Abstract

This paper discusses the evolving role of local government in the Philippines under an environment of local autonomy and decentralized structures. With the passage of the Local Government Code by Congress in 1991 which devolved powers and authority to local governments, they were given wide latitude to make vital decisions in governing their local communities. Thus, they were enabled and expected to assume new and wider roles in local governance through innovation and changes in the local structures, though with limited resources. Within this changing context, this paper presents and discusses some issues and concerns which beset the implementation of their enabling role. It also presents two documented case studies which illustrate the shifting of roles of local governments from that of a traditional bureaucratic enabler to a market-oriented or community-oriented enabler.

Key words
Local government, governance, devolved, private sector, enabling, NGO’s

THE CHANGING ROLE OF LOCAL GOVERNMENT UNDER A DECENTRALIZED STATE

The case of the Philippines

Perla E. Legaspi

Perla E. Legaspi
National College of Public Administration and Governance
University of the Philippines
Taft Avenue
Manila, 1000
Philippines
E-mail: legaspip@yahoo.com
INTRODUCTION

The Philippines has a long history of centralism. From the colonial Spanish regime to the recent Marcos era, the country has had a strong national government whose powers were concentrated at the centre. Attempts to decentralize powers proved futile during those times.

In 1986, the Aquino government adopted decentralization as the development framework of the national government. To attain more quickly its envisioned developmental goals and objectives, the Government decided to transfer power, functions and responsibilities from central government to the sub-national level. In 1991, therefore, the Local Government Code was passed by Congress. This potentially revolutionary piece of legislation altered power relationships between the national government and the local governments. Some basic services and functions that were traditionally delivered and performed by the central government were transferred to local government and it was given the power to appoint the personnel involved in the delivery of these services. Local government was also given additional local taxation powers and allocated a significant share from the collection of nationally imposed taxes, to be able to maintain and sustain the delivery of such services.

Due to these devolved powers and authority, local government in the Philippines was further given wide latitude to make vital decisions in governing their local communities. They were enabled, and expected, to assume new and wider roles in local governance through innovation and changes in the local structures, though with limited resources. Most of all, they were expected to organize more intervention in the local economy to bring about more economic development activities in the community. Within this changing context, this article will present and discuss the evolving role of local government in the Philippines.

THE CHANGING ROLE OF LOCAL GOVERNMENT

In a highly competitive and fast-changing environment, local government in the Philippines is challenged to search for alternatives or ways to effectively respond to the demands and needs of the community which it serves. To be able to meet such challenges, it becomes imperative for it to re-examine and redefine its role in light of community interests, needs and demands. In this context, the enabling model of local government is highly relevant.

Clark and Stewart (1994: 235; see also Osborne and Gaebler 1992) define this enabling model in terms of ’strengthening the capacity for self-governance within a local community, using whatever resources and channels (internal or external) seem most appropriate’. This definition implies that local government has to start from identifying the needs of the community and to use its powers to meet the identified needs. This further implies that given a range of powers and authority, local
government is able to seek ways of delivering services, to organize interventions to the local economy thereby stimulating more economic activities in the local area and to provide the necessary framework for more private sector participation in local developmental activities.

Leach et al. (1994) have suggested four models of such enabling authorities. These are the traditional bureaucratic authority, the residual enabling authority, the market-oriented enabling authority and the community-oriented enabling authority. The traditional bureaucratic authority emphasizes strongly the role of local government as service provider rather than as a mechanism for community governance. This role is limited by a low level of financial and policy autonomy. The residual enabling authority is responsible for providing a limited set of services that cannot be delivered through the private market or through some other mechanisms such as public corporations or agencies. In other words, the local authority only provides those services that cannot be provided by the market.

The primacy of the external market is also seen in the market-oriented enabler. However, this type of enabling authority plays a more active and much stronger role in relation to the economic development of the community. The local authority provides the lead role in planning and co-ordinating local economic development. It provides mechanisms and incentives to pave the way for more economic activities in the community. In this regard, the local authority places emphasis on a long-term planning approach to infrastructure development, which provides the necessary framework for the effective operation of the local economy. Finally, the community-oriented enabler views the role of local authority as that of responding and meeting the needs of the populace through various means. What is emphasized here is the existence of participative mechanisms whereby the citizens can play an active role in local decision-making processes.

The above models of enabling authority suggest that local government can have a significant degree of choice as to which direction it has to take. However, the adoption of the market-oriented and community-oriented models presupposes a strong role for local government. This implies that there is difficulty in moving towards the direction of a market-oriented enabler or a community-oriented enabler if the local government is weak, if it has either a limited range of functions/responsibilities or a low level of autonomy in terms of finance and decision making and if a high degree of external control is exercised by central government or authority.

Based on these models, the pre-existing role of Philippine local government is that of the traditional bureaucratic enabling authority. It has a strong public sector orientation and places emphasis on the delivery of goods and services. But this delivery role is hampered by its limited range of functions and responsibilities as well as by its limited powers and authority in terms of finance and local decision-making processes. However, the new Local Government Code has provided for a stronger role of local government. The devolved powers and authority have provided local government, in theory, with a significant degree of choice in moving towards the direction of market-
oriented and community-oriented enabling authority. The reality of this move will be explored here.

**THE LEGAL FRAMEWORK FOR THE CHANGING ROLE OF LOCAL GOVERNMENT**

To make local government more self-reliant, four areas of authority have been devolved to them.

**Devolution of services/functions**

The Code has provided for the transfer from central government to the Local Government Units (LGUs) of local services and functions such as agriculture, health, social services, maintenance of public works and highways and environmental management and protection. It has also provided for the transfer of field personnel to the LGUs who, prior to the passage of the Code, were national government employees.

**Appointment of local officials**

The chief executives of local government are now empowered to appoint local officials paid wholly or mainly from local funds. Before the implementation of the Code, the local treasurer, assessor and budget officers, responsible for the financial planning and management of the LGU operations, were national government appointees. The assessor and the budget officers are now LGU appointees.

**Financial matters**

A significant provision pertains to the increased share for local governments of the Internal Revenue Allotment (IRA). This has increased to 40 per cent from 20 per cent. The rationale for this is to enable the LGUs to maintain and sustain the devolved functions and services. LGUs are also empowered by the Code to contract loans with financial institutions and to issue bonds to finance the construction and the implementation of projects.

**People participation in governance**

The Code has mandated the representation of non-governmental organizations accredited by the LGU in local special bodies such as the local development council and the local
school and health boards. It has also provided for joint ventures and other co-operative mechanisms between the LGU and the private sector in programmes or projects concerned with the delivery of basic services, capability building, livelihood projects and the development of local enterprises designed to improve productivity and income. This is a significant structural change in the governance of communities.

EXTENT OF IMPLEMENTATION OF THE CODE

The study on the implementation of the *Local Government Code* conducted by the Local Government Centre of the University of the Philippines (Legaspi 1995; Legaspi and Santiago 1998) reveals that most of the LGUs covered by the research have not implemented these significant provisions. This finding is validated by the results of the further ongoing research conducted by the Associates in Rural Development, Inc. (ARD 1998/1999).

Devolution of services/functions

Most of the LGUs have indeed absorbed and implemented the devolved services/functions. However, this implementation has been mediated by the development agenda of each LGU and by the perceived relevance of the service or function to the existing community problems and needs. For instance, services or functions relative to population and environmental management have been implemented by some LGUs but not others – because these are not considered priority concerns.

Some LGUs, particularly the lower income classes of municipalities, cannot fully implement some services because of lack of financial resources to maintain and sustain them. The ratio of the cost of maintaining and sustaining the devolved services to the total IRA shares of LGUs ranges from 25 per cent to 68 per cent among the municipalities (Legaspi 1995). Considering that there are other functions that have to be performed by LGUs besides the devolved ones, this would mean a reduction in the proportionate share income allocated to other economic development projects.

Appointment of local officials

Although the Code has provided for mandatory positions which have to be appointed by the local chief executives, a number of them had not been appointed, such as the positions of municipal accountant, engineer and planning and development co-ordinator. However, other officials had been appointed to optional positions, such as the environment and natural resources officer and co-operatives officer. The study noted that the appointment of officials to mandatory and optional positions seems to
depend on the perceived need of the LGU for the position and the ability of the LGUs to recruit qualified and competent personnel. There is a dearth of technically competent people at the municipal level that undermines this development (Padilla 1992; Tapales et al. 1996).

**Financial matters**

The study has shown that the annual income of the sample LGUs has increased, primarily due to their increased IRA shares. However, their annual expenditures have also grown due to the cost of devolved services or functions. As such, a number of the LGUs have incurred deficits in their financial operations (Legaspi 1995; Legaspi and Santiago 1998). This suggests that the LGUs could not depend entirely on their local taxes and fees as well as on their IRA shares from the national government. They have to resort to other mechanisms to be able to generate financial resources for the prosecution of economic development projects.

In the case of partnerships with the private sector, many LGUs that are rural based have not forged agreements with the private sector because many companies are not interested in such projects, due to the expected low rate of return of investments. Many LGUs have also not contracted loans from financial institutions to finance the construction of infrastructure facilities because their requirements are too stringent. One requirement is the putting up of an equity equivalent to 15 per cent of the total loan (Legaspi 1996). For a small municipality that has an annual income of about P10M, it cannot afford a loan of about P20M to construct a public market. Finally, the issue of bonds, considered to be an innovative approach, has not been tried by many LGUs. Only a few are bold enough to experiment with such an approach.

**The extent of people participation**

This has been equated with NGO participation. Some LGUs have accredited a number of NGOs and have given them memberships in the Local Development Council and other local bodies. However, in some LGUs, the accreditation process has been made difficult due to the imposition of stiff auditing requirements by national agencies (such the Security and Exchange Commission). As a consequence, many NGOs have lost interest in seeking local accreditation.

Moreover, local chief executives are wary of NGO participation in local bodies because many leaders of NGOs in their areas were their former political opponents. Thus, the intentions/purposes of NGO participation in local governance is subject to suspicion. Finally, although a number of NGOs have been accredited and have representatives in local bodies, little else has happened. No meaningful activities/plans have taken place after conducting initial meetings.
ISSUES AND CONCERNS

The Code has expanded the local government sphere of functions and responsibilities and its ability to generate more financial resources. It has also allowed for more effective community governance through the institutionalization of people participation via NGOs. In other words, the Code has provided potential avenues for the exercise of an enabling role by local government, particularly the market-oriented and/or community-oriented role. However, some issues and concerns still beset the implementation of this enabling role.

The first issue concerns the financial capacities of local government. Many local governments are rural based and therefore do not have large and broad tax bases. As such, despite the taxing powers given them, they are not able to generate enough resources because there are only a few business establishments to tax in the area. While their income has increased due to their increased share in the IRA, the added income has not offset their level of expenditures, as outlined above.

Moreover, many LGUs have remained conservative in their resource-generation approaches. They still depend largely on their local taxes and national government allotments. Despite the mechanisms for LGU–private sector partnership, they have not developed much.

A second concern is the LGUs’ difficulty in recruiting technically trained and competent personnel at the local level. As noted earlier, some of the mandatory positions are not filled up by the LGUs because of this. This situation does not enhance effective implementation of local developmental programmes. Finally, the existence of political ‘partisanship’ at the local level appears to have affected the participation of NGOs in local governance.

Despite these mitigating factors, however, a number of LGUs have attempted to make use of their devolved powers and authority. Some have shown that they have moved towards the direction of a market-oriented enabling role by playing a more active role in local economic planning and by providing more incentives and mechanisms for the growth and development of enterprising activities. Their role has also shifted towards the direction of a community-oriented enabling role by attempting to address the various community needs through networking and linkages with the NGOs. Two documented case studies (Joaquin and Cabo 1996) will illustrate this point.

The municipality of Malalag

As an agricultural town, Malalag’s financial resources were heavily dependent on the national government IRA, while the municipal organizational structure was not geared towards economic development. Given this scenario, the municipal leadership developed
a vision for Malalag to transform it into a provincial agro-industrial centre. It launched the ‘Strategic Development Interventions’, which focused on:

- reorganization of the municipal government to be able to support the promotion of the agri-industrial programme;
- installation of a Revenue Mobilization System which made use of innovative approaches to encourage the citizenry to pay their taxes. The system also included ways by which the municipal government was able to obtain funds from outside agencies and financial lending institutions;
- the preparation of a Comprehensive Development Plan which made use of a Revised Land Use Plan taking into consideration the Area Industry Plan of the area;
- partnership with the private sector and local groups in the preparation of plans inputted to the Comprehensive Development Plan of the town;
- capacity building efforts for all the local development actors including local government officials and employees and the NGO representatives.

The municipality of Guagua

Devastated by the volcanic eruption of Mt Pinatubo in 1991, the local leadership developed a vision for Guagua that would push for economic development in the area as well as working for environmental conversion and sustainable development. Thus, a programme on Integrated Tree Planting was prepared by the municipal government, focused on the propagation of Ilang-Ilang and Sampaguita seedlings. Their flowers are known for their sweet smell and are therefore valuable to both the perfume industry and flower shops.

The project was seen to play an important role in reforesting and ‘greening’ the municipality. It forged an agreement with the beneficiaries (mostly farmers and out-of-school youths) through a contract with the municipal government to care for the plants. The Sampaguita seedlings were given to them on a loan basis, repayable over eighteen months with interest, and the Ilang-Ilang seedlings were given free. The whole project brought about positive economic gains both by sustaining a livelihood project among the community members and by embarking on environmental conservation.

CONCLUSIONS

The LGU has given local government in the Philippines an opportunity to shift its role from the traditional bureaucratic authority to that of a market-oriented or community-oriented enabler. Our research has detailed how the issues and concerns detailed above have militated against the effective implementation of change. However, the two cases
discussed subsequently have also demonstrated that, in spite of these constraints, some local governments have moved towards such enabling roles. Using their devolved powers and authority, they have taken an active role in planning the economic development of their communities. They have also linked up with the private sector or NGOs in harnessing their resources and participation in livelihood or community projects.

The LGU may yet, therefore, provide the right environment for the development of enabling authorities in the Philippines. Progress will be slow and difficult, however. What is important is that models of good practice are developing, to start the movement towards such forms of local community governance.

REFERENCES


