

## Governance, Decentralization and Local Autonomy in the Philippines: Focus on the Devolution of Agriculture

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- Discussion notes for presentation at the SEARCA Special Lecture Series, DA

## State of Devolution of Agriculture

- As late as last October 18, during the celebration of the Local Government Code, the Chairman of the Senate Committee on Local Governments, Sen Marcos, called for a serious study to reexamine the possibility of recentralizing agriculture and health services
- Earlier on in 2007, Congressman Escudero, called for the recentralization of agriculture

- The debate continues, There have been many good and best practices in the delivery of agriculture, and there have been a lot of anecdotes about the failure of devolution of agriculture, mostly due to the inability of absorb devolved agriculture technicians, salary and magna carta issues, capacity issues

## Presentation is in three Parts

- I. State of Governance
- II. State of Decentralization and Devolution
- III. Focus on Agriculture and other related sectors like environment, health and social services
- IV. State of Fiscal Decentralization

### Study Takes off from

- earlier references to local history – *kasaysayan pampook*
- and the role of local governments (Dr Santillan and Dr Guerrero ): the importance of LOCAL
- the DILG-ADB In-Depth Study of Decentralization TA 4778

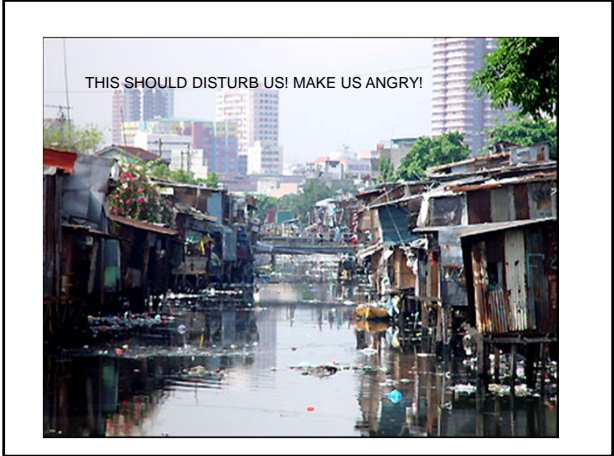
Major Issues and Concerns  
Issues and Concerns by Sector  
Focus on Fiscal Concerns  
Recommendations  
Next Steps

### Governance Issues and Concerns of Public Administration and Governance Student conducted by PSPA, October 2010)

- Graft and Corruption
- Poverty and Unemployment
- Delivery of Basic Services
- Red Tape in Government and Civil Service Reform
- Rule of Law
- Leadership
- Peace and Order in Mindanao
- Human Rights
- Local autonomy and decentralization
- Declining global competitiveness of the Philippines

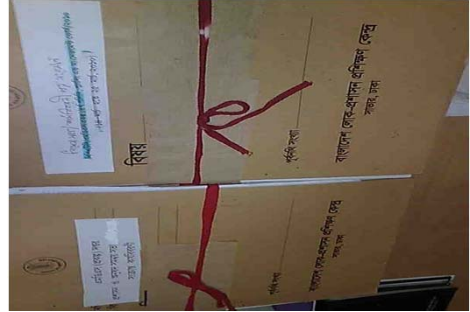


A picture taken in Suvarnabhumi Airport Thailand.





Brillantes 2010 13





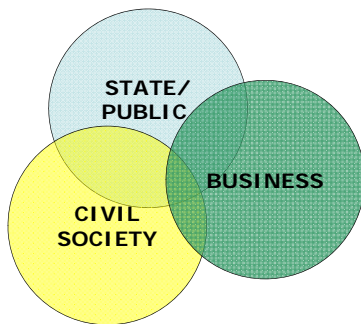
Corruption  
Accountability

Answerability is imperative at the local level  
Where the rubber hits the road!

People should participate. Decentralization  
enables people participation

## IMPERATIVES AND AREAS FOR REFORM

Reforms are should be addressed  
collectively



## Overview of Presentation

- I. Major Issues and Concerns in Decentralization and Local Autonomy
- II. Issues and Concerns by Sector (agriculture, environment, social services and health)
- III. Focus on Financial Decentralization
- IV. Recommendations and Next Steps

## Main Messages

- **On balance:** The effects of decentralization since 1991 are positive, due to:
  - An Enabling Policy Framework
  - Strong Leadership at the Local Level
  - Improved Access to Financial Resources
  - Stronger Inter-local Government Partnerships
  - Wider Participation and Engagement with Civil Society Institutions
  - A Broader Role for the Leagues of Local Governments
- **But:** There are some emerging questions/issues:
  - Inadequate Local Finance
  - Weak Local – and National – Capacity
  - Unclear and Inadequate Corporate and Taxing Powers of Local Governments
- **So:** These involve some “Next Steps” (which we shall discuss at the end of the presentation)

I  
Major issues and concerns pertaining  
to decentralization / devolution  
in the past 17 years until the present

### MAJOR ISSUES AND CONCERNS

- Financial autonomy and IRA
- National-Local Relations
  - Unfunded mandates
  - Optional and mandatory positions
- Inter-local cooperation
- People Participation
- Performance Criteria
- Political matters
- Federalism

### MAJOR ISSUES AND CONCERNS

#### Financial Autonomy and the IRA

- ❑ IRA dependency is a cause of lack of LGU economic empowerment.
  - Need to re- examine the IRA scheme

### MAJOR ISSUES AND CONCERNS

#### National-local Relations

- ❑ Lack of synchronization / harmony between national and local government development planning and action
  - lack of consultations by NG with LGU prior to implementation of infrastructure projects (DPWH)

### MAJOR ISSUES AND CONCERNS

- Lack of respect of NGAs for local development plans formulated by LGU
  - the imposition of plans by NG on LGUs
  - non-compliance of NG with LGU priorities.
  - lack of LGU capacity to implement NG programs
  - non-adherence of LGUs to budgetary limitations

### MAJOR ISSUES AND CONCERNS

#### National-local Relations and Unfunded Mandates

- ❑ desire for political freedom from the central government
  - streamline national government funding and procedures vis-à-vis LGU initiatives
  - devolve both functions and funds from central government offices
  - NG to provide policies and goals, leave implementation to LGUs
  - Redefining and refining the role of DILG: capacity development

### MAJOR ISSUES AND CONCERNS

#### National-local Relations and Unfunded Mandates

- ❑ need to increase the autonomy of LGU in defining:
  - project priorities
  - local boards
  - procurements

MAJOR ISSUES AND CONCERNS

National-local Relations and Optional and Mandatory Positions

- ❑ Lack of synchronization and harmony between the local executive and legislative agendas
  - crafting of the Executive-Legislative Agenda merely for compliance
  - reflects lack of congruence between the priorities of the congressman and the local chief executive
  - "pork barrel" allocations of congressmen that do not jive with LGU plans

MAJOR ISSUES AND CONCERNS

National-local Relations and Optional and Mandatory Positions

- observed roots of the problem of non-synchronization and disharmony
  - non-attendance of congressman or his/her representative to LDC meetings
  - existence of inactive members of the Sangguniang Bayan.

MAJOR ISSUES AND CONCERNS

National-local Relations and Optional and Mandatory Positions

- ❑ unfunded mandates pose budgetary problems for the LCE
  - sanitary landfills (DENR)
  - health services and benefits for health workers (DOH)
  - senior citizens, violence against women and juvenile youth (DSWD)
  - agriculture and watersheds (DA)

MAJOR ISSUES AND CONCERNS

National-local Relations and Optional and Mandatory Positions

- ❑ need for control of law enforcers (PNP) and firefighters by the LCE
  - hiring and firing
  - appointment and operational supervision

MAJOR ISSUES AND CONCERNS

Inter-local Cooperation

- ❑ need for LGUs to partner with each other for more effective service delivery
  - lack of a legal framework to support inter-LGU partnerships, cooperative undertakings and cross-over responsibilities between provinces and municipalities

MAJOR ISSUES AND CONCERNS

Inter-local Cooperation

- ❑ encouraging the clustering of LGUs and alliance building
- ❑ Defining areas of alliance and cooperation: watershed, solid waste management, fisheries and marine preservation, health zones

MAJOR ISSUES AND CONCERNS

Relations with NGOs and Civil Society

- weak local bureaucracy
  - too many overlapping developing councils
  - too many LGU institutions
  - ineffective composition of the LFC and other Special Bodies.

MAJOR ISSUES AND CONCERNS

People Participation

- People participation is inhibited
  - lack of public awareness about decentralization
  - absence or lack of mechanisms for people participation

MAJOR ISSUES AND CONCERNS

Performance Criteria

- Desire for a more accountable and responsive local government administration
- Need to address performance measurement in the local government bureaucracy:
- Revisit and clarify and further refine the LGPMS as a local planning and monitoring tool

MAJOR ISSUES AND CONCERNS

Performance Criteria

- need to curb red tape
  - improve information communications technology
- establish clear accountability
  - set service standards
- implement development plans
  - monitor compliance

MAJOR ISSUES AND CONCERNS

Political Concerns

- qualification of elected local officials
  - residency requirements
  - competency requirements
- salary administration
  - scholarship and retirement benefits and privileges for barangay officials

MAJOR ISSUES AND CONCERNS

Federalism

- federalism as an alternative form of government has been suggested
  - Future of LGUs (esp provinces) under a federal structure
  - the question of defining the role of DILG under a federal system

## MAJOR ISSUES AND CONCERNS

### Summary

1. LGU's desire greater autonomy through the implementation of self-determined development plans and the mandate to appoint key LGU officials and personnel.

## MAJOR ISSUES AND CONCERNS

### Summary

2. LGUs need a revised IRA computation scheme
3. Devolution of funds need to match devolved services
4. LGUs desire performance measurement and competency standards
5. LGUs need capacity building in the LGU leadership and bureaucracy

- Focus on Devolution of Agriculture

## Decentralization in Agriculture Sector

Drawn from the presentation of  
**YVONNE G. VIÑAS**

During the Strategic Review of Decentralization for  
the Indepth Study of Decentralization

## Overview

Yvonne Vinas, DA

Enactment of RA 7160 (Local Gov't Code 1991)

### Primary Aims:

- To bring government service closer to people;
- To give local people the control & opportunity to participate in the planning & implementation of agriculture extension programs;
- Less dependency in the National Government;
- Make LGU responsible in providing basic agriculture service to their constituents.

## Agricultural Extension Service Devolved to the LGUs Yvonne Vinas, DA

Scope:

### A. Barangay

- Distribution of planting materials  
& operation of farm procedure,  
collection & buying stations



## B. Municipal

- Extension;
- Conduct on-site research services;
- Dispersal of livestock & poultry, fingerlings & seedling materials for aquaculture;
- Nursery operations;
- Demonstration farms
- Inter-barangay irrigation system;
- SWIP and other similar projects;
- Public markets;
- Slaughterhouse;
- Municipal enterprises

## C. City

- Implement regulatory functions;
- Conduct farm and home surveys;
- Formulate farm and family plans

## D. Provincial

- Extension;
- On-site research services;
- Control of plant and animal pests and diseases

### Views & Observations Yvonne Vinas, DA

#### Outcomes of Devolution

- Achieving the goals of food sufficiency slowed down due to non-prioritization of the local executives;
- Technical personnel trimmed down from 37,000 to a little over 15,000;
- DA's lesser control over the actual implementation of the national programs in the field level;
- Non-motivation among devolved personnel;
- Financial resources are limited to target programmed areas that will provide higher agricultural production.

## Major Issues & Challenges

- Decentralization of policy remains unclear
  - \* responsibilities
  - \* functions
- LGUs and farmer-clientele still depend on DA at national level when it comes to:
  - \* technical assistance
  - \* provision of planting materials
  - \* provision of animals for production stations and centers

## What should be done?

- Strengthen partnership with LGUs & National Government;
- Granting of financial incentives to the DA-LGU Centers;
- Develop comprehensive trainings or retooling program;
- Redefine the role of Provincial Agricultural Extension Service;
- Continuous coordination between DA National & LGUs for the programs & thrusts of Agriculture down to the local level to achieve greater productivity.

## Major Issues & Challenges

- Number of extension workers in LGUs are slowly deteriorating due to:
  - \* lack of opportunity for technical trainings
  - \* scholarship grants
  - \* demoralization and non-motivation from the local executives
  - \* political appointment/accommodation
- No authority to:
  - \* provide policy
  - \* allocate extension resources
  - \* monitor the implementation of agricultural extension programs

## Lessons learned

- Interest and prioritization of the LGU officials vary
- Continuous process of communication between LGUs and national government regarding the programs and thrusts for economic development
- Decentralization shall have mechanism to fully prepare the personnel economically, socially and emotionally

## Directions for reforms in the Agency

- Conduct several a and consultation dialogues with stakeholders
- Develop the national agriculture & fisheries research development and extension program
- Transferring the Central Office of major operating units in the different parts of the country to ensure:
  - \* closer supervision
  - \* coordination
  - \* fast monitoring of agricultural programs

- Proposal of Senator Marcos to Recentralize Agriculture
  - His observation that its implementation has been fragmented
  - Need for an overall framework that only national government can provide
- Objection of Mayor Annabelle Tangson

## Focus on Devolution of the Environmental Sector

## DECENTRALIZATION IN THE ENVIRONMENT AND NATURAL RESOURCES SECTOR

Drawn from the Presentation of DENR during the Discussion on the Status of Decentralization in the Philippines  
National College of Public Administration and Governance  
University of the Philippines  
31 July 2008

## OUTLINE OF PRESENTATION

- I. Legal Bases/References
- II. Devolved Functions, Programs and Functions per DAO 30, s. 1991
- III. DENR Actions
- IV. Issues/Challenges
- V. ENR Devolution Updates
- VI. DENR Directions

## I. Legal Bases/References

- *RA 7160*: the Local Government Code of 1991
- *DENR Adm. Or. No. 30, s. 1992*: Guidelines for the Transfer and Implementation of DENR Functions Devolved to the LGUs
- *Joint Memo. Cir. No. 98-01 and 03-01*: Manual of Procedures for DENR-DILG-LGU Partnership on Devolved and Other Forest Management Functions

## II. DEVOLVED FUNCTIONS, PROGRAMS AND PROJECTS per DAO 30, s. 1992

### □ Forest Management

- management of communal forests (e.g. ISF, FLMA, CFP)
- maintenance of small watershed areas which are sources of local water supply
- enforcement of forests laws in community-based forestry projects

## II. DEVOLVED FUNCTIONS, PROGRAMS AND PROJECTS per DAO 30, s. 1992 (cont'd)

### □ Environmental Management

- enforcement of laws on:
  - pollution control (ECC for Kalakalan 20)
  - anti-smoke-belching (RA 8749)
  - solid waste disposal systems (RA 9003)
  - anti-noise pollution
- implementation of CDO issued by PAB

## II. DEVOLVED FUNCTIONS, PROGRAMS AND PROJECTS per DAO 30, s. 1992 (cont'd)

### □ Land Management

- surveys (cadastral, lot, isolated and special)

### □ Mines and Geosciences

- enforcement of small-scale mining law (RA 7079)
- issuance of permits and fee collection for :
  - for guano collection
  - sand and gravel and other quarry resources

## II. DEVOLVED FUNCTIONS, PROGRAMS AND PROJECTS per DAO 30, s. 1992 (cont'd)

### □ Protected Areas and Wildlife

- establishment, protection and maintenance of tree parks, greenbelts and other tourist attractions, except in IPAS areas
- regulation of flora (orchidaria and nurseries) outside protected areas, except export and import

## III. DENR Actions

- Devolution Strategies/Processes
  - Forging of MOAs with LGUs
  - Organization and operationalization of technical working groups (regional, provincial, municipal, community)
  - Assistance in the preparation of plans, e.g., land use plans
  - FAPs include LGU as partners (e.g., LAMP, Eco-gov, NPS-ENRMP)

## IV. Issues/Challenges

- Personnel transferred did not assume the inherent functions (e.g., Community Development Officers)
- Preparedness of LGUs to assume devolved ENR functions (e.g., cadastral survey)
- Lack of support mechanisms (e.g., IEC, financial assistance, infrastructure & facilities, etc.)
- Monitoring scheme to determine status of devolved functions

## V. ENR Devolution Updates

- *DENR S.O. 2006-717*: Creation of a DENR Devolution Committee in compliance with:
  - *EO 444 (2005)*: Directing the DILG to conduct a Strategic Review on Continuing Decentralization and Devolution . . . In Support of the Rationalization Program
  - as counterpart of the DILG COMDEV

### V. DENR Devolution Updates (cont'd)

- DENR Devolution Committee functions:
  - assess devolved ENRM functions
  - consult with DENR offices on EO 444 issues
  - identify functions for continuing devolution
  - conduct IEC for DENR officials and employees re: EO 444

### V. DENR Devolution Updates (cont'd)

- Assessment to determine level of LGU performance –
  - status of devolved functions
  - institutional arrangements (infrastructure, manpower, linkages)
  - budget allocation by LGUs
  - impact of devolved functions on clientele
  - sustainability of devolved functions
  - monitoring and evaluation developed and undertaken
  - other LGU initiatives
  - problems encountered and recommendations

### V. DENR Devolution Updates (cont'd)

- Assessment Processes:
  - Sectoral – each bureau reported out devolution accomplishments in terms of absorptive capacity
  - Survey – administration of questionnaire to respondent LGUs

### V. DENR Devolution Updates (cont'd)

- Assessment Results:
  - Sectoral – Varying degrees of “absorption”/acceptance
  - Survey – Of the eight devolved functions identified, “regulation of fishing in municipal waters” and “ESWM” were perceived by majority of LGU respondents to have been successfully and effectively performed

## VI. DENR DIRECTIONS

- **Guiding Principle: DENR paradigm shift from “rowing” to “steering”**
- **Phased devolution based on LGU preparedness and capacity**
- **Capability-building for LGUs**

## Focus on Social Service Sector

### DSWD after the Devolution In Support of the Strategic Review of Decentralization in the Philippines

31 July 2008 ; UPD - NCPAG

drawn from the presentation of Alicia Bala

### Outline of Presentation

- I. Administrative Issuances
- II. Devolution Outcomes
- III. Post Devolution Challenges
- IV. Addressing the Challenges
- V. DSWD Reform Directions

### Administrative Issuances

- **DSWD Memorandum Order No. 27**

Supported the transfer of DSWD implementing functions, programs and services, direct service workers, funds for devolved programs and salary of staff, assets and liabilities to the local government units.

### Administrative Issuances

- **Department Order No. 20, Series of 1997**

Enhanced the role of DSWD in steering the SWD sector through the shift from sectoral bureaus to functional ones.

### Administrative Issuances

- **Executive Order No. 15** which “Redirected the Functions and Operations of the Department of Social Welfare and Development”
- **Executive Order No. 221** (an amendment to EO 15) which magnified DSWD’s role as leader in SWD performing roles of steering and rowing.

### Devolution Outcomes

### Devolution Outcomes

- **DSWD Mission Restatement**

The new mission statement highlighted the need to build partnerships with local government units, non-government organizations and people’s organizations in social welfare and development service delivery.

### Devolution Outcomes

- **Restructuring the Department**

Shift from Sectoral Bureaus to Functional Bureaus at the Central Office Level

Establishment of 14 Field Offices as extension units of the Office of the Secretary with focus on field monitoring and technical assistance

### DSWD after the Devolution

The devolution called for an increased role in:

- ✓ **Policy and Plan Formulation**
- ✓ **Social Technology Development**
- ✓ **Standard Setting and Compliance Monitoring**
- ✓ **Technical Assistance and Resource Augmentation**
- ✓ **Institutional Strengthening and Management**

### Post Devolution Challenges



## Post Devolution Challenges

### 1. Planning and Resource Allocation

- Lesser priority given to SWD concerns in local development plans and limited allocation of funds for SWD programs, projects and activities
- Partisan political considerations influence the selection of program beneficiaries particularly during campaign periods

## Post Devolution Challenges

### 2. Perspective on Development

- Tendency to prioritize infrastructure development over total human development (increased capacity of people to participate and decide in the allocation of LGU budget)

## Post Devolution Challenges

### 3. Weak Compliance to DSWD Reports

- Program reporting not prioritized by local workers due to heavy workload
- Low appreciation for reports as bases for effective planning and advocacy for larger share in local resources

## Post Devolution Challenges

### 4. Worker - Related

- Creation of MSWDO Position is not considered mandatory in the Local Government Code
- Service providers are usually overworked with very low compensation
- Limited MOOE support which also limits availment of capability building opportunities

## Post Devolution Challenges

### 5. Others

- Poor facilities to accommodate the growing demands of clients
- Lack of ICT resources to support program implementation

## Addressing the Challenges

### DSWD Initiatives

Implemented the systematic assistance to local government units through the assessment of their capacity and willingness to invest in SWD programs/ services.

→ serves as basis for the formulation of **DSWD Technical Assistance and Resource Augmentation Plan**.

### DSWD Initiatives

Initiated the formulation of a national policy framework for social protection to harmonize the initiatives of intermediaries and stakeholders.

### DSWD Initiatives

Continuously enhanced the Medium Term Expenditure Plan (MTEP) to secure funding (in the General Appropriations Act) for unfunded social welfare and safety net programs emanating from social legislations.

### DSWD Initiatives

Started working towards the institutionalization of an objective and transparent targeting mechanism to identify beneficiaries of social protection programs at both household and community levels.

### DSWD Initiatives

Encouraged the participation of intermediaries in standards enhancement and compliance monitoring (i.e. Area Based Standards Network).

Created mediums for intermediaries' continuing education and learning across regions (i.e. SWD Learning Networks)

### DSWD Initiatives

Continuously developed training modules based on the results of competency assessment for DSWD personnel, partners and intermediaries.

Formulated social marketing plans in support of sectoral plans and completed social technologies.

### DSWD Initiatives

Accessed internal and external assistance to complement the available but limited resources of local government units and non-government organizations to implement SWD programs and services.

### DSWD Reform Directions

### Social Welfare and Development Reform Agenda

The SWD Reform Agenda sets out the policy and program reforms aimed at:

- Improving outcomes of the Department in the delivery of SWD services.
- Improving governance in the implementation of policies and programs on social protection.

### Social Welfare and Development Reform Agenda

Expected to place DSWD at the forefront of **social protection**

### Reform Agenda Objectives

1. Reduce poverty
2. Improve governance and capacities
3. Empower the poor

### Reform Areas

- ✓ Engaging the Sector in Establishing Strategic and Results Oriented Policies and Social Protection
- ✓ Providing Faster, Better and Smarter Social Protection Programs Through Improved Governance, Models and Regulations

### Reform Areas

- ✓ Introducing Financial and Resource Reforms to Sustain the Reform Process
- ✓ Improving Delivery Systems and Capacities

### Focus on Health Sector

### Devolution of Health Services

Drawn from the presentation of  
Health Policy Development and Planning Bureau  
Department of Health  
July 31, 2008

### Effect of Decentralization

- Bringing planning and decision-making for health services closer to the recipients
- Fragmentation of health system (national and many different local governments)
  - Different thrusts and priorities, different standards, different means of planning, allocation and implementation

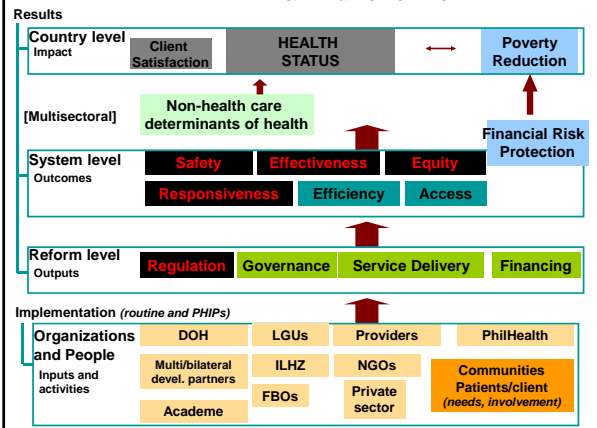
### Effect of Decentralization

- Fragmentation of health system (national and many different local governments)
  - Different thrusts and priorities, different standards, different means of planning, allocation and implementation



- Different models
- Innovations
- Disconnected systems (reporting, financing, service delivery, governance) – with overlaps/gaps

### M&E Framework for F1



### major issues and challenges of decentralization

1. Difficulty in integration of health services because of separate administrative controls
  - Disconnected information management system
  - Inadequately distributed health resources
  - Gap in the referral/networking system
  - Non-maximization of regulatory powers
  - Loss of some financing leveraging mechanisms?

### major issues and challenges of decentralization

2. Prioritization of Health
  - Public health and related health services
  - Drug procurement
  - Health human resource production and management
  - Health insurance
3. Transparency
  - Use of funds for health
  - Procurement practices

### Lessons

- The success of devolution is highly dependent on the readiness of LGUs to absorb the management of a devolved health system
- It is important to strengthen Health Systems to make devolution work.
- Roles of stakeholders and different mechanisms for managing health systems should be explored and maximized (ex. Leveraging using financing, public-private partnerships, MOAs)

### Reforms

### **FOURMULA ONE FOR HEALTH** as Overall Frame

#### \*Four Thrusts

- Financing (increased, better and sustained)
- Regulation (assured quality and affordability)
- Service Delivery (ensured access and availability)
- Governance (improved performance)

### **FOURMULA ONE FOR HEALTH** as Overall Frame

#### \*Strategic Guideposts

- Building upon gains and lessons from major reform initiatives
- Focus on critical interventions to be implemented as a single package
- Sector wide management of *FOURMULA ONE* implementation
- National Health Insurance Program as the primary instrument

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>A SERVICE DELIVERY</b>	
<b>a.1 Public Health Program Development</b>	<b>a.1 Public Health Program Development</b>
<ul style="list-style-type: none"> <li>• Disease free zone initiatives – Malaria, Filariasis, Schistosomiasis, Rabies and Leprosy</li> <li>• Intensified disease control                             <ol style="list-style-type: none"> <li>1. Vaccine Preventable Diseases</li> <li>2. TB</li> <li>3. HIV/AIDS</li> <li>3. Emerging/Re-emerging infections</li> </ol> </li> <li>• Maternal and Child health</li> <li>• Healthy Lifestyle and Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Disease free zone initiatives – Malaria, Filariasis, Schistosomiasis, Rabies and Leprosy</li> <li>• Intensified disease control                             <ol style="list-style-type: none"> <li>1. Vaccine Preventable Diseases</li> <li>2. TB</li> <li>3. HIV/AIDS</li> <li>4. Emerging/Re-emerging infections</li> </ol> </li> <li>• Maternal and Child Health</li> <li>• Healthy Lifestyle and Risk Management</li> </ul>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>A SERVICE DELIVERY</b>	
<b>a.2 Health Facilities Development Program: national/public/private</b>	<b>a.2 Health Facilities Development Program: local-public/private</b>
<ul style="list-style-type: none"> <li>• Updating the Hospital Development Plan and monitoring its implementation</li> <li>• Rationalization of health facilities including facility mapping for BEMOCs and CEMOCs</li> <li>• Upgrading of National Health Facilities</li> <li>• Rationalizing services in the facilities</li> <li>• Integrating wellness services in hospitals</li> </ul>	<ul style="list-style-type: none"> <li>• Health Human Resource – Provision/Capacity building</li> <li>• Rationalization of local health facilities to include facility mapping for BEMOCs and CEMOCs</li> <li>• Upgrading of Local Health Facilities</li> <li>• Rationalizing Services in the Facilities</li> <li>• Integrating wellness services in hospitals</li> </ul>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>A SERVICE DELIVERY</b>	
<b>a.3 Strengthening surveillance and epidemic management system</b>	<b>a.3 Strengthening surveillance and epidemic management system</b>
<ul style="list-style-type: none"> <li>• Creation and strengthening of epidemic and surveillance units at all government levels (PESU, MESU, CESU)</li> <li>• Linkages with private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Creation and strengthening of epidemic and surveillance units at all government levels (PESU, ILHZ, MESU)</li> <li>• Setting up of surveillance systems</li> <li>• Linkages with private sector</li> </ul>
<b>a.4 Strengthening of disaster preparedness and response system</b>	<b>a.4 Strengthening of disaster preparedness and response system</b>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>A SERVICE DELIVERY</b>	
<b>a.5 Health Promotion</b>	<b>a.5 Health Promotion</b>
<ul style="list-style-type: none"> <li>• Review of health promotion intervention and technology upgrade</li> <li>• Incorporation of health promotion in service packages</li> <li>• Integration of patient education in Clinical Practice Guidelines</li> <li>• Proposed creation of Health Promotion Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Advocacy/BCC</li> <li>• Localization of IEC messages</li> <li>• Reproduction of localized IEC messages</li> </ul>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>B. HEALTH REGULATION</b>	
<b>b.1) Upgrading, Harmonization and Streamlining of Regulatory Processes</b>	<b>b.1) Implement/ Enforce health and health related laws</b>
<ul style="list-style-type: none"> <li>• Milk Code</li> <li>• Asin Law</li> <li>• Others</li> </ul>	<ul style="list-style-type: none"> <li>• b.2) Advocate for the legislation of health related laws at the local level</li> <li>• b.3) Carry out Decentralized regulatory functions</li> </ul>
<b>b.2) Seal of approval in the context of ASEAN harmonization</b>	<b>b.2) Advocate for the legislation of health related laws at the local level</b>
<b>b.3) Improving availability of and access to low-priced but high quality medicines for the poor</b>	<b>b.3) Carry out Decentralized regulatory functions</b>
	<ul style="list-style-type: none"> <li>• b.4) Improve access to low cost quality drugs/commodities                             <ul style="list-style-type: none"> <li>• Botika ng Barangay</li> <li>• Botika ng Bayan</li> <li>• Health Plus</li> </ul> </li> </ul>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>C. HEALTH FINANCING</b>	
<b>c.1) Budget Reforms of DOH and attached agencies</b>	
<b>Health Sector Expenditure Framework (HSEF)</b>	
<ul style="list-style-type: none"> <li>• Establishment of a system for budget allocation, utilization and performance monitoring</li> </ul>	
<b>c.2) Expansion of the National Health Insurance Program (NHIP)</b>	<b>c.1) Expansion of the National Health Insurance Program (NHIP)</b>
<ul style="list-style-type: none"> <li>• Securing NG counterparts</li> </ul>	<ul style="list-style-type: none"> <li>• Universal Coverage                             <ul style="list-style-type: none"> <li>- Enrollment of the poor</li> <li>- Enrollment of the informal sector</li> </ul> </li> <li>• Local Government Premium Counterpart secured</li> </ul>
<ul style="list-style-type: none"> <li>• Advocacy to increase membership and allocation</li> <li>• Expansion of benefits</li> </ul>	<ul style="list-style-type: none"> <li>• PHIC accreditation/ rational use of PHIC reimbursement</li> </ul>



## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>D. HEALTH GOVERNANCE</b>	
d.1) Sectoral Management	d.1) LGU Sectoral Management
<ul style="list-style-type: none"> <li>Local Health Systems Development</li> <li>National Health Human Resource for Health Program</li> <li>Sector Development Approach for Health</li> <li>F1 Macro Monitoring and Evaluation</li> <li>Philippine Health Information System</li> </ul>	<ul style="list-style-type: none"> <li>Local Health System Development</li> <li>Sub-national Health Human Resource strengthening</li> <li>Sectoral Development Approach for Health as the management approach to health</li> <li>LGU Scorecards development/ implementation</li> <li>Local Health Information System development/ utilization</li> </ul>

## PPAs

National Investment Plan for Health (Central Office)	Local Investment Plan for Health or the Province-wide Investment Plans (Centers for Health Development)
<b>D. HEALTH GOVERNANCE</b>	
d.2) Internal Management	d.2) LGU Internal Management
<ul style="list-style-type: none"> <li>Public Finance Management</li> <li>Procurement and Logistics Management</li> <li>Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>Finance Management</li> <li>Procurement Management</li> <li>Logistics Management</li> <li>Internal Audit</li> </ul>

## Information Sources

- National Objectives for Health 2005-2010
- Program Implementation Reviews for Public Health – January – March 2008
- Health Financing Strategy , LGU consultation – March 2008
- 8<sup>th</sup> National Health Research Forum – July 23-24 2008
  - HPDP Study on Planning for CSR
  - OPB Evaluation Package, EC

## FOCUS ON FISCAL MANAGEMENT

### TA 4778 PHI – Local Governance and Fiscal Management Project

Presentation of policy recommendations on the following studies:

- Maximizing LGU Corporate Powers*
- Financial Management of Local Economic Enterprises*
- LGU Share on National Wealth*

### Maximizing LGU Corporate Powers

Major issues confronting LGUs' exercise of Corporate Powers

#### Internal Factors

- High cost of doing business
- Lack of financial and other resources
- Lack of knowledge on various financing modalities and alternative service delivery options
- Inadequate management skills
  - Lack of entrepreneurial mindset/skills
  - Ineffective accounting of service costs & standards
- Weak organizational structures for LEEs
- Lack of business planning
  - Lack of effective enterprise identification and value chain analysis
- Inferior service quality
- Poor information and data banking
- Absence of committed champions
- Political succession risks
- Absence of political harmony between LCEs and SB/SP

6/18/09

## Maximizing LGU Corporate Powers

*Major issues confronting LGUs' exercise of Corporate Powers*

External Factors (vague policy/legal framework)

- Absence of clear policies and guidelines on inter-LGU loans and inter-LGU cooperation
- Vague legal basis for LGUs to establish LGU corporations
- Absence of clear policies and guidelines on alternative service delivery options
- Unclear mandate of LGUs to establish and engage in the operation of LEEs
- Absence of clear guidelines for LGUs to enter into joint venture with private sector (E.O. 423)
- The debt service limit provided in the Code is not reflective of LGUs' paying capacity (Sec. 324b of LGC)
- Policies on financial systems for LEEs need revisiting
  - PS expenditures of LEEs (Sec. 325a of LGC)
  - Budgeting of LEE expenditures (Sec. 313 of LGC)

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## LGUs and Local Economic Enterprises

- Many LGUs create and operate local economic enterprises ostensibly to generate more revenues but many of the LEEs are not profitable and are associated with increasing financial risks to the LGU.

Objective of study

- To develop guidance/ guidelines that will improve financial management of LEEs

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## LGU Concerns: determining LGU shares

- Timeliness in the remittances to the LGUs
- Transparency in the process
- Predictability of the releases
- Correct computation of the share of the LGU

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## Coverage: The Special Shares of LGUs

- Share from the utilization and development of national wealth :
  - Mining taxes
  - Royalty from mineral reservations
  - Forestry charges
  - Energy resources production
- Share from the tobacco excise tax
- Share from the gross income taxes paid by all businesses within the economic zones
- Value-added tax
- Franchise tax

6/18/09 • Share from the 2% special privilege tax (mini-hydro electric)

## Special Shares Principles

- Special shares from specific taxes are allocations to LGUs in addition to the internal revenue allotment
- Formula for allocation of the special shares is specified in the law providing for the special share
- Allocation formula governs sharing among levels of local government units
- Distribution not nation-wide, only for lgus hosting the exploitation or development or certain areas covered or affected

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- Allocation criteria of land area and population are the same as those used in the computation of IRA and based on the same authorized information source: (Population – NSO, under Proclamation Order; Land Area – LMB, with land area adjustment or correction only as declared by the Oversight Committee on Devolution)
- Distribution to LGUs based on the DILG master list of LGUs for purposes of releasing IRA.

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- Not an automatic appropriation unlike the IRA.
- Actual remittance or release to LGUs subject to appropriation cover and funds programming.
- Amount released subject to local budgeting process
- Utilization of special shares in accordance with purposes specified in the law creating the special share.

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### Some Challenges in Operationalizing the Policies on the Ground

- Lack of information/knowledge of local stakeholders
- Lack of resources
- Poor political will to implement the policies

## II. Recommended Next Steps

### Recommended Next Steps

#### 1. Strengthening Local Finance

- The introduction of new public management orientations among political leaders to enhance corporate powers.
- streamlining project implementation procedures with NEDA,
- active cooperation between LGUs and academe to build and strengthen local governance capacities of LGUs
- pre-election training on local government administration and management among local candidates by DILG.

### Recommended Next Steps

2. Improving Local – and National – Capacity
  - Issues on capacity building: the inactivity of ILGA in overseeing and standardizing capacity building initiatives in terms of scheduling, content and costs; the deterioration of values; and leadership management.
  - Local Government Human Resource Development issues on politicized hiring and nepotism, absence of career pathing, non-compliance with Civil Service laws, and inadequate standardization of salaries and benefits.
  - Points for reforms:
    - consolidation of barangays,
    - strict standard staffing for LGUs, definition of service standards,
    - standardization of remuneration and the formulation of a uniform human resource management plan.
    - Clear role of the LGA in coordinating capacity building programs
    - operationalize the ILGA,
    - create HRMO as a departments
    - review the LGPMS

### Recommended Next Steps

3. Enhancing the Corporate Taxing Powers of Local Governments
  - more appropriate taxation practices,
  - re-examining the situs of taxes,
  - revising the IRA formula taking off from the options study
  - devolution of funds to LGUs
  - opening international loan windows to LGUs
  - encouraging complimentary-supplementary partnerships between public and private sectors
  - comparing costs of road construction between NG and LGUs

## Recommended Next Steps

4. Rethinking Expenditure Assignments to Local Governments
  - Some examples often mentioned in the consultative workshops include environmental, agricultural, and health services.
  - Mismatch between the revenues that are assigned to local governments and the expenditure responsibilities that are assigned to them.
  - A rethinking of expenditures assignments to local governments
    - should be done in line with international best practice on expenditure assignments (e.g., the “subsidiarity principle”).

## Recommended Next Steps

5. Consolidating Some Local Governments
  - Given inadequate capacity of many local governments, the difficulty of quickly improving administrative capacity, and the often overlapping responsibilities and functions of these governments, consolidation may well improve service delivery.
  - *Would CAMADA – Calasiao, Mangaldan and Dagupan be an example? BLISTT? IGACOS?*

## Recommended Next Steps

### 6. Commissioning Further Studies

- Examine the impact of including other factors in the formula, such as performance and poverty indices, in computing the IRA shares of local governments
- Simulation studies to identify winners and losers in the process.
- REEXAMINE THE STATE OF DEVOLUTION OF AGRICULTURE AND OTHER RELATED SERVICES

## Recommended Next Steps

### 6. Commissioning Further Studies

- The *impact of decentralization*: What exactly has been the impact of decentralization and devolution in the Philippines? Has it led to the reduction of poverty? Has it contributed to economic growth? Imperative to empirically prove the positive (or negative) impact of decentralization to institutionalize it as a basic development strategy
- Rethinking the role of DILG
- Continue documenting bad, good and best practices in local governance and draw lessons from them.
  - Incorporate into capacity building and training interventions for local (and for national) governments

## Other next steps ...

### 7. Prioritization of the Numerous Amendment Proposals to the Code

- Representatives of the Leagues, the Senate, the House and members of the Oversight Committee continue series of deliberations concerning what amendment proposals to prioritize.
- List down the proposals they have in common and evaluate each using objective criteria like (1) impact of the proposal, (2) urgency of adopting a proposal, and (3) feasibility (technical, political, economic/financial) of adopting a proposal. Other criteria may be used to prioritize their proposals.

## Other Next Steps

In very broad strokes the 5 priority areas for amendment may include

- Exemption of LGUs from Salary Standardization Law, while maintaining the cap on PS.
- Make the position of all Heads of Department in the LGUs co-terminous.
- In terms of regulatory ordinances, allow LGUs to set their own standards, which may reasonably be higher than that set by national statutes.
- Authorize LGUs under their corporate powers to form corporations with either another public and/or private corp.
- Remove the cap on LGUs debt service

## Other Next Steps

8. Joint-Review of Amendment Proposals by the Senate and the House
  - As the legislative body of the government, these houses need to sit down together and review among others, the versions of their amendment proposals which are contradictory and agree on what version to propose or they reconcile the differences in their proposals and come up with unified proposal/s. This would facilitate the passage of such proposals once they decide to finally amend the Code

## Other Next Steps

9. Strengthen partnership between LGUs and national government agencies.
  - Close coordination between the national government and the LGUs
  - NGAs must recognize the autonomy of the LGUs and in turn
  - LGUs must align their programs and projects to that of the thrusts and mandates of the national government.
  - Synchronization and orchestration of PPAs.
  - Reinvent role of DILG
10. Continuous conduct of consultations and dialogues with stakeholders
  - Develop comprehensive trainings or retooling programs not only for the LGU personnel but also the NGA personnel

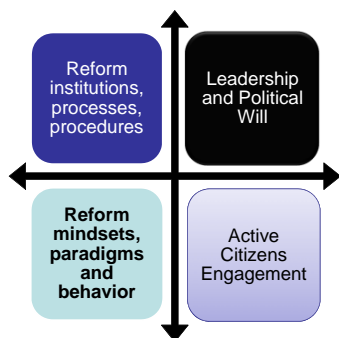
## Other Next Steps

11. Continue to enhance and redefine the role of the LGUs
  - Issuance of policies that support the process of decentralization.
  - Roles of stakeholders and different mechanisms should also be explored and maximized (e.g.. leveraging using financing, public-private partnerships, MOAs).
12. Focus and act on critical interventions
  - Stakeholders must focus and act on critical interventions like the incentives of health workers, the full decentralization of environment and natural resources and public works and highways.

In closing, let me end with two main thoughts to improve and deepen decentralization

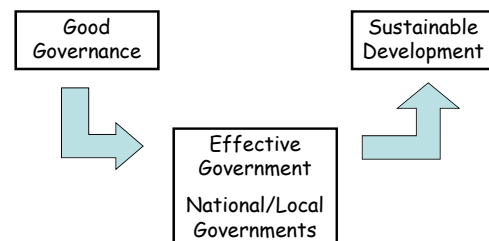
- The imperatives for reforms at 4 levels
- The need to recognize that devolution is returning powers to where they actually should reside, the people, which is the essence of decmocratization

### A REFORM FRAMEWORK FOR GOVERNANCE



Brillantes and Fernandez (2009)

### Strategic Framework for Sustainable Development



Brillantes 2006

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I end by sharing with you a picture I saw sometime back in a big store in the US:

They used the translation of “return” to “*devoluciones*.”



Can we therefore say that the process of devolution is really returning to local authorities and local governments the power that has been theirs in the first place which is really the essence of democracy?

Real power resides in the lower level where the people are.

*Just a Thought.*

A promotional graphic for CIMB banks in Southeast Asia. It features a green durian fruit hanging from a tree branch against a blue sky. The text reads: "Thailand, Malaysia, Singapore and Indonesia all hail one leader. No one knows Southeast Asia like we do." At the bottom, there are logos for CIMB THAI, CIMB BANK, and CIMB NIAGA.

Thailand, Malaysia,  
Singapore and  
Indonesia  
all hail one leader.  
No one knows  
Southeast Asia  
like we do.

CIMB THAI CIMB BANK CIMB NIAGA

*And perhaps, with strong local governments, and with good governance at the local and national levels, THE PHILIPPINES WILL BE INCLUDED AGAIN SOMEDAY. !*