

March 6, 1998  
JICA SSS

IFIC Seminar Material / JICA Study  
Collaborative Study with Local Governments  
(The Study on Environmental Management Plan for the Environmental Model  
Zone in Dalian Municipality in the People's Republic of China)

This study focuses on Dalian Municipality which locates at the northeastern part of China. Recently, various environmental problems have emerged because of its large population, over five millions, industrial growth and rapid urbanization (including motorization). However, its administrative framework for the environmental protection has not sufficiently developed yet.

On the other hand, Kitakyushu Municipality, which keeps a friendship agreement with Dalian, used to be suffered from the similar environmental issues and had overcome the problems. As Kitakyushu has a lot of human resources of the industrial pollution control and environmental management, exchanging programs of environmental experts has been conducted since late 70's. Some technical seminars for the environmental engineers held in both cities.

Based on such relationship, Kitakyushu had suggested Dalian to establish an "environmental model zone" in order to introduce pollution control technology and experience from Japan. Then, Dalian had requested National Environmental Protection Agency (NEPA) of China to assist the implementation of "The Study on the Environmental Management Plan for the Environmental Model Zone." NEPA and State Science & Technical Commission submitted a formal request for the assistance of the Japanese Government in July, 1995. The proposed development study is supposed to formulate an environmental master plan of the central area of Dalian as an "environmental model zone" which aims at coexistence of environmental protection and socio-economic development.

With the acceptance of the request by the Government of Japan in January 1996, JICA dispatched a mission to Dalian for the preparatory study, which included three members from Kitakyushu Municipality, in order to discuss the scope of the study in August 1996. Since December 1996, the full scale study launched with the cooperative scheme among JICA, Kitakyushu Municipality and some governmental organizations concerned.

The study includes wide range of components mentioned below:

- 1) Present conditions of environmental pollution and pollutant (air, river,

sea water, noise and solid waste, etc)

- 2) Analysis of the pollution source
- 3) Simulation of environmental pollution
- 4) Examination and evaluation of the pollution control measures
- 5) Formulation of the environmental master plan
- 6) Prioritization of environmental improvement projects
- 7) Economic and financial evaluation
- 8) Technical transfer to the counterpart
- 9) Assistance for the environmental education

The Japanese study team consists of two teams. One is the consultants company members contracted with JICA (JICA study team), and the other is from Kitakyushu Municipality and Kitakyushu International Techno-Cooperative Association (KITA). JICA will dispatch the JICA study team for the implementation of the study and Kitakyushu also dispatch their own experts in order to collaborate with JICA study team. The final report will be submitted with a joint name of both JICA and Kitakyushu. Besides, JICA established an advisory committee, a technical consultative body for a smooth and accurate implementation of the study. This advisory committee, chaired by the development specialist of JICA, consists of members of Kitakyushu Municipality, the Environment Agency of Japan, and the Ministry of International Trade and Industry.

The Kitakyushu team will support following items.

- 1) Technical transfer of the measurement method for environmental monitoring
- 2) Environmental policy and administration including the law enforcement
- 3) Environmental education.
- 4) Cleaner production technology, making use of Kitakyushu's experience and skills of pollution control.

JICA study team will cover following items.

- 1) A team leader
- 2) Air pollution control measures and plan (stationary emission source and mobile emission source)
- 3) Water pollution control measures and plan
- 4) Urban planning / urban environment
- 5) Environmental sanitation improvement plan
- 6) Wastewater treatment plan
- 7) Noise control

## 8) Institutional development and others

The Kitakyushu team will support following items based on their strong points.

- 1) Technical transfer of the measurement method for environmental monitoring
- 2) Environmental policy and administration including the law enforcement
- 3) Environmental education.
- 4) Cleaner production technology, making use of Kitakyushu's experience and skills of pollution control.

Besides, JICA established an advisory committee, a technical consultative body for a smooth and proper implementation of the study. This advisory committee, chaired by the development specialist of JICA, consists of members of the Environment Agency of Japan, the Ministry of International Trade and Industry, and Kitakyushu Municipality. JICA study team and Kitakyushu team will consult each other in the meeting of the advisory committee and regular joint meeting. They are supposed to utilize their own unique skills and experience obtained.

In Japan, a local government is in charge of supplying services for urban environment, like water supply, wastewater treatment, and solid waste management. When environmental problems occur, local residents request their local government to control. This is the reason many local government have a lot of experience and human resources in the field of environment. The collaboration between JICA and a local government brings an advantage. This advantage is derived from the skills and knowledge of the local government, which reserves the environmental protection techniques and the actual experience of establishing/implementing the environmental policy. In addition, the follow-up activities after the completion of the study can be expected through the human resource exchange:

The local government also receives some merit. Namely, accomplishing a larger cooperation program, which the local government cannot implement by themselves, brings the positive achievement for the local government in the international cooperation field. In addition, such an activity would contribute to the publicity for the local communities, to the development of human resource with the global view, and to tightening the friendship relation between the local government and its counterpart city abroad.

**International Symposium on  
"Local Development and the Role of the Government"**

**organised by the Japan International Cooperation Agency (JICA)  
March 6, 1998, Tokyo**

**Presentation by Mr. Robertson Work, Principal Technical Adviser  
Management Development and Governance Division  
United Nations Development Programme**

**Local Development and the Role of Government:  
New Perspectives on Development Assistance**

As we discussed yesterday, the world's economic, political and social systems have undergone critical changes, the scope and impact of which are having multiple dimensions and implications on nation states in both developed and developing countries: implications that transcend geographic and cultural boundaries and which urgently require new forms of governing on both the national and international fronts.

Such changes have had a significant impact on the demand for the type of support and assistance of the United Nations Development Programme (UNDP). Governance has become central to all our work. This has not been a decision that has been made internally at UNDP - this has been a direct response to the increasing demands from our member countries for support in this area.

UNDP is increasingly assuming a leadership role in governance in international development. A division was established in 1995, the Management Development and Governance Division (MDGD), which is devoted to providing policy guidance

in the area of governance to UNDP in general and, in particular, to UNDP country offices:

UNDP support in the area of governance has traditionally been in the area of public sector management and financial and economic management. In the period 1994-95, UNDP devoted close to one-third of its development assistance to supporting governance activities. Over two-thirds of this assistance was allocated to projects in these areas. Recent analysis however shows that a significant proportion of UNDP funding is now being allocated to support in areas previously considered as either politically sensitive or sovereign, particularly support to the governing institutions, such as the parliament or the judiciary. A significant percentage of support in the area of governance is also now being used to support local governance through support to decentralisation strategies, support to strengthening local governance mechanisms, and support to civil society organisations at the local level. UNDP has a particular advantage in supporting such activities, given its close relationship with member countries, the trust it has engendered in these countries and its impartiality.

In the face of dwindling resources throughout the international development community, the organisation is also aiming to support activities of strategic significance, that is, activities which have a direct impact on issues of equity and poverty-related priorities.

Most of our work takes place at the country level - and most of our resources are devoted to our 136 country offices. The Country Offices work directly with member governments, and increasingly with civil society organisations, to identify, develop, implement and monitor development programmes based on the

development priorities of the country. Our work at the country level is wide ranging and we have gained some significant experience in the field of decentralisation and local governance. I would like to share one of these experiences with you today.

The first is UNDP support to the decentralisation process in Nepal. Throughout the past 15 years, UNDP's assistance to Nepal's decentralisation process has evolved from an informal advisory stage, through standard international technical assistance projects, to programmatic support of national initiatives. During this period, Nepal underwent a tremendous political transformation towards a more liberal and democratic society. UNDP assistance certainly did not cause the transformation but it can be credited with having the foresight to provide flexible and appropriate assistance to Nepal as it was undergoing radical changes in its governance institutions.

The Decentralisation Support Project, the first actual project in Nepal, began in 1992. It started with the idea that changes in both technical capabilities as well as the development orientation of local authorities were necessary to achieve long-lasting improvements. The project also quickly realised that local political authorities are not like bureaucrats who can be trained in specific skill areas and induced to change their behaviour with external incentives. Political representatives, on the whole, believe they have been elected because they are competent individuals and their primary incentive for adopting new behaviours is to win re-election. Therefore, the approach taken to infuse a participatory approach to development in their mind-sets was, of necessity, a catalytic one. It was designed as a client-centred learning practicum rather than a conventional training programme. The project served as a stimulus to encourage local leaders

to adopt specific changes. Individual local authorities responded with varying levels of agreement and intensity to these interventions. In all cases, right from their initial inclusion in the project, the choice was always theirs to opt out if they felt that continued association was no longer in their best interests.

The project was focused in six pilot District Development Committees. The key elements of support included information systems (GIS technology), planning methods, and communication techniques. Local databases were created, bottom-up planning and monitoring systems were put in place, and a series of communication techniques were used to improve the relations among politicians, bureaucrats, NGOs and citizens. The details of the system have changed over time but the essential features remain a solid orientation of all parties towards a participatory approach to development planning and monitoring and a firm grounding in accurate, local information.

To enhance the capabilities of the local authorities to operate in a participatory manner, the UNDP designed the system so that it was flexible, yet comprehensive. The intention was that an entire toolbox of assistance be made available to be used as deemed appropriate by the electoral leadership of the district. The final evaluation of the project noted that the project's success lay not in its technical perfection but in the level of ownership expressed by both the local leaders and their constituents.

One significant outcome of the project was encouraging the Chairmen of the six participating districts to establish their own Association. The Minister of Local Development also indicated his support. However the Chairmen remained reluctant to take such an unprecedented step that they felt would be seen as a move

to destabilise the central government. Since sixty of the seventy-five district chairmen were from the ruling party they felt a move to establish an Association of DDC Chairmen would be a step towards political suicide.

However, at the same time the District Chairmen were beginning to learn how to work together, the central government was coming apart. When the united communists formed a minority government at the end of 1994, they instituted a policy to provide an annual allocation of about \$6,000 to each of the 4,000 Village Development Committees (VDCs) in the country. This was an extremely unpopular decision among the DDCs, particularly as the funds were to be distributed directly to the VDCs, by-passing the DDC entirely. This meant that neither planning or monitoring could be coordinated by the district. Another reason for its unpopularity was that the funds were to be planned and managed by a group outside the elected VDC. This so called All Party Committee was judged by many to be an unconstitutional body.

The government decided to go ahead with its decision and this became a cause celebre among all 75 district chairmen. They felt that the process of decentralisation was being undermined and no one in the centre was willing to support their position. Immediately a decision was made by the original six chairmen supported by UNDP to push for the formation of the Association. Almost immediately after becoming organised the Association took the central government to court. They argued, eventually successfully, that the All Party Committee was an illegal creation. This helped to further increase the sense of solidarity among the chairmen. In 1996 they took the Ministry of Local Development to court after it had posted village engineers in all the villages without consultation with the VDC



or DDC and deducted the engineers' salaries from the VDC block grants without their consent.

In December 1995, the Decentralization Support Programme was replaced by a follow-up Participatory District Development Programme, building on the results obtained and lessons learned from the previous project and expanding assistance to another 20 districts. One success of the project was in late 1996 when the National Planning Commission committed itself to consider the district plans while finalising the national programmes, indicating the influence of the participatory development process in the promotion of decentralised governance. In early 1997 the UNDP-supported Local Governance Programme was also initiated, resulting in more than half the districts of the country being guided by the UNDP participatory process. This expansion could create a critical mass of support for further strengthening the authorities and capabilities of local government in Nepal.

Above all, the central lessons learned from the above process in Nepal was the importance and effectiveness of the concept of "ownership", when it is relentlessly applied to every level of the project, every activity, every aspect and every phase. This thorough application of the principles of ownership is even more important and more striking in a project whose main activities are directed to alter time-honoured ways of governance that are supporting entrenched interests and long-developed habits. Ownership in the above process has been used to gradually create a constituency at local and national levels for a potentially more effective way of mobilising development resources in rural areas. This project contrasts strongly with many donor-funded "policy dialogue" type projects which can be confrontational in nature, trying to impose new behaviours on resistant officials.

The focus on ownership provides a practical demonstration of an effective approach to changing and liberalising development policy and practice.

I would also like to share with you the experiences and lessons of one of our global programmes at UNDP which I spoke a little about yesterday and which I coordinated in its first six years of operations. The Local Initiative Facility for Urban Environment, popularly known as LIFE, has become operational at the community, country, regional, inter-regional and global levels with more than \$14 million in programme resources since its launch at the Earth Summit in Rio de Janeiro in 1992. LIFE is a community-based initiative operating in more than 60 cities in 12 pilot countries. It confirms the effectiveness of participatory local governance through local-local dialogue to address urban environmental problems affecting the poor: including priority issues of water and sanitation, waste management, environmental health and environmental education. In collaboration with local urban authorities, non-governmental organisation, community-based organisation and the private sector, the programme supports small projects that improve the local environment. These projects become the basis for policy dialogues and strategies for scaling up the assault on urban environmental problems that plague so many urban residents.

LIFE has learned many lessons, particularly at the country level which have been fed into each successive phase of the programme. These can be summarised in two areas: implementing the small projects and policy dialogue and scaling up.

First, in the implementation of the small-scale projects, LIFE has often provided the opportunity to communities in their involvement in urban environmental issues to begin to tackle other issues, such as health education or employment. Project

implementation also provides opportunities to build community problem-solving skills and develop group dynamics. This was evidenced in the Chamazi project in Tanzania where a community youth group and experts from the Ministry of Water solved a water problem by constructing a water distribution network from the river to the community centre. Water for domestic use was taken from the roofs of houses. The Chamazi project also included tree planting to help preserve the uplands and the river bank and to sustain the project over time. The youth group acquired basic skills in group dynamics and project management and learned the principles of sustainable environmental management.

A second important lesson learned is that collective pride in one's environment is the foundation of sustainable human development. The costs involved and the commitments necessary to sustain environmental improvements cannot be discounted in assessing the long-term success of the project. Recognising this, a number of LIFE projects have incorporated a fee collection to keep the project going. In the Solid Waste Collection and Recycling project in Peshawar, Pakistan, and in a similar project in Tanzania, LIFE requires the community to contribute 10 percent of the cost of the project, ensuring that they are serious about doing it and making clear that the costs are real. This commitment enhances the communities sense of pride and ownership in the project. The Mwaloni project in Tanzania is proposing that the fees the community-based organisation needs for maintenance come from the taxes collected by the municipality. At the same time, LIFE has learned that it can be difficult to collect in-kind or cash contributions promised by local authorities or communities.

In addition to selecting and approving proposals for small projects, the LIFE national coordinators and the national selection committees for the projects, have

conducted 199 city, national and provincial workshops with representatives of CBOs, NGOs, local authorities, national governments and the private sector. There is ample evidence that LIFE has had a profound influence on local and national dialogue and collaboration and that its results have improved urban environmental conditions in almost every community where the method has been used.

A key lesson in this is that when CBOs, NGOs, governments and international agencies first attempt to work together with the poor, women and marginalised persons, conflict is virtually inevitable, due to differing positions and perceptions. Carefully facilitated dialogue (sometimes long-term) can open the avenues of understanding to make compromise possible. Once cooperative work begins, alliances and partnerships can emerge to help stave off new conflicts that inevitably arise throughout the process.

A second lesson is that local-local dialogue is not only the key to the successful implementation and sustainability of small projects, it also builds the trust and collaboration essential to initiating policy dialogues and scaling up successful efforts. In one municipality in Jamaica, the mayor was the chief opponent to initial CBO project efforts, but he has since become the chief proponent for the approach and is adjusting policies to promote and support CBO initiatives. And it was the local-local dialogue that brought about the mayors transformation which has helped to ensure the success of the project.

A third lesson is that lessons and examples from small projects can be shared by their participants through local-local dialogues at community, municipal and country levels and through participation in larger projects focused on related

poverty and environmental issues. The actors involved in dialogues play unique and complementary roles. Their relations to each other are an important factor in the effectiveness of the dialogue that unfolds. In Egypt, too great a gap existed between the various parties involved in the dialogue, and this imbalance stifled cooperation and inhibited peoples' willingness to talk. While inclusive dialogue may start from mistrust and conflict, it can lead to compromise, cooperation and alliances. Thrashing out mistrusts and apprehensions among partners is crucial for creating an environment of trust.

LIFE, now into its third phase, is continuing to promote local-local dialogue in its pilot countries. The success of the LIFE project will, however, ultimately be measured by the extent to which the method and projects take on appropriate institutional forms in the countries where LIFE operates – and by its influence on policy at the community, municipal, national, regional and global levels.

In addition to project and programme activity, UNDP believes that the international development assistance can play a valuable and necessary role in supporting dialogue between key actors in governance. While such activities have frequently been supported at the country level, UNDP convened the first UN International Conference on Governance for Sustainable Growth and Equity in July 1997. The Conference brought together more than 1,200 participants representing national and local governments, including mayors, civil society organisations, and parliaments from most of the member states of the UN. It was also organised in collaboration with a number of international development agencies and networks, including the International Union of Local Authorities, the Inter-Parliamentary Union, the International Council of Voluntary Agencies, and

the World Alliance for Citizen Participation, bringing many of these actors together for the first time.

It is becoming increasingly evident that governments cannot work alone in providing a secure and stable social and economic environment, particularly for the most vulnerable. It is only by fostering cooperation, partnership and collaboration at all levels – local, national, regional and global –that we will be able to achieve the universal goals of equality and prosperity for all. Bringing people together and allowing all to participate in influencing the futures of their nations, is a first and critical step in the national and local governance process.

I have selected the above to share with you some of the significant lessons we are beginning to learn at UNDP in the area of decentralisation, and particularly decentralised governance, and the role that UNDP, as an international development agency, can play in these processes. Our work in collecting and analysing lessons from our country level experiences has only just begun. We are looking forward to working with other international agencies and bilateral donors in sharing lessons learned and best practices in this area.

## **Factors to Consider in Designing Decentralised Governance Policies and Programmes to Achieve Sustainable People-Centred Development**

**Management Development and Governance Division  
United Nations Development Programme, New York**

**February 1998**

### What decentralisation is ....

- **A counterpoint to globalisation**

Decentralisation is a counterpoint to globalisation. Globalisation removes decisions from the local and national stage to the global sphere of multi-national or non-national interests. Decentralisation on the other hand brings decision-making back to the sub-national and local levels. In designing decentralisation strategies it is necessary to view the interrelations of these various dimensions – global, regional, national, sub-national, local. In this regard, the role of the nation-state gains increased importance as a mediating force between the forces of globalisation and localisation.

- **An integral part of democratisation**

Decentralisation is an integral part of the logic of democratisation – the power of a people to determine their own form of government, representation, policies and services. In designing decentralisation strategies it is important to ensure adequate processes of accountability, transparency and responsiveness by all societal actors.

- **A phenomenon involving multiple areas, actors and sectors**

Decentralisation is a complex phenomenon involving many geographic entities, societal actors and social sectors. The geographic entities include the international, national, sub-national, and local. The societal actors include government, the private sector and civil society. The social sectors include all development themes - political, social, cultural and environmental. In designing decentralisation policies and programmes it is essential to use a systems-approach encompassing these overlapping social sectors and the different requirements which each makes.

- **A logical application of core characteristics of good governance**

Decentralisation is the logical application of the core characteristics of good governance at the sub-national and local levels. These characteristics include accountability, transparency, rule of law and responsiveness. In designing decentralisation policies and programmes, the core characteristics of good governance provide a set of practical guidelines to follow in designing mechanisms which will “operationalise” these principles.

- **A mix of three types of functions and relationships**

Decentralisation is a mixture of administrative, fiscal and political functions and relationships. In the design of decentralisation systems all three must be included.

- **A mix of four dimensions**

Decentralisation involves four dimensions – the collective/exterior, the collective/interior, the individual/exterior and the individual/interior. The collective/exterior has to do with the institutional and legal forms and procedures. The collective/interior deals with the societal culture – the set of values and assumptions which are often unspoken or unacknowledged but nevertheless play a powerful role in human relationships. The individual/exterior dimension has to do with the observable behaviour of individuals within the various societal institutions, whether government, private sector or civil society. The dimension of the individual/interior deals with the mindset, world view, mental models, emotions and intuitions of individuals within institutions. Effective decentralised governance planning must be based on an analysis of these four dimensions.

- **A new form of communication**

Decentralisation involves new communication and information flows between each geographical area, societal actor and social sector. The district level is often a useful platform for the coming together of national and local actors for dialogue, decision-making, budgeting and reporting.

### What decentralisation is not ....

- **An alternative to centralisation**

Decentralisation is not an alternative to centralisation. Both are needed. The complementary roles of national and sub-national actors should be determined by analysing the most effective ways and means of achieving a desired objective. For example, a national road system should be designed with both local input and national coordination. Foreign policy should be a national function based on the views of the citizenry. Solid waste management should primarily be dealt with through local mechanisms. And so forth. In designing a decentralisation strategy it is imperative that such an analysis be done.

- **Exclusively public sector reform**

Decentralisation is much more than public sector, civil service or administrative reform. It involves the roles and relationships of all of the societal actors, whether governmental, private sector or civil society. The design of decentralisation programmes must take this into account. This is why UNDP prefers the use of the term “decentralised governance” rather than the term decentralisation.



## Why decentralise?

- **To achieve the goals of sustainable and people-centred development**  
Decentralisation is a form and process of governance. Just as there can be good governance at the national level there can be good decentralised governance. Good governance includes the mechanisms and processes which enable a society to achieve more sustainable and people-centred development. Good decentralised governance includes the forms and procedures that allow a society to achieve at the sub-national and local levels the goals of poverty eradication, sustainable livelihoods, environmental regeneration, and gender equality. It is therefore imperative that in the design of decentralised governance policies and programmes these long term goals be reflected in the mechanisms and institutions being proposed at the national, sub-national and local levels. It cannot be assumed that these goals will automatically be achieved through decentralisation. They must be *designed into* the decentralisation process itself.

## How to decentralise?

- **Consider the existing cultural DNA**  
Decentralisation is affected by the “cultural DNA” of a society – the images, assumptions and internal stories people operate out of regarding issues of authority, role of government, role of the citizen, conflict, consensus, power, role of elites, role of the poor, the role of women, the role of capital, etc. In order to design effective strategies and mechanisms of decentralisation, it is necessary to analyse the underlying cultural DNA which gives rise to the actual behaviour and relationships entailed.
- **Consider changing relationships**  
Decentralisation always involves changes of relationships between and among different societal actors, social sectors and geographic areas. These changes can be threatening or can be seen as enabling for all parties – a win-win situation. In designing decentralisation strategies it is necessary to think through the most effective approaches to making changes in relationships of power, authority and responsibility based on the motivation and self-interest of the various parties involved and the common objectives shared by all groups and individuals. It is necessary to empower and build the capacities of the weaker actors and to provide incentives for each party to make the desired changes.
- **Consider timing and sequencing**  
Decentralisation is a long-term effort in which timing and phasing are crucial. In designing and implementing decentralisation an evolutionary approach should be adopted rather than a “shock treatment.” Even so there is no universal recipe for the sequencing of decentralisation.
- **Consider enhancing mechanisms of participation and partnership**

Decentralisation is increased in effectiveness through mechanisms of full participation and partnership. Participation must involve all the societal actors playing their optimal and legitimate roles in policy formulation, resource management and service provision. Popular participation is crucial in each phase of decentralisation, from situational analysis, design, implementation, monitoring, evaluation and feedback. Partnership must be based on mutual trust and understanding of the various actors, acknowledging that each has both strengths and weaknesses. Each actor must both enable the other actors in their legitimate roles and hold them accountable if they step outside their legitimate mandates. It is important to select suitable entry points for partnerships which allow for collaborative efforts among the different actors. Funding should be made available for micro-projects involving collaboration. The design of decentralisation efforts must promote both participation and partnership formation.

- **Consider the mental model which is being used**

Decentralisation as a term concept from a mental model containing a centre and a periphery. This is only a model just as a pyramidal social structure is only a mental model. When we view a society as a whole system we see not vertical layers (as in a pyramid) or concentric layers (as in the centric model), but rather a horizontal playing field with autonomous yet interrelated actors, sectors and geographic areas. Hobbes provides us with another mental model of a society – the human body. In designing decentralisation policies and programmes it is necessary to be self-conscious of the mental model one is using and if necessary to adapt or completely change the model to better fit reality.

### What is a donors role?

Decentralisation is a sensitive national issue. Donors should not attempt to control this process but to play a facilitative role. Donors should see decentralisation as a learning process and should allow for mistakes to be made and learning to take place. Donors should use a process consultation approach in the design of programmes involving the local and national actors in each phase of the programme cycle.

WAYS AND MEANS OF COOPERATION AND PROJECT DETAILS--  
HOW WE'VE CHANGED THE WAY WE SUPPORT LOCAL  
GOVERNANCE IN THE PHILIPPINES

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Earlier, during the Local Development Assistance Program, USAID staff worked in the background of local governance. Through policy studies, networking, and conditionality, there was sustained effort to put the Local Government Code of 1991 in place and ensure timely drafting of enabling regulations. Then it was time to help make autonomous local governance "real." My colleagues (I was working in Washington at the time) made crucial decisions about our approach--to work directly with the strongest local governments, not the weakest; to "advertise" for partner governments; to studiously avoid pre-determining technical content of project activities; to help local governments do what they want to do; to not work through the central bureaucracy; to work closely with local government leagues.

These decisions brought significant operational changes:

*We've re-thought our theories of "why":*

- Unlike most other donors and Manila opinion-makers, we seldom dwell on the "problems" of local governments.
- We work in this sector because we see positive opportunities--a progressive Local Government Code, skills and traditions to build on, dynamic, creative leaders, a growing body of "good practice."
- To reiterate a point from yesterday, our Rapid Field Appraisals describe positive trends.
- Other surveys emphasize "problems" of local governments, and of course find a lot. When asked the "right" question, even the most dynamic leader will offer a long list of weaknesses.
- "Problem" surveys lead to predictable solutions--classroom training, lockstep capacity-building programs, standardized management systems.
- We're more impressed with differences among local governments, and with capacities already in place. This leads to a different theory of "how" to support local governance.

*We've rethought our theories of "how":*

- In essence, our bottom line isn't "technical capacity" but "entrepreneurship." We want to enable politicians, local government employees, civil society, business, and ordinary citizens to be dynamic and creative.
- To achieve this, we think it's most useful to work with "the best" and help them do what they want to do. ("Demand-driven programming.")
- Our strategy isn't to transform every local government, but, working with the best, to support "breakthroughs" that can be widely shared among local governments.
- The emphasis of our GOLD project is on broad sharing across project sites, as local governments request training, TA, cross-visits, documents, and advice from each other.

--The next challenge is information-sharing across the country. Possible approaches include: "sister LGUs," more extensive cross-visits, and a range of information-sharing through the local government leagues--newsletters, database searches, web pages, "sharing sessions."

*We've learned to think differently about "training" and "capacity building":*

--Our project activities support little classroom training. Instead there is "just-in-time" training. Adult professionals and citizens are taught enough to accomplish some task they have decided to take on.

--"Technical Working Groups" decide what they want to do, then what they need to learn.

--Then, instead of assigning trainers, project staff find appropriate, short-term advisors, or help to design participatory events where leaders and citizens exchange views and make plans.

*We're re-thinking planning:*

--We haven't rejected the notion that careful data collection and good analysis are useful in planning. They are potentially valuable.

--However, our observation about most plans is that they sit on the shelf, seldom consulted and largely without influence, no matter how good the data collection and analysis.

--Thus, we've concluded the "bottom line" isn't excellent data collection and analysis, but broad participation in making plans and extensive "buy-in" after they are made.

--Thus, our current emphasis is on short-term, participatory planning. These 2-3 day exercises don't ignore available data, and in some cases use it extensively. But the emphasis is on the Technologies of Participation and tapping the knowledge and views citizen/participants already have in their heads. (Example: 250 Barangay Planning & Budgeting workshops.)

*We're even re-thinking financial assistance:*

--Of course we're not prepared to argue money is unimportant.

--We're assisting four provinces and 20 municipalities as they work to dramatically increase real property tax assessments and collections.

--We're helping local governments as they seek commercial loans, consider floating municipal bonds, and seek to negotiate build-operate-transfer agreements.

--But our project assistance is limited to TA, "facilitation" services, and a little cost-sharing; there's no infrastructure or cash grants.

--Many breakthroughs achieved by our local government partners involve little or no money.

--They're such things as more effective meetings, more participatory planning, multi-sectoral management groups, multi-municipality commissions.

--There is also a pleasing trend toward programming modest amounts of essential funds in annual budgets, for example a modest line item to support a new Environment and Natural Resources Management Council.

*We're starting to think about future directions for our local governance assistance. This inevitably leads to thoughts of donor collaboration:*

--We invite other donors to join us in working directly with local governments.

--(We can provide documentation on our multi-sectoral "project steering committee" and our work with the local government leagues.)

- Participatory planning and local feasibility analysis are resulting in promising packages for fund sourcing. We're glad to see donor resources, e.g. the Municipal Development Fund, are being made more accessible and flexible.
- However, we hope donor funding will be respectful of ongoing efforts to build financial self-sufficiency (for example, we hope efforts to pioneer municipal bonds or build-operate-transfer agreements, or privatize local services, will not be undercut by cheap loans or grants).
- Where there has been serious attention (and buy-in) to local plans, we hope donor assistance for infrastructure and service programs will be consistent with those plans.
- We welcome opportunities to collaborate with other donors' projects in sharing technical expertise, facilitation services, good practice information, etc.
- We're particularly excited about opportunities to work with other donors on strengthening the local government leagues.

# Governance and Local Democracy Project

## Background

The Local Government Code of 1991 actualized the Filipino people's commitment to decentralized, democratic governance and sustainable development. As an enabling instrument, that landmark legislation opened immense opportunities for local development initiatives and for greater community participation in governance. Since the Code's implementation in 1992, communities and their local governments have responded with unsurpassed enthusiasm and creativeness, resulting in remarkable gains.

The *Governance and Local Democracy (GOLD) Project* is designed to demonstrate that, through a decentralized system of governance, local communities can accelerate the development process through autonomous planning, local revenue generation, and improved service delivery. Consistent with the tenets of local autonomy, the GOLD project hopes to achieve this through a strategy of *assisted self reliance* and provision of technical support on a demand driven basis. Under this strategy, a major consideration is a local government's interest to develop on its own, but recognizing its limitations, seeks support in areas of concern that the community itself defines. In that support, emphasis is placed on enhancing the ability to access and use resources more effectively.

### GOLD Project Sites

Bohol Province  
Bulacan Province  
Capiz Province  
Cotabato Province  
General Santos City  
Lanao del Norte Province  
Naga City  
Negros Oriental  
Nueva Vizcaya Province  
Palawan Province  
Sarangani Province

Started in 1995, GOLD works with nine (9) Provinces and two (2) highly urbanized cities selected through a participatory process. The Project Steering Committee consists of project partners and is chaired by a Local Chief Executive.

## Purpose and Strategy

The GOLD Project seeks to bring about more responsive democratic institutions with greater citizen participation for local governance and development. The purpose is to achieve effective local governance with maximized popular participation in selected local government units and establish a functioning system of communication support replication.

The GOLD Project strategy supports selected local communities in their efforts to:

- Enhance participatory decision-making processes;
- Identify and achieve improved performance in governmental operations;
- Strengthen supportive organizational linkages at the local and national levels; and
- Address policy roadblocks that constrain local governance and development.

The strategy is premised on *assisted self-reliance*. This involves using external resources to strengthen local capacities to initiate and manage activities that benefit the community. It means working with the public and private sectors on activities that bring about development. It also means supporting local communities-their local governments and NGOs-on a demand-

*driven basis: i.e., giving support in those areas where such is most needed as defined by the local communities themselves.*

## Activities

GOLD Project activities fall under five categories:

- Strengthening of Participatory Mechanisms
- Local Government Action Areas
- Support for the Local Government Leagues and NGO Networks
- Policy Support
- Institutionalizing Communication Systems

## Breakthroughs

*Strengthening Participatory Mechanisms:* GOLD institutionalizes participatory modes of delivering technical assistance through (a) mobilization of Code-mandated local special and multi-sectoral bodies, and customized application of group process facilitation methods in the delivery of technical assistance.

- GOLD has trained 920 participants in basic group facilitation (Technology of Participation) methods drawn from local government partners, GOLD technical protocol teams, and other USAID-supported projects.
- GOLD piloted additional facilitation and special-purpose training courses for Barangay officials and advanced-level facilitators.

*Resource Mobilization and Management:* GOLD's provides: 1) the Real Property Tax System (RPTS) assistance, 2) Fund Management Information System (FMIS) assistance, and 3) general revenue generation-related technical assistance, and 4) *Human Resource Mobilization and Management* assistance in support of service delivery improve initiatives identified by local governments.

- Provincial Technical Assistance Teams in all four RPTS protocol sites are redesigning property tax assessment and collection processes.
- Negros Oriental's five-year Financial Management Information System (FMIS) Plan was approved by the Provincial Government and a rapid assessment of Nueva Vizcaya's FMIS needs is underway.
- Bohol, Nueva Vizcaya, Lanao del Norte, Negros Oriental, Naga City and Capiz are implementing systematic interventions to build capacity for implementing and managing organizational change for improved service delivery. A key focus is to provide local government officials with appropriate tools, technology to understand, lead, and manage change through participatory mechanisms.
- Cotabato was awarded by the Department of Health at the Third National Health Assembly for the GOLD-supported Municipal Health Planning and Budgeting Workshops

and Hospital Boards were created in all public hospitals to improve management oversight of service delivery.

- Naga City formulated a 3-year Health Services Delivery Plan in response to priorities set in the previous GOLD-supported multi-sectoral conference for improved health services.
- GOLD developed a participatory local planning-budgeting process in five GOLD sites for 204 local governments to help: 1) make local planning and budgeting processes more participatory, 2) link plans with budgets, and 3) make plans and budgets more responsive to development needs and priorities.

*Development Investment Prioritization and Promotion:* GOLD assistance includes two types: (1) Investment Promotion and (2) Project Development for Resource Mobilization

- Investment Promotion Offices or Resource Management Centers have been created to assist established businesses and attract new investment in potential projects and Cotabato held its first Trade and Investment Exposition with the assistance of the Department of Trade and Industry and GOLD.
- Local Governments in Palawan, Capiz and Bohol have undertaken feasibility studies of infrastructure, irrigation, and agro-industrial projects using their own resources and expertise in collaboration with the private sector.
- Municipalities in Capiz developed project specific master plans, operationalized a joint venture enterprise in partnership with the private sector, and explored innovative financing modes for funding the expansion of a public market.
- Eight municipalities in Capiz initiated the Inter-municipal Water Supply System Project to improve services while capitalizing on economies of scale to reduce costs to citizens.
- A Rural Waterworks Association in Palawan is receiving assistance to rehabilitate the water supply system and the watershed from which the town's water supply is sourced. GOLD provides guidance in developing the association's collection and financial management systems, and to strengthen the relationship between the association and municipal government.

*Environmental Planning and Management:* GOLD assists local governments to work more closely with their citizens to define priority problems, initiate achievable actions, and fund these initiatives using local resources. Sixty-two locally initiated projects are currently underway.

- Solid waste management programs have been launched by participating local governments that include a waste recovery center in Bulacan, collection and dumpsite improvements, segregation schemes, and integrated SWM approaches in General Santos and Metro Dumaguete.
- Local governments in Capiz have decentralized coastal resource management responsibilities and four municipalities have joined to jointly manage Pilar Bay, a shared resource.
- Local governments in Sarangani, Bohol, and Nueva Vizcaya have initiated tree farming programs with private sector support, assumed the management of watershed and reforestation projects from the national government, and implemented the first local government-initiated Community Based Forest Management Program in the country.



- Local governments in Palawan, Bulacan, Bohol, Capiz, Naga City, General Santos City and Cotabato have incorporated participatory modes into their development and environmental planning process.

*Policy and Communication:* GOLD's Policy and Communication assistance helps local governments and the Leagues of Local Government to develop their own capabilities, and monitors GOLD site protocol activities to formulate emerging policy issues.

- GOLD presented the results of the 7<sup>th</sup> *Rapid Field Appraisal of Decentralization* to national government agencies, the leagues of local government, and the media.
- Thirteen Occasional Papers were published on local finance, police supervision, personnel management, health services, opportunities for improving local government-NGO relations, reforming the municipal development fund, inter-local cooperation, and resource allocation disparities.
- A key focus is assistance to the Leagues of Local Government and DILG's Oversight Committee in their review of the 1991 Local Government Code and support in creating the new League of Leagues of Local Government.

#### **Implementing Agency**

The *Governance and Local Democracy (GOLD) Project* is a United States Agency for International Development (USAID)-sponsored technical assistance program to the Government of the Republic of the Philippines. Technical support is provided to participating local governments by ARD, Inc., a consulting firm with a strong international track record in decentralization and local governance concerns. ARD previously implemented the successful Local Development Assistance Program (LDAP) which provided valuable support to the Philippine Government's decentralization effort from 1981 to 1994. ARD is assisted by OIICI, GFG, HERS, and PADCO through subcontract arrangements.

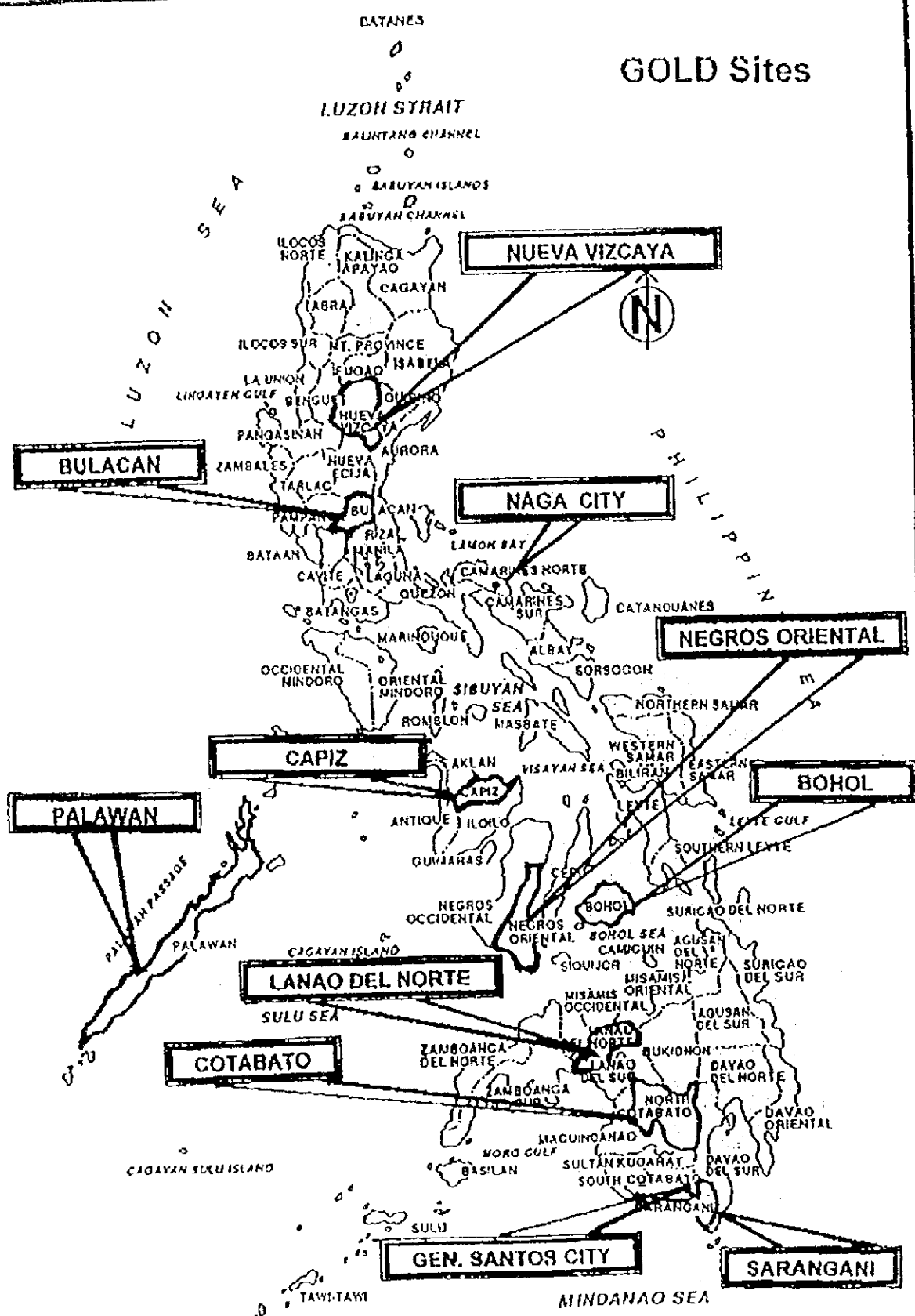
For institutional development assistance to NGOs and the Leagues of Local Government, USAID provides separate grants to the Philippine Business for Social Progress (PBSP) and the Evelio B. Javier Foundation (EBJF).

For additional information on the GOLD Project, please contact.

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# GOLD Sites



## SYNOPSIS OF FINDINGS

### SEVENTH

## RAPID FIELD APPRAISAL OF DECENTRALIZATION

### Summarizing Past RFAs

July 1992 saw newly elected local government officials adopting a "wait and see" attitude.

January 1993 found local government officials beginning to move forward on Code implementation, with national government agencies responding.

September 1993 had problems in the devolution of personnel being solved, and the Internal Revenue Allotment system beginning to function.

June 1994 demonstrated increased momentum on the part of LGUs as they reaped fruits of experimentation.

June 1995 found increased local resource mobilization, and improved service delivery. However, National Government agencies had not pro-actively filled new roles after devolution was accomplished.

May 1996 demonstrated incredible diversity of experimentation as the decentralization process diffused across all classes/types of LGUs and deepened into more mature management of service delivery.

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## EXECUTIVE SUMMARY

This *Rapid Field Appraisal of Decentralization* is the seventh in a series undertaken since the implementation of the Local Government Code in 1992. These appraisals provide the local perspective on trends in the decentralization process, and constraints to those trends. Consultants familiar with a region undertook a rapid, qualitative investigation based on interviews. In the 7<sup>th</sup> RFA all regions except the National Capital Region were covered, along with National Government Agencies

The 7<sup>th</sup> *Rapid Field Appraisal* revealed innovation, quality, and relevance at the local level. **Innovation** because local officials sought new ways to accomplish matters that the Code allows local governments to achieve. **Quality** service is more often the goal, as local communities focus on how well service is being provided. **Relevance** as officials and communities work together to address locally defined issues.

The 7<sup>th</sup> *Rapid Field Appraisal* puts forth four conclusions:

1. Governance in the Philippines is being redefined at the local level.
2. Decentralization under the 1991 Local Government Code has been a success.
3. A new, participatory style of local leadership is emerging.
4. National government agencies have not pro-actively addressed the challenge of providing technical backup to local governments pursuing locally defined priorities.

These themes are supplemented with a wealth of local detail, discussed in terms of **Trends** discovered, **Constraints** to these trends, and possible **Recommendations**. Trends describe what is happening in the dynamic process of decentralization. Constraints are then linked to these trends, and recommendations are aimed at those actions that will hasten the forward movement of the process.

There are several sections:

- **Local Revenue and Resource Mobilization**, which discusses the upsurge in attention being given to increased efforts at revenue generation and alternative financing modes;
- **Delivery of Basic Services (Health, Agriculture, Social Services, Environment)**, where the problem of localizing delivery in the face of continuing initiatives on the part of national government agencies;
- **Participation**, which juxtaposes substantial compliance with the letter of the Local Government Code and some continuing constraints on deepening citizen participation;
- **The National Government Agencies**, with special focus on NEDA, DILG, and COA; and
- **Special Focus: Autonomous Region in Muslim Mindanao**, which delineates the special situation faced by local governments under the ARMM's own Local Government Code (passed in 1994).

*Rapid Field Appraisals* are designed to provide timely feedback on the policy and administrative adjustments needed to fulfill the goals for greater local autonomy set forth in the 1987 Constitution. It is in this spirit that recommendations are put forward.

## SYNOPSIS OF FINDINGS

### SEVENTH

#### RAPID FIELD APPRAISAL OF DECENTRALIZATION

##### BACKGROUND

In August 1997 the Governance and Local Democracy Project (GOLD) undertook this seventh in a series of *Rapid Field Appraisals (RFAs)*. The rapid appraisal approach to monitoring decentralization reforms was pioneered in 1992, during the USAID-assisted Local Development Assistance Program (LDAP). *RFAs* have tracked the implementation of the 1991 Local Government Code since that time, and it is anticipated that *RFAs* will continue to be undertaken at approximately yearly intervals.

*Rapid Field Appraisals* have played a unique role in monitoring decentralization reforms in the Philippines. The Implementation Teams for both LDAP and GOLD have been specifically tasked with tracking the pace and direction of the government's decentralization agenda. This effort provides timely feedback on the policy, administrative, and political adjustments needed to respond to the vision and goals for greater local autonomy set forth in the new Constitution of 1987 and its subsequent enabling legislation, especially the Local Government Code which was implemented in January 1992.

Among all *Rapid Field Appraisals*, the *Seventh RFA* is the most extensive. All regions except the National Capital Region were covered. National Government Agencies were also contacted in order to assess their perspectives as they participate in the decentralization process.

*Rapid Field Appraisals* have always been chiefly concerned with describing the actual experience of decentralized governance at the local level, rather than with reporting anecdotal viewpoints derived from secondhand information. Consultants familiar with a region undertake a rapid, qualitative investigation based on interviews with local government officials, national government agency personnel, and respondents from the private sector and non-government organizations. Interviews are guided by an informal questionnaire designed to assay key elements of the decentralization process, namely:

- Local Revenue and Resource Mobilization
- Delivery of Basic Services (specifically Health, Agriculture, Social Welfare and Development, and Environment)
- Participation, and
- Government Operations, including Personnel Matters and Intergovernmental Relations

The results of regional appraisals are then brought together in a "Synthesis Seminar" in which a team consensus is sought as to prevailing trends and major constraints. The views of national agencies are reviewed and fed into the distillation of trends/constraints, and are used to

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The Governance and Local Democracy Project (GOLD), assisted by the United States Agency for International Development, is currently providing support to the Government of the Philippines for its decentralization reforms. This represents a continuing partnership between the two governments to institutionalize the democratic reforms under the 1987 Constitution and dramatically restructure the character of governance in the Philippines from a centralized to a decentralized system.

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- Government Operations, including Personnel Matters and Intergovernmental Relations

The results of regional appraisals are then brought together in a "Synthesis Seminar" in which a team consensus is sought as to prevailing trends and major constraints. The views of national agencies are reviewed and fed into the distillation of trends/constraints, and are used to compare local experience with national perceptions. Where appropriate, recommendations that suggest themselves from the trends/constraints consensus are also formulated by the consultant team. A *Synopsis* is then prepared on the basis of the consensus reached at the synthesis seminar. (More details on *Rapid Field Appraisal* methodology can be found in the Annex on Method.)

#### THEMES OF THE SEVENTH RAPID FIELD APPRAISAL

The 7<sup>th</sup> *Rapid Field Appraisal* revealed innovation, quality, and relevance at the local level. Innovation because local officials sought new ways to accomplish matters that the Code allows local governments to achieve. New resources are being sought and new enabling environments are being established at the local level. Quality service is more often the goal as local communities change from a focus on whether or not a service is provided to a concern with how well the service is provided. Relevance is the touchstone of local governance now, as officials and communities work together to address locally defined issues with locally available resources.

The empirical findings from the field led the team to put forward four general conclusions:

1. Governance in the Philippines is being redefined at the local level. The 1991 Local Government Code provides an enabling environment that allows experimentation, participation, and differentiated service delivery throughout the Philippines. For instance, governments are no longer seen as the sole deliverer of social services. Partnerships with the private sector and non-government organizations have been crafted for more responsive local governance.
2. Overall, decentralization under the 1991 Local Government Code has been a success. Despite transition difficulties encountered at the beginning of implementation in 1992, and administrative systems that are often holdovers from pre-Code centralized procedures, redefinition of governance has allowed local governments to better serve their communities.

3. A new, participatory style of local leadership is emerging. Many local leaders are more attuned to development activities, and are willing to engage in partnership with the private sector and non-government organizations. In this manner, scarce resources are maximized.
4. A major constraint to further decentralized democratic development is reluctance at the center to change. After initial administrative moves to devolve personnel to local governments, national government agencies have not pro-actively addressed the challenge of providing technical backup to local governments pursuing locally defined priorities. Too often governance takes place in the context of inherited centralized modes of thinking and planning, and administrative systems have not been changed to reflect new realities.

While these are general themes that emerge from this *Seventh Rapid Field Appraisal*, there is a wealth of local detail, which enriches our understanding of democratic decentralized governance. This "Synopsis" discusses these details in terms of Trends discovered, Constraints to these Trends, and possible Recommendations. There are several sections:

- Local Revenue and Resource Mobilization
- Delivery of Basic Services (Health, Agriculture, Social Services, Environment)
- Participation
- National Government Agencies
- Special Focus on the Autonomous Region in Muslim Mindanao

## LOCAL REVENUE and RESOURCE MOBILIZATION

There is an upsurge in attention being given to, and concern for, local revenue mobilization and management. Local officials are engaged in increased efforts to generate local revenues and to avail of alternative revenue sources and creative financing modes. Key aspects of this trend include a growth in joint ventures and creative forms of public-private partnerships aimed at bringing the issue of generating local revenues to a broader audience: There are even stirrings of greater participation in the decision-making process surrounding new revenue ventures. This is the outcome of local government's growing realization that elements of civil society need to be brought into the process of sustaining government revenue ventures.

On the down side, there is continuing frustration among local governments with respect to policy and administrative constraints, many of which have been noted in previous RFAs.

### Trends

Four basic trends were identified. The first three reflect continuation of strong trends indicative of creative resource generation first identified during the 5<sup>th</sup> and 6<sup>th</sup> RFAs. First, there appears to be increased participation of the private sector (both business and NGO/PO groups) in generating resources—financial and human—for local initiatives. There are reports of renewed efforts to develop small-scale BOT schemes, to form joint ventures in building or managing markets, and to construct small- to medium-scale infrastructure such as fish ports, market buildings, etc.

Second, an increasing number of local governments are actively pursuing pre-implementation of alternative ventures to generate revenues. These include user fees, fee for service, credit finance (loans and bonds), etc. But there remains a large knowledge gap affecting both the pace and scale of such activities. This gap should not detract from the basic trend that continues from previous RFAs; that local officials are intensely interested in and pressing forward with alternative forms of finance.

A third trend is that local governments are more activist in exercising their corporate powers for purposes of creating investment and economic development incentives. There are examples of local governments developing quasi-public corporations in order to attract, coordinate, and participate in development enterprises managed via private sector means.

The last trend in this category is not entirely new, but is gaining strength. There is a significant rise in the assertiveness of local governments in exercising their dominion in matters affecting their locality, but implemented by national agencies. Local officials are more adamant that project objectives be in line with local priorities and that resource allocations be under their management, or at least be subject to local discipline. Instances were even cited where localities were willing to lose projects, both large and small, as a result of insisting that local priorities/perspectives prevail. While the team does not venture to judge whether this trend is advantageous, it nonetheless represents a genuine effort to assert the preeminence of local autonomy.

### Constraints

In terms of inter-governmental relations, there remains frustration at the local level with counter-productive policies and administrative procedures constraining local development. Concern is expressed over a wide variety of areas, but most frequently with respect to policies affecting



financial autonomy, audit, planning and approval processes.

While there are certainly a multitude of specific problems affecting better revenue mobilization and management, the consultants focused on three areas. First, it continues to be evident that various administrative practices and systems held over from the pre-Code era are unresponsive and severely constrain momentum toward revenue self-sufficiency. This is especially evident with respect to audit procedures and real property tax administration. Audit regulations remain so tied to antiquated methods and procedures that local governments experience not only constraints on their most innovative efforts, but also face constraints to such basic improvements as computerization of fund management and tax systems. Local officials report that the very objectives of computerization--efficiency, streamlined processing, multiple entry and forms reduction--are undercut by the interpretation of auditors insisting on the use of certain forms, steps, etc.

In the case of real property tax administration, local governments find that the rule-bound systems inherited from the pre-Code era have contributed to endemic minimized tax collections. This situation is further exacerbated by the many years before 1991 when valuations were not market adjusted, leaving local governments to face the daunting task of adjusting rates to market values in a short period, which is politically unacceptable.

A second constraint is that there remains a significant deficiency of timely, practical information, relevant skills, and local experience available to enable alternative financing modes. It must be recalled that prior to the Code, local staff and officials were rarely called upon to act outside of strictly proscribed boundaries of financial management. Debt financing was not encouraged and the sophisticated funds management required to deliver devolved services was rarely practiced. Most local governments operated in a "projectized" mode, that is, funds were received and applied for specific projects, and little discretion or management flexibility were required. Thus, outside of cities and adjacent municipalities, there is little sophistication regarding innovative public finance management. Information that does exist, such as supplied for BOT, is generic and only of use in early stages.

A third constraint is the problem of rationalization of public financial resources. There is strong objection to unfunded mandates, the steep rise in national agency budgets, and the lack of focus arising from funds allocated via congressional insertions and countryside development funds. Local governments regularly and aggressively pursue the latter as a means of funding projects. However, many point out that an extremely large amount of national resources--far more than local governments receive as their Internal Revenue Allotment--is being allocated to local activities without benefit of either local input or rationale. While short-term development needs might be met via such centralized funding mechanisms, longer-term development plans of local communities are continually disrupted by congressional funding of "pet" projects, typically with a bias for visible infrastructure, much of which is nonessential to long-term investment priorities. This is on top of exhortations to pursue unfunded mandates or accept new nationally-defined programs.

Finally, local government officials continue to protest, as they have since 1992, that local shares of national wealth are neither transparently identified nor rationally allocated. Although the Department of Budget and Management last year issued DBM Circular 8-96 on the processing of claims to local government shares in national wealth, there is consensus that more needs to be done on this subject.

## DELIVERY OF BASIC SERVICES

In a general trend first noted in the *Sixth Rapid Field Appraisal*, local officials, staff and even NGO representatives are increasingly questioning the unchecked rise in the budgets of national agencies that have devolved significant functions and personnel to local government. Respondents noted that some agencies have been devolving functions and major personnel costs while continuing to receive budgetary allocations from Congress as if they were still in charge of delivering the very services that were devolved. This issue goes beyond the problem of the cost of devolved functions to renew critical questions about "imperial Manila's" apparent reluctance to accept the profound implications of a decentralized approach to development and governance.

It is in this context that the 7th RFA examined trends and constraints in four devolved service delivery areas: health, agriculture, social welfare, and environment.

### ON HEALTH

Overall it is observed that while delivery of health services is most often the most difficult technical challenge for local governments, the Department of Health has been supportive and creative as a devolved agency. For instance, it set up an office—Local Government Assistance and Monitoring Service—precisely to respond to issues and concerns that arose out of the devolution process. This is all the more admirable in that Department of Health is constantly faced with balancing the rights and needs of health workers and local community needs.

#### Trends

Since devolution, local governments have continued to allocate revenues from both traditional and non-traditional sources to address health needs and provide benefits to personnel.

Consultants found that participatory decision-making with respect to health care is on the rise. There is increasing participation of communities, NGO/POs in the planning, implementation, monitoring and evaluation of health programs, especially at the municipal and barangay levels, in response to the demand for quality health services and DOH promotion and support for participation at the local level outside of mandated venues. However, the trend is toward more participation in program implementation, rather than in organized health boards. At the barangay level, NGOs are more able to influence the degree of participation and the quality of service delivery.

On the financial front (a key issue, given the expense of health care), local governments are increasingly generating income from fees for services, charges for materials and similar methods. However, the Commission on Audit continues to insist that fees and the like be returned to the local governments' general fund. Thus, those localities that have passed legislation requiring that such income be used only for health services must accomplish this indirectly via the budget. That is, after the funds are returned to the general fund and accounted for, they are then budgeted for health—rather than the more direct method of health centers utilizing retained earnings.

Aside from fee for service schemes, there are other indications that local financing for health is on the rise. There is an increase in local governments devising community-based health finance schemes outside of the new Philippine Health Insurance Corporation. Realignments of

maintenance and other operating expenses for health personnel and capital outlays are on the rise.

### Constraints

The first constraint is that Local Health Boards are not fully functional in many locales. Consultants suggest this is a result of a lack of clarity regarding Local Health Board functions and mandates. This is compounded at the municipal level by limited flexibility in planning and budgeting accorded Local Health Boards, since most funds are pre-programmed by the Province or the Department of Health.

Department of Health Field Offices and the Population Commission's Provincial Offices are still not yet fully attuned to provide technical assistance. They still act as primary implementers of nationally conceived or nationally desirable programs.

### Recommendations

The mandate and functions of Local Health Boards should be reviewed and communicated to localities through more creative information, education, and communication. The goal would be to have Local Health Boards become more involved in local health care management. Also, the Department of Health, the League of Provinces, and the League of Cities, should conduct a study on modes of hospital management to include non-traditional approaches such as cooperative management, partial or full privatization, or establishment of independent management committees. It is recommended that both national and local legislation be considered to earmark revenues generated from health facilities and services for health programs.

Finally, it is worth noting that a number of consultants reported that the Department of Health has managed to involve local governments in the conceptualization and negotiation of Official Development Assistance. The Integrated Community Health Services Project, a \$50.8 million loan and technical assistance grant co-financed by the Asian Development Bank and the Australian Agency for International Development, was developed in partnership between the DOH and local governments. It is recommended as a model for how National Government Agencies could involve localities in the accessing of development aid.

## **ON AGRICULTURE**

Past *Rapid Field Appraisals* have reported mixed trends in the agricultural sector. Prior to passage of the Code, local officials often viewed delivery of agricultural extension services as too generic, poorly managed, and not adapted to local realities. It became evident in early *RFAs* that devolved agricultural personnel were having great difficulty figuring out what to do when challenged to plan priority programs for their localities. It appears that this service, perhaps more than any other, has been so highly centralized over the years that its staff are unaccustomed to independent operations of the type required by decentralization. As a consequence, the performance of devolved extension personnel has not generally met the expectations of local executives.

The main venues for participation in agricultural planning are provincial and municipal development councils, fisheries resource management councils, and agricultural resource management councils. In these venues the citizenry attempt to influence agricultural and

fisheries programs that are vital to their livelihood.

The Department of Agriculture's strategic response to the call to provide technical assistance to decentralized services is still basically organized around, and limited by, opportunities set by national programs. This approach may be useful in some respects. In others it serves to diminish local priorities and divert attention from the more fundamental need for devolved personnel to design and manage locally determined programs. For instance, *Gintong Ani* is in part premised on augmenting the salaries of devolved agriculture extension workers in order that they implement *Gintong Ani* programs. Local officials aver that they welcome any support available and are reluctant to refuse offers of assistance—and since the 6<sup>th</sup> RFA they seem to have grown more comfortable with *Gintong Ani*. Still, it remains the case that the assistance is seldom closely related to local priorities. At the national level, Department of Agriculture officials claim that local officials are "not prioritizing" agriculture, when in fact local officials are acutely interested in agricultural development. However, they may be giving priority to aspects of the problem not favored or supported by DA.

### Trends

Two major trends appear in this area. First, in many localities there is a growing trend for innovating in agricultural programs, both national and locally generated, with NGO participation. Both regular and special programs of the Department of Agriculture infuse additional resources into local government units and contribute to agricultural development. There is a slight difference in emphasis between the governmental and non-governmental sectors in localities. The tendency is for NGOs to be more involved in alternative, more innovative programs, while the local government turns to the Department of Agriculture for more conventional assistance.

Second, since devolution, local governments have consistently demonstrated support for agriculture as shown by their funding of agricultural infrastructure, mobilization and support of PO/NGO and cooperative movements, of nurseries, training programs and the like.

### Constraints

Most local governments implement Department of Agriculture programs and, in varying degrees, consider them helpful. However, given the programs' structure there is little leeway for substantive variation. In spite of "full devolution" local governments continue to have limited control over planning, implementation, monitoring, and evaluation of projects funded from the national budget and overseas assistance. To address local priorities, local governments typically source their own funds and find technical assistance outside the Department of Agriculture structure. Likewise, localities continue to be constrained from developing and implementing their own programs, in part because the Department of Agriculture continues to dominate the field with "large and in charge" programs such as *Gintong Ani*. This constraint is exacerbated by the fact that local governments lack access to technical assistance for planning, since devolved extension workers had not been required previously to have these skills.

### Recommendations

The Department of Agriculture should launch an on-site training program for devolved personnel in agriculture development planning, especially at the municipal level. In conjunction with this, the Department of Agriculture must develop systematic pro-active means to solicit and respond to local technical assistance needs. This will counter-balance the current tendency to focus efforts on enlisting devolved personnel and local officials to support centrally designed and

managed programs. Fifth and sixth class municipalities should be given priority in this effort. Consultants felt that since there were Provincial Agriculturists even before the 1991 Local Government Code, training at the provincial level is not as urgent.

Department of Agriculture funds earmarked for what are essentially extension activities should be re-directed into block grants to local governments for agricultural development. Operational priorities should be shifted from national programs "topping up" devolved personnel benefits to support of actual extension activities that respond to local priorities. The practice of topping up perpetuates inequities between local and formerly national personnel, and exacerbates problems of integrating devolved personnel into local structures.

A last recommendation is for the Department of Agriculture to adopt a more demand-driven approach to use of both general appropriations and overseas development assistance (ODA). As noted, above, the Department of Health has demonstrated with the Integrated Community Health Support Program that this is possible. Funds should not be pre-programmed for specific, relatively inflexible purposes, but should be allocated via block grants or similar mechanisms to support a wide variety of local agricultural development priorities.

#### *ON SOCIAL WELFARE*

Devolution of social welfare services has been in most respects a "success story" of decentralization. The Department of Social Welfare and Development willingly and aggressively managed the devolution of its personnel, who were typically well respected by local executives and readily absorbed into local organizational structures. Overall, the changeover process has gone well. Services continue to be delivered without too many difficulties.

#### Trends

There is, by all accounts, a productive continuing partnership between the Department of Social Welfare and Development and local governments in delivering social services. Even before devolution, local governments had a role in selecting social service beneficiaries. Devolved personnel do not feel cut off from the "mother agency," as there is continued coordination in programming and prioritizing. Former national personnel have accepted devolution to local governments, in part because these governments do indeed prioritize funding of social services. And the role of non-government organizations in service delivery and coordination is less contentious in the area of social services. In short, there tends to be a strong effective linkage among local governments, non-government agencies, and the Department of Social Welfare and Development.

An interesting development in the area of social services is linked to the Minimum Basic Needs (MBN) approach. Implementation of the MBN data system is far from universal, and it is occasionally viewed as an "unfunded mandate." However, in some areas it is being seriously utilized to direct social services; and this tends to broaden service delivery from short-term crisis response to more wide-ranging help for clients. Nonetheless, it cannot be said that the MBN approach has had an abiding impact on how planning is done.

Finally, efforts towards the Social Reform Agenda have had an impact at the local level. While there were problems with funding releases for the first year of the Poverty Alleviation Fund (when guidelines were released late in the year), for the second year local respondents cited considerable impact.

## Constraints

There are three constraints to the optimum delivery of social services cited by consultants. The first is the preference some local governments have for concrete, visible infrastructure, as these are perceived to be better means of getting votes. Thus, while social services are supported in the budget, there remains a gap relative to actual needs—particularly in lower class municipalities.

The other constraints have to do with the structure of projects under the Social Reform Agenda. A listing of programs and projects—what amounts to a menu—is available to localities. The input of local governments is restricted to selecting from this pre-identified list, rather than being able to design their own projects to meet the goals of alleviating poverty and meeting minimum basic needs. For instance, officials in Lanao del Norte felt that what was needed were Level III waterworks, but guidelines for Poverty Alleviation Funds specified only Level I or Level II.

Finally, since national government agencies serve as conduits for the Poverty Alleviation Fund, their internal procedures can delay the release of moneys.

## Recommendations

We do not presume to offer recommendations regarding the first constraint, since it is the responsibility of voters to encourage their governments to set priorities wisely within existing budgets. However, with regard to projects under the Poverty Alleviation Fund (II), there are two recommendations to the Social Reform Council:

1. The programming mechanism should be reviewed to include greater local control over fund allocation and utilization—with barangays and various sectors of civil society included in consultations. For instance, rather than choose from a set menu prepared by the national government, local governments could be encouraged to specify exactly what they need.
2. Since Poverty Alleviation Funds are for municipal projects, funds should be released directly to municipalities.

## *ON ENVIRONMENT*

Environmental management is in an ambiguous position, since it is not a completely devolved function. Section 17 of the Local Government Code specifies that environmental functions devolved to local government are still under the "supervision, control and review" of the Department of Environment and Natural Resources.

## Trends

There is a very high level of concern about the environment throughout the Philippines. Mindful of their obligation to promote the general welfare of their inhabitants, local governments everywhere are getting involved in environmental management. Local governments are increasingly developing programs and budgeting revenues for the environment. Urban areas often focus on the solid waste management, while rural areas focus on watersheds or other water supply issues. Groups of municipalities have banded together to protect coastal resources. Awards and recognition programs, the best known being the annual "Clean and Green" contest, are utilized to increase awareness and participation in environmental

management. The attitude of locally assigned officials of the Department of Environment and Natural Resources varies—from encouragement, to indifference, to attempts to preserve the administrative prerogatives of the Department and its employees.

Particularly impressive is the high level of citizen involvement observed throughout the Philippines. Local governments have formed many specialized organizations to deal with the environment, generally multi-sectoral. The fact that there is greater cooperation among local governments, the non-government sector, international groups, and national government agencies augurs well for environmental management at the local level.

This environmental activism is not confined to the executive branch, but also includes activist *Sanggunians* and individual *Kagawads*. Many new environmental codes have been prepared or are being drafted.

### Constraints

Current policy implementation limits and discourages local government involvement in forest management. The Department of Environment and Natural Resources still largely implements Integrated Social Forestry. Because their actions are still under the "supervision, control, and review" of DENR, local governments have yet to demand control over communal forests.

Since environmental management is a new area of local government action, there is a lack of technical expertise. Communities recognize this, and thus there is a strong demand for training, cross visits to other localities, and similar forms of technology transfer.

National policies often have ambiguous goals and objectives, and conflicting regulations, which hinder private sector investment and local government initiatives. For instance, national government pronouncements encourage private sector tree farming, while at the same time regulations attempt to insure that cut trees do not come from natural forests. These two laudable goals come into conflict when cumbersome verification processes for cultivated logs makes private sector production very difficult.

As is so often the case with national government programs, local governments are unable to effectively address environmental concerns because they are not involved in planning and managing national programs in their areas. Too often the national government makes policy commitments that affect local governments, but those governments are excluded from the decision-making process.

### Recommendations

It is most important to clarify the environmental policy framework for the Philippines as a whole, and the corresponding roles and relationships among the Department of Environment and Natural Resources, its local offices, and local governments. Local governments are anxious to protect the environment and realize that the Department of Environment and Natural Resources is overstretched in its nation-wide responsibilities. Much greater clarity is needed on what the Department is going to do, and what local governments will do.

Once this is accomplished, local governments can begin to institutionalize local units responsible for addressing local environmental concerns. These could be separate environmental offices, or units within, say, the agricultural office. In any case, technical support from the Department of Environment and Natural Resources for these units must occur.

## PARTICIPATION

Concern for participation permeates all subject areas examined in *Rapid Field Appraisals*. Effective citizen participation can take place in any policy arena, at any point of the policy cycle. In this section we take a brief look at the overall picture of participation.

### Trends

Earlier *RFAs* identified a positive trend toward greater participation in local governance. These assessments identified a broad trend toward more NGOs being accredited and subsequently incorporated into special bodies. In short, there has been substantial compliance with the letter of the Local Government Code.

Likewise, *RFAs* reported the gradual easing of interference by local chief executives in the choice of NGO representatives and in NGO participation in general. While there are some localities where local executives and NGOs have difficulties working together, this occurs less frequently than conventional wisdom would have it—there has been much less “trad-pol” behavior among local chief executives than many expected or assumed.

Reinforcing these positive trends is the widespread use of multiple venues for popular participation. Venues not mandated by the Code, but utilized for specific purposes can effectively funnel citizen inputs to governance. Fisheries and Aquatic Resources Management Councils allow direct input into policies and actions vitally important to coastal dwellers. Community organizing which typically accompanies many social services increases citizen impact on the government. *Bantay Dagat* and *Bantay Gubat* bodies translate citizen concern about the environment into participation in governance.

Local officials have realized that the “resources” available to local governance are greater when activities incorporate NGOs, private firms, and ordinary citizens. Joint ventures, BOTs, and other public-private partnerships multiply resources brought to bear on specific issues. The volunteerism that is encouraged by, for instance, Local Health Boards proves to citizens that their activities can make a difference.

### Constraints

One of the major constraints to fulfilling the spirit of the Local Government Code as well as the letter is the diffuse mandate of Local Development Councils. The non-government community has spent considerable effort to obtain seats on the Council, often to learn that nobody knows what exactly is supposed to occur, or how to manage it. Thus, as time has passed more energy has been devoted to the specialized, non-mandated bodies discussed above.

A second constraint flows from the discussion of agricultural and environmental service delivery. There is a lack of community involvement in planning and managing national programs in their locality. National government agencies in Manila continue to plan programs and projects that affect localities. The mandate of the Local Government Code (Sections 2(c), 26, and 27), on prior consultations before any program or project is implemented in local jurisdictions, has rarely been followed.

A final constraint is remaining clashes of perspectives between local governments and non-government organizations. The wild suspicions of the early 1990s (NGOs perceived as



communist, local governments perceived as oppressive) have faded, but difficulties remain that must be worked out. Elected local officials are accustomed to meeting deadlines of the governing cycle and deriving their legitimacy from elections. NGOs are accustomed to maximizing discussion, no matter how long the process takes, and derive their legitimacy from service delivery or more professional criteria (such as particular expertise). To cite this constraint is not to imagine that it will disappear—it must be recognized by observers as ineradicable.

### Recommendations

Technical assistance should be made available for designing processes which maximize the utility of Local Development Councils, and other participatory venues, for both government and non-government representatives. This would include technologies for participatory planning, facilitation of meetings, linking budgets to plans, and participatory monitoring. Already certain provinces like Nueva Vizcaya are demonstrating that this can be accomplished.

A second recommendation is that both national government agencies and foreign donors should make the effort to embrace a demand-driven project style. The Department of Health, through its Integrated Community Health Care Support Program, has shown how this can be done even for large, foreign-funded programs.

## THE NATIONAL GOVERNMENT AGENCIES

As has been the case since the 5th RFA (June 1995), *Rapid Field Appraisals* now include an examination of the plans and initiatives of National Government Agencies with respect to decentralization under the 1991 Local Government Code.

Many issues originating from National Government Agencies have been canvassed in the separate discussions of resource mobilization, and of the devolved services in agriculture, health, social services, and the environment. This section briefly notes findings from the National Economic and Development Authority (NEDA), the Department of Interior and Local Government (DILG), and the Commission on Audit (COA).

NEDA has identified as one of its priorities the "building of LGU capacities in planning and project development and the rationalization of national government support to LGUs according to the LGUs' financial strength and economic potentials." Toward this end, NEDA initiated the formation of Project Development Assistance Centers in each region to assist local governments in the project cycle. In addition, NEDA Board Resolution No. 1 (1997) allows local governments to construct national roads and bridges within their jurisdiction as long as at least 50% of the funds come from local budgets. The aim of this policy is to promote local "ownership" of such projects.

The DILG performs a somewhat contradictory role with respect to decentralization. The Bureau of Local Government Development is the secretariat for the Oversight Committee, and as such is in extensive contact with local governments as amendments to the Code (during the 5-Year Review of the Code) are discussed. The Local Government Academy is attempting to build local capacity in a number of areas. Yet, the DILG's several memoranda on the use of the 20% Development Fund are widely seen by local officials as prejudicing local autonomy.

Finally, the Commission on Audit also figured in recent moves with respect to autonomy. In response to a widespread clamor about the operations of provincial hospitals, a joint circular by DBM, DILG, and COA was drafted to allow the Provincial Hospital Administrator to approve vouchers. However, the Legal Department of COA gave the opinion that such an action would need legislative approval rather than just action by the executive branch of government, and thus the circular was not issued.

## SPECIAL FOCUS: AUTONOMOUS REGION IN MUSLIM MINDANAO

The Autonomous Region in Muslim Mindanao (ARMM) merits special focus for two reasons. First, the region is important for peace and development in the Philippines. Many, both within the Philippines and abroad, look for progress in this region to alleviate deep-seated problems of southern Philippines. The second reason is that the context for local governance in the Autonomous Region in Muslim Mindanao is very different from the rest of the Philippines.

### Context

The 1987 Constitution specifies that special autonomous regions be constituted for Muslim Mindanao and the Cordillera. The Organic Act for the Autonomous Region in Muslim Mindanao was passed in 1989, and ratified in a plebiscite in four provinces.<sup>1</sup> This resulted in the devolution to the regional government of practically all domestic functions of government. When the 1991 Local Government Code was passed only health services were left to be devolved.

When the Autonomous Region passed its own Local Government Code in 1994, it insured that all powers, responsibilities, and resources were retained by the regional government rather than by provinces and municipalities.<sup>2</sup> The regional government insured that the act not diminish the power of the regional government. For instance, Section 457 of the ARMM Local Government Code provides that the regional government appoint provincial officials: Health Officer, Social Welfare and Development Officer, Agriculturalist, Natural Resources and Environment Officer, and the Tourism Officer.

### Findings

Not surprisingly, there is a desire among provincial and municipal officials in the ARMM for the same powers, responsibilities, and resources that their counterparts in the rest of the Philippines enjoy. These officials are part of the same Leagues of local government as are officials from the rest of the Philippines, and are well aware of the opportunities for decentralized governance offered under the 1991 Local Government Code.

A second finding is that, even given the regional dominance in service delivery, local government units supplement regional efforts. This is particularly the case for agricultural and fisheries programs, which are so important in these rural areas.

A third finding is the increasing intellectualization and professionalization of local elected leadership, and local government bureaucracies. More officials have college degrees, and more express technocratic or professional aspirations for decentralized development.

A fourth finding is that civil society in the Autonomous Region in Muslim Mindanao is quite strong and dynamic. This finding may strike some observers as surprising, given stereotypes of Moslem society. However, it is easy to find self-help groups at the local level to which many citizens can orient their activities. These groups, like non-government groups throughout the Philippines, occasionally source funds from abroad. However, fundamentally their roots are in the local community.

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<sup>1</sup> An Organic Act for the Cordillera was defeated in a plebiscite in January 1990. A second Organic Act was passed in late 1997, and will be subjected to a plebiscite on 7 March 1998.

<sup>2</sup> The second Organic Act for the Cordillera, by contrast, provides that nothing in the act shall diminish the powers and responsibilities that local governments enjoy under the 1991 Local Government Code.

## ANNEX: ON METHOD

*Rapid Field Appraisals* have always focused on the local perspective. This *RFA* is no exception. Consultants are chosen who are knowledgeable about their regions. The consultants are asked to observe, investigate, and report on local opinions and experiences of the decentralization process. Regional reports are then discussed at a two-day seminar among the consultancy team (for the 7th *RFA*, 13-14 August 1997), which discussions form the basis for the overall "Synthesis."

The *RFA* approach typically yields very different information than do evaluations that rely on reports to central government from government field representatives, or studies which portray local reality by interpreting what *should* be happening as a result of policies and administrative pronouncements emanating from the center.

### Topical Areas

Past appraisals have addressed a wide variety of topics that seemed most important at a given point in the decentralization process. The choice of topics has been largely dependent on the most conspicuous and critical dynamics of the moment. Yet all *RFAs* have in various ways looked at certain consistent themes such as local finance, local service delivery and participation of the NGO sector.

For the 7th *RFA* we reviewed all past *RFAs* and then derived the following five topical areas which maintain continuity as well as take cognizance of emerging themes:

1. Local Revenue and Resource Mobilization
2. Local Government Service Delivery
3. Participation
4. Inter-Governmental Relations
5. Local Government Administration.

Local service delivery as usual received focus and attention; consultants looked at agriculture, environment, health, and social welfare. Also examined was participation in relation to planning and service delivery issues.

### Trends Analysis Approach

The 7th *RFA* again uses the trends analysis approach. Trends analysis differs from conventional problem analysis in two ways. First, trends analysis seeks to understand and describe what is happening in the *dynamic process* of decentralization, rather than to undertake a critique based on the premise that decentralization should hypothetically be at a certain point.

Second, while not averse to acknowledging and recording problematic issues, trends analysis is essentially concerned with identifying *positive* trends as a means to describe in what manner decentralization is moving towards its objective of better governance based on local exercise of greater powers, authorities and responsibilities.

Trends analysis also identifies constraints and links these to the positive processes. In this manner, recommendations are more precisely aimed at those actions that will hasten the forward movement of the process.

### List of Consultants

This *Synopsis of Findings* was prepared by Kenneth H. Ellison, Chief of Party, and Steven Rood, Policy and Indicators Measurement Specialist, on the basis of the *7th Rapid Field Appraisal* seminar and individual appraisal papers submitted by the following consultants:

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Agnes Villaruz	Region VI
May Elizabeth Segura-Ybañez	Region VII
Oscar Francisco	Region VIII
Carmencita Cochingco	Region IX
Ernesto Villegas	Region X
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Nelia Bonita B. Agbon	Region XII
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Henedina Razon-Abad	National Government Agencies

**GOVERNANCE AND LOCAL DEMOCRACY (GOLD)  
OBSERVATIONS ON CAPABILITY BUILDING\***

There is a common assumption that a core issue in decentralized governance is capability-building—that the local is still not very capable. There are several problems with this idea.

First, there is much evidence that in many instances and for certain types of services, local governments are often at least as capable as central government. What they may lack is certain very targeted, task-specific technical inputs. But they decidedly do not need to be distracted by a whole lot of general, generic, off-the-shelf capability-building programs.

Second, capability-building has in the past emphasized individual skill-building. This is based on the assumption that if individuals (typically individuals in "leadership positions") can be given more and better skills, the organization can better manage service delivery systems. Now, because of the great shifts in governance involved in decentralized service delivery, capability-building should begin to shift its focus from improving individual knowledge to improving institutional learning. Capability-building needs to build the competence of whole organizational teams to be public entrepreneurs, to be managers of change capable of orchestrating service delivery.

Outlined below are different ways of viewing aspects of capability-building from the viewpoint of the prevailing public administration approach, and from the new, emerging public management approach. First we present the "Why" of capability-building, then the "How."

	<b>Prevailing Public Administration Approach</b>	<b>Emerging Public Management Approach</b>
<i>WHY</i>		
<b>PROBLEM DEFINITION</b>	• Individuals Lack Skills	• Teams Lack Tools
<b>HOW SOLVED</b>	• Uniform, Centrally-Defined Training Packages	• Multi-Form, Client- Defined Training Events
<b>GOALS</b>	• Impart Skills • Teach Procedures	• Facilitate Action • Enable Versatility
<b>TARGETS</b>	• Individuals • Top Managers	• Organizations • Whole Teams
<b>EMPHASIS</b>	• Individual Betterment	• Organizational Effectiveness
<i>HOW</i>		
<b>STYLE</b>	• Experts Impart Knowledge	• Experts Enable Participants
<b>METHOD</b>	• Pre-Packaged Modules • Lectures	• Customized Content • Participatory Events
<b>VENUE</b>	• Off-Site	• On- Site
<b>TIMING</b>	• Any Time • Trainer's schedule	• Just In Time • LGU's Moment of Need
<b>RESULTS</b>	• Data Intensive Plans	• Task Intensive Actions

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## **WHY ENGAGE IN CAPABILITY-BUILDING?**

Our **problem definition** is no longer that individuals lack skills, or that leadership needs to know more theories. Rather, it is that teams lack tools to get specific things done.

The **problem is solved** not through uniform training packages designed by central agencies to apply to all situations. Rather, a wide variety of training events can be useful to local governments—once the clients are trusted to define their own needs.

The **goal** of capability-building shifts from imparting general skills and teaching procedures which are aimed at administering particular approaches to problems. Rather, the goal should be to facilitate action on particular problems, and to enable localities to take charge—to be versatile in inventing solutions.

The **target** shifts from particular individuals, especially top managers (Mayors and Governors, Development Coordinators, Budget Officers) so often targeted by training efforts. Instead, capability-building is aimed at organizations, viewed as composed by whole teams working on a common task (planning, budgeting, or administering local government operations).

Thus, the **emphasis** is no longer on better individual knowledge, but on improving organizational effectiveness, so that local governments can devise solutions themselves.

## **HOW SHOULD CAPABILITY-BUILDING BE UNDERTAKEN?**

The **style** of capability-building should no longer be based on experts imparting theoretical abstract knowledge in training programs. Rather, experts should enable the participants, as adult learners, to solve problems on their own, with the expert providing very focused practical inputs.

The **method** changes from packaged lectures, which experience and research have shown to be weak methods of adult learning. Rather, capability-building should be increasingly customized to fit particular needs, and methods should be participatory to maximize learning effects.

The **venue** shifts from off-site, centralized training venues to which participants from a number of different organizations are brought for uniform training. Rather, it can be on-site, even in the office itself, as the focus is on training of organizational teams in one locality.

The **timing** of capability-building should not be based on the trainer's schedule. Rather, it should be based on when local government units need it for a specific task—the training activity is accomplished and the organization then proceeds to accomplish the task. In other words, the most effective training should not be "any time;" it should be "just in time."

Finally, the **results** are no longer data intensive plans that are frameworks for future actions. Rather, organizations should, as a result of capability-building, focus strategically on particular task intensive actions that must be undertaken to achieve particular goals.

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