. Today, however, there are numerous examples of successful partnerships between local governments and the private sector. Build-operate-transfer (BOT), build-transfer (BT), and other privatization schemes are becoming more and more popular.

Electoral Participation. The Code allows a wide latitude of participation by the electorate in the selection of local leadership, as it was in the past. Local appointive positions dominate in number; the authority and hierarchical status of local elective positions give them the ruling edge. They include the most powerful and the highest in the local officialdom, such as the chief executives (governors and mayors), the vice-chief executives, and the council/board members.

The Code provides for election at large of the governor, vice governor, city mayor, vice mayor, municipal mayor, municipal vice mayor and barangay captain. The regular members of the different councils at all levels shall be elected by district, as may be provided by law. Their term of office is three years.

In addition to the regular members of the council, the Code has instituted sectoral representation: one (1) from women, one (1) from workers, and one (1) from any of the following sectors — the urban poor, indigenous cultural communities, disabled persons, or any others as may be determined by the council concerned.

This combination of council members elected at large and sectoral representation has been instituted only since martial law, and has been continued with modifications. Before, local councils were typically composed only of general representatives, although there had also been important variations, such as election by district in Manila, representation of cultural minorities in some localities, and ex-officio membership of appointive treasurers and engineers in provincial and city councils (Ocampo and Panganiban 1985: 16).

In order to rule out excessive manipulation of the most vulnerable and gullible groups who are usually the ones most attached to their smallest neighborhood government, partisanship was ruled out in the most recent barangay (village) elections. Individual candidates ran for their posts without any party affiliations nor support. Some random checking, however, shows that the winners in some areas are those endorsed informally by the incumbent mayors.

The degree of electoral participation, in terms of voter's turnout, will be difficult to assess because of the synchronized local and national elections after the Code, specifically the 1992 elections.

Mayor-Council-Staff-Citizen Relations. Under a strong mayor system which has been prevailing in the country for centuries, local department heads are all reporting and accountable to the mayor. The council is expected to be independent and separate from his office; however, its members usually bow to the mayor in the end in case of conflict and confrontation. As fiscalizer, the council cannot be very effective when majority of its members belong to the ruling party of the incumbent mayor.

With the passage of the Code, the strengthening of local government is almost equated with the enhancement of the mayor's position. It is now one of the most coveted and attractive slots in the political contest. In fact, it is no longer unusual nor unthinkable for a congressman to run for mayor instead.

The mayor and the council are accountable to the citizens. This accountability is of course ensured through the electoral process. Voting effectiveness, however, is lessened by the existing pattern of local political dynasties in every region, in every province, in every city, and in every municipality. There are cases where the governor, the mayor, and the congressman all belong to the same family. Oftentimes, too, these political kingpins are also the economic elites of the community, a potent combination which no amount of intelligent and one hundred percent voting turnout can possibly win over.

This situation became stronger during the Marcos regime in the form of cronyism, then carried over to the Aquino years when people's revolution made strange bedfellows of elites and masses but catapulted to power almost the same

breed of politicians nonetheless. There were attempts to curb this tendency. A bill was proposed prohibiting the establishment of local political dynasties but lost as early as the first reading in the Lower House where these very same dynasties dominate the scene.

Accountability is further enhanced by a tool which can be very powerful, but is underutilized in the Philippines. This is the power of recall which the citizens can exercise against any local elective official for loss of confidence. It may be initiated by a preparatory recall assembly or upon petition of at least 25 percent of the total number of registered voters in the last election of the local government unit concerned. It can be done only once during an official's term of office one (1) year from his assumption to office or one (1) year immediately preceding a regular local election.

This power is not often exercised. Even before the Code when it was already allowed, it was a rare phenomenon in local politics. Although recall has been instituted in a number of localities, mostly in barangays and towns and at least one province, very few have succeeded so far. Today, as easy as it may appear, recall takes a heavy toll on the locality itself because of the resulting tension and uncertainty which is almost as great as during the regular elections. It can be noted, however, that in the aftermath of the Code, it was a recall move that stood out prominently among the plethora of local issues that seemed to have proliferated and attracted media's attention. Unfortunately, the slow grinding motion of the process has brought about a lapse in the required period and may not bring it to any successful conclusion. This will further discourage similar actions on erring local officials in the future.

Efficiency: Institutional Performance

Institutional performance under the Code in the case of the Philippines can be measured more meaningfully in terms of efficiency. In this area, the overriding concern appears to be efficient administration and management. Democratization should thus be tempered by requirements and factors of efficiency.

To a large extent, the interplay between democracy and efficiency is most evident in the areas of resource management and service delivery.

Resource Management. Resources available to local government units can be generally lumped together as either financial or personnel.

(1) Financial

Devolution has increased the financial potentials of local government in a number of ways. Although most of them have been available before, devolution

has made it imperative to maximize their utilization. In the process, the pro-people concerns may need to be sacrificed in favor of the more pressing practical requirements, such as funds. But in the hands of a competent local government there are compromises that can be made.

What the Code offers in this area are opportunities for local governments to do the following:

- (a) maximize their increased revenue-raising powers in terms of new sources, higher rates of levy, expanded share percentages with the national government;
- (b) apply improvements in real property tax administration which is now a purely local responsibility with DOF only prescribing general guidelines and regulations, specifically by allowing higher assessment and tax levels; taxing new added classes of properties, such as timberland, improvements of water districts, electric utilities, etc.; and altering tax proceeds distribution in favor of barangays;
- (c) apply cost recovery in their local enterprises and utilities;
- (d) make liberal use of improved credit financing for their capital investments and other socioeconomic development projects, specifically through borrowings from government or private banks, deferred payment, bonds issuance, interlocal government loans, and co-financing with private sector; and
- (e) experiment on available development financing schemes, such as land readjustment, special levy, privatization through BOT or BT, etc.

These provisions are not automatic. Local governments, through their respective councils, have to pass the necessary ordinances after the required public hearings have been conducted. In this effort, as in the past, political will is very important.

This dilemma can only be understood in the context of previous experiences in similar ventures. The maximum allowable ceilings for certain taxes had never been reached by the majority of local governments, the average nationwide collection efficiency of real property tax and business tax was between 60 to 70 percent, cost recovery for public enterprises was almost nil, and borrowings were considered a sign of the incumbent's failure. All of these were for fear of possible reprisal from voters in the next elections.

These financial concerns constitute the lifeblood of devolution and underscore the need for considering results in terms of efficiency, particularly in

resolving the inevitable questions. Are the *Sanggunian* and the mayor willing to pass the necessary ordinances? Will the local governments be daring enough to implement those efficiency-oriented and cost-oriented measures at the risk of being unpopular among their constituents? In privatizing, what will happen to the public goods component? When applying cost recovery, should the poor always be subsidized at the expense of the rich? Should they engage in borrowings whose positive impact can only be felt after their terms of office? Should they impose new taxes, or should they just improve collection efficiency of existing taxes?

The period of implementation is still too short to elicit more conclusive answers. One sure thing is that local governments have been galvanized to action. Almost all have either passed or planning to enact a new revenue ordinance incorporating the new provisions of the Code. There are manifestations and signs that local governments in general are trying not to completely roughshod the majority's wishes. Revenue-raising efforts, for example, are more concentrated on big corporations and manufactured goods coming from outside than on small businesses of the native inhabitants. Others, however, momentarily forget democratic processes in their haste to maximize their newly found power and authority. Public hearings, for one, are not properly conducted in order to have their ordinances in place in just a short time. Overall, despite these conflicting experiences, local government responses have been very encouraging.

(2) *Personnel*

There was a time when local government was considered as one large employment agency for the whole community. Organizational and management studies are replete with examples: local roads being paved every now and then in order to accommodate casual laborers, large number of "15-30" personnel who reported to office only on pay days, abundance of "confidential" assistants whose only duty was to serve coffee in the mayor's office, among others. No less than the Commission on Audit decried the situation in its financial audits of local governments.

The Code has now rationalized the local personnel system through its emphasis on competence. It specifically provides for qualification requirements of key positions. It requires the creation or hiring of certain mandatory positions which are generally considered to be crucial to the expanded operations of local governments under the Code.

The chief administrative posts established by the Code reflect the enlarged scope of functions and programs. These include the following: secretary to the sanggunian (council), treasurer, assessor, accountant, budget officer, planning and development coordinator, engineer, health officer, civil registrar, administrator, legal officer, agriculturist, social welfare and development officer,

environment and natural resources officer, architect, information officer, cooperatives officer, population officer, veterinarian, and general services officer. Some of these positions are mandatory, while others are optional.

While other countries employ either an integrated, unified, or common personnel system (Humes 1991: 234), the Philippines has always used a separate system which is independent of the national civil service except for some ministerial personnel actions which are subject to national civil service rules and regulations.

Unlike before when local decisions can be circumscribed by the presence of national employees in the local government plantilla, the problem has been minimized by the Code. The treasurer and his assistant are appointed by the Secretary of Finance but they have to come from a list of at least three (3) ranking eligible recommendees of the local chief executive. The assessor and his assistant are no longer appointed by the Secretary. In the case of the budget officer who used to get his salary from DBM, the department's appropriations for his personal services have been transferred to the local unit upon effectivity of the Code.

Attracting competent personnel continues to be a major problem not only because of the small size and limited resources of many local governments in the country but also due to the lack of opportunities for career advancement. The preservation and continuation of an independent separate personnel system for each local government unit, as cited above, which does not give a definite career pattern to follow and much elbow room for promotion to other local units or to national government service is one of the major weaknesses of the whole system.

This particular problem was in fact underscored in the devolution of personnel under the Code. National employees were either unwilling or hesitant to transfer to local governments because of the low salary scale, lack of promotion opportunity, and the overly politicized environment which makes them vulnerable to the mayor's whims. To a certain extent, these are unfounded. A closer look at the other provisions of the Code which go beyond personnel matters but which affect them nonetheless shows that there are plans to develop an integrated career path for all local government employees in the very near future.

One positive aspect in the transfer of personnel from national to local government is the expected minimization or total eradication of absenteeism. Regional or field personnel who covered so many towns before devolution are now assigned a limited area which can be easily monitored by the mayor or his representative.

Service Delivery. While local government in the past may be fully cohesive for simple local programs, such as garbage collection, street lighting, small market operation, etc., it now lacks the minimum rational size in terms of population and resources for the adequate provision of devolved services. This

problem is evident in almost all sectors. In the delivery of economic and social services, for example, it is generally and universally accepted that the most efficient system is one large organization or authority serving a population broadly within a range which is beyond the regular scope and area of a typical local government unit in the Philippines. The need to address this lack of coherence and economies of scale which are crucial in the efficient delivery of services has not yet been addressed by any decentralization agenda of any group or institutions (Panganiban 1993: 24).

On the issue of service adequacy, there is a distinct possibility that a vacuum will be created or that a serious breakdown will occur in a given locality, either because of shortage of resources or because of dominance of politics over community needs in service prioritization. A technical appraisal is occasionally done by each department in order to ascertain and measure the gaps in services that are likely to happen. Such service assessment, however, presents the risk of the national agency totally preempting, once again, local government decision on the type and level of services needed.

Service-related organizational and administrative reforms that are being done by national agencies do not always take into consideration local government activities and priorities. For example, their practice of organizing sectoral ad hoc committees in local governments, each emphasizing its own sectoral concerns as "the most important," can create difficulties for local governments. Manuals usually overwhelm them because of lack of synchronization and integration at the national level. In this situation, local governments foresee more overload of the system.

On the part of local governments, efforts need to be directed towards the retention of democratic values while at the same time aiming for efficiency. Cost-saving measures and market-oriented mechanisms which are simple to implement in the private sector cannot be adopted *in toto* by local authorities. Some adjustments and revisions have to be made in their total approach to service delivery. While privatization appears to be an efficient solution, it has political repercussions in terms of escalation of prices, removal of socialized pricing structure which provides subsidy to the poor, etc. Nonetheless, the Code offers it as one of the local government options.

Of great potential to the preservation of the old and the new ethos of local government service is the Code's reiteration of the provision of interlocal government collaboration. It calls for pooling of effort and resources of contiguous local governments in order to achieve economies of scale without changing boundaries and without disturbing the regular bureaucratic structures of concerned local governments. At the same time, equity is effected in a way when a rich local government subsidizes a poor local unit by making larger contributions to the project being collaborated upon. This mechanism is very popular in other countries in the form of intergovernmental service agreement in

the U.S. or partial affairs association in Japan. Unfortunately, the Philippines has not explored its full potentials.

With the new Code, local interest in this venture has been drummed up. Initial and tentative steps are already being made in this area.

Summary and Conclusions

The Code is far from perfect. Some critics even claim that it is no different from the previous Local Government Code which never even got off the ground in 1983. The devolution strategy which is provided for in the new Code is almost identical with previous attempts to confer power on local governments, although it is not only for political reasons but also for efficiency reasons this time. Until recently, efforts by several sectors to scrap the law or suspend full implementation have continued unabated.

The Code though basically a central government creation has successfully captured the real essence of decentralization. But it has remained indecisive and inadequate in the face of the tempering and sobering realities out there in the field. Although the dedication and commitment of the national policymakers who engineered the whole strategy cannot be faulted, the law still remains a skeleton without enough infusion of flesh and blood from the central government. At certain points, the issue has become one of rhetoric as it was played in the elections of 1992 through the invocation of local sentiments and attachments. No less than former President Corazon Aquino has persisted and negotiated to the end of her term for what she calls her legacy to the Filipino people. The more mundane and practical matters, such as funding, personnel, and competence surfaced once again only when the election dust has finally settled and the new incumbents started facing the hard facts of life.

As a piece of legislation, the loopholes are big and wide. The allocation of IRA which is the lifeblood of devolution, at least during the first three or four years, is riddled with defects both in terms of the adequacy of the total divisible pool and of the sharing formula for the different levels of local government. Personnel problems of both local and national employees range from professional incompetence to personal demoralization which the implementing rules and regulations did not foresee at all. It is ironical, too, that devolution which is supposed to cater to individual local needs did not consider nor make provisions for the wide variety of characteristics and competencies of local government units throughout the country.

Implementation was also a protracted struggle. It was a carryover of the turbulent passage of the law characterized by pressures, tradeoffs, and compromises from all sides. The strategy itself was inherently controversial because of the inevitability of more pronounced center-periphery polarization and

confrontation. There was also the natural reaction and opposition to relinquishing power by any means, however peaceful or beneficial it may be, especially when it concerns old political bailiwicks that have almost become an institution in the Philippine setting. The recipient local governments, on the other hand, were not all properly informed nor adequately equipped to really appreciate the takeover of additional responsibilities.

As a result, the implementation was greatly hampered. The maneuverings of national agencies which were unwilling to devolve is almost incredible. On the part of local governments, sleuthing for assets which can add to their meager resources has become pathetic in some cases.

Overall, however, the 1991 Local Government Code is one of the best things that ever happened to the Filipino people. It is an instrument which confers the highest form of local empowerment evolving from a long history, strongly entrenched tradition, and rapid politico-socioeconomic transformation. By addressing both the ideological and the pragmatic dimensions of local governance, democratic decentralization in the country is finally attuned to the needs of the times.

The responses from all sectors have helped in the final acceptance and realization of the Code. But the most outstanding have been from the communities themselves. There are exceptional kinds of activities and coping mechanisms that have been taking place at the local level which are quite impossible to document and relate at this point in time.

The biggest tribute to devolution comes from a simple citizen of a sleepy and backwater town in the hinterlands when he proudly cited the construction of their first local public high school through a voluntarily forged partnership between the mayor and the citizens without any assistance from the central government. The mayor, he said, had been holding office since martial law for more than a decade but his present term of three short "devolved" years has accomplished much more.

Unmistakably, it is devolution that has propelled and unleashed the dynamism and energy not only of the urban areas but also of the remote countryside.

Lessons and Policy Implications

With the above overview and analysis of the new devolution strategy, some lessons and policy guidelines can be drawn from the Philippine experience.

First, the decentralization agenda should equally highlight both democracy and efficiency factors. Democratic decentralization needs to be tempered and reconciled with efficiency considerations; otherwise, it will be a short-lived "flash-in-the-pan" existence. The broader ethos and objectives of decentralization need

to be adequately addressed first; the nuts and bolts of administration and management should come next.

Second, democratic decentralization in order to survive, at least in the initial stages, must be politically backed by no less than the highest official(s) of the land.

Third, democratic decentralization needs to be strongly entrenched as early as possible through the protection of the law (and the Constitution if still possible) to the extent that amendments will be prohibited and manipulations prevented at least during the first critical years.

Fourth, the legal mandate of decentralization is usually a central government creation whose translation into practice by local governments requires constant monitoring and support in terms of devolution "infrastructure" requirements, such as funding, personnel, and overall capacity. A major part of the decentralization agenda should be the development of such "infrastructure" that needs to be anchored on both professional and political commitment of the whole local government unit, but likewise depends on outside assistance.

Fifth, decentralization is shaped and influenced by the larger context and environment which includes historical, cultural, and socio-politico-economic factors. It also operates in a deconcentrated system dominated by national government agencies which are better endowed and which can give stiff competition to local governments.

Sixth, decentralization builds on strengths as well as weaknesses of both old and new institutions. This necessitates more creative responses from local governments in making the proper selection and adjustment.

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