

Doing Things Differently: Innovations in Local Governance in the Philippines

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In 1992, a Local Government Code was implemented in the Philippines. It was by far one of the most radical pieces of legislation passed in the nation's history considering that it transferred to the thousands of local governments in the country significant functions and responsibilities towards the general objective of bringing about good local governance. The Local Government Code becomes even more significant if appreciated within the context of the country's highly centralized politico-administrative history, a tradition inherited from the period the country was colonized and ruled from so-called "imperial Manila."

This paper discusses some of the more significant results of the devolution process. It discusses some of the trends in the implementation of devolution in the Philippines. Policy issues and concerns affecting the future of devolution are also presented.

Because of the transfer of powers and authority to local governments, local authorities and communities have become more creative and innovative in the use of local resources and therefore have brought about good governance at the local level. It cites specific examples of good, and best practices, and innovations, at the local level, and discusses some of the possible reasons and factors behind the innovations.

Context

In 1992, a Local Government Code was enacted in the Philippines. The Code radically transformed the nature of the Philippine politico-administrative system by shifting significant powers and functions to the thousands of local governments throughout the country¹ through a comprehensive process of devolution. Responsibilities formerly belonging to the national government were devolved to local governments. These included the delivery of basic services such as health, agriculture, social services, and aspects of environmental management and infrastructure. It likewise increased the financial resources to local governments by increasing their share from the internal revenue allotment (IRA).² The Code also laid the foundation for cooperation between civil society and local governments. Finally, it encouraged the emergence of entrepreneurial local governments to cope with the increased demands upon them under a regime of local autonomy.

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Experience over the past five years has shown that local governments throughout the country have risen to the challenge of a devolved set up. To a certain extent, many of them have been placed in a situation where they have adopted innovative and creative ways to meet the challenges of good local governance. The many winners of the Galing Pook Awards Program initiated by the Local Government Academy of the Department of the Interior and Local Government and the Asian Institute of Management, and many other similar programs such as the HAMIS awards Department of Health and the Konrad Adenauer Medal of Excellence of the Local Government Development Foundation all attest to the emergence of creative and innovative local governments in the country. The rapid field appraisals documented by the Governance and Local Democracy Project (GOLD) have likewise documented many good practices at the local level. These best, and good, practices have proven that transferring powers to local authorities and local communities, could result to good governance. It has been seen that local governments can do things differently—and better—at the local level given adequate powers and authorities.³

The implementation of the Code has not been without challenges and problems. For instance, many local governments feel that their internal revenue allotment shares are not sufficient to cover the cost of devolved services to them. Consequently, many local governments have not been able to afford the salaries of devolved national government agency personnel, specifically the health workers, who are entitled by law additional privileges and benefits. This has been at the core of the argument for those who have called for the recentralization of the health sector. The inertia of centralization has led many national government agencies to continue to want to control local governments, directly or indirectly. Al Agra's study entitled "Policy Lapses on Local Autonomy" enumerate a number of national government policy inconsistencies that may even be viewed as "assaults" to local autonomy (1998). Among the lapses listed by Agra are the following:

- The Local Government Code itself suffers from a policy gap by only partially devolving the environmental sector (in contrast to the health, agriculture and social services), and the Department of Environment and Natural Resources having the power of control, supervision and review of community based forestry projects.
- While the Code provides that local governments shall have a share of national internal revenues, and while the Constitution itself mandates that local governments shall have a just share of national taxes, local governments still have no share in national tariffs and customs duties which in the broad and generic sense should be included in the computation of the internal revenue allotment shares of local governments.
- A number of issuances and circulars from national government agencies, including those from the Department of Budget and Management, the Department of Justice, the Commission on Audit,

and the Department of the Interior and Local Government continue to undermine the spirit of autonomy of local governments. For instance, even if the Code authorizes local governments to issue licenses and permits to regulate legitimate activities, the DOJ and DILG issued pronouncements exempting lottery outlets and agents of the Philippine Charity and Sweepstakes Office from securing business permits from the local governments. Participation in seminars by local governments, even if funded locally, continue to be regulated. The DILG has assumed a more aggressive role in regulating and supervising the activities of local governments.

- Congress itself has been considering and deliberating bills seeking to recentralize and renationalize powers already devolved to local governments (Agra 1998).

Agra argues that a careful review of these lapses must be conducted. This is particularly relevant considering that the Local Government Code is up for mandatory review and amendment after a period of five years. Corrective measures at the policy level may therefore be made.

The implementation of the Local Government Code has been regularly monitored by periodic Rapid Field Appraisals (RFA) conducted by ARD Inc. with the support of the USAID through the Local Development Assistance Program in the early nineties, and then through the Governance and Local Democracy Program. The 8th Rapid Field Appraisal conducted in the October 1998 identified a number of trends as far as the progress of devolution in the country is concerned. These are in the areas of local finance, inter-local cooperation, private sector participation in local governance and organizational and human resource development.

On Local Finance

- Local governments are increasingly looking at credit finance options. Where before, local governments traditionally relied on their internal revenue allotments and local taxes to generate finances, now local governments have begun to explore the avenue of borrowing from banks—both government and private banks—to finance local development efforts.
- Even if local governments have begun to explore borrowing directly from banks, there has been a prudent (and conservative) attitude especially among lower class local governments to borrow, considering the inability of other local governments to meet their financial obligations.

- While local governments appreciate the continuing importance of the IRA, they have stepped up efforts and explored options to access external sources, such as Official Development Assistance, getting their right share from national wealth located within their jurisdiction, etc.
- Local governments have been seen to be more innovative in generating local resources. These include build-operate-transfer arrangements, joint ventures, bond flotation, etc.
- Local governments have also increased their local investment initiatives.

On inter-local and local government-private sector collaboration

- Collaboration and cooperation between different levels of government—vertical collaboration, say between the province, city, municipality and barangays—have become more apparent.
- There has been an increase in horizontal and inter-local cooperation among same level local governments.
- In terms of local-national government cooperation, local governments have begun to take ownership of appropriate national programs implemented in the area, where before these were seen as impositions by the national government.

On Private Sector Participation in Local Governance

- There has been an increase in local government-private sector partnership. Where before, local governments tended to carry out development efforts on their own, now, they have become more open to seeking out partnerships with the private sector for effective governance.
- Mechanisms for civil society participation in local governance through, say local special bodies, have begun to be institutionalized.

On local Organizational Development and Human Resource Development

- Local governments have begun to explore innovative ways in organizational development.

- Local governments have not invested enough in comprehensive human resources development (HRD) concerns. When the financial pinch hits, it is usually HRD and training concerns that are first sacrificed.

It might be noted that, as the following discussion will show, these are some of the very areas where local governments have begun to be creative and innovative towards the general purpose of good local governance.

Local Innovations

“In a world where the capacity to innovate is considered to be a key to success in both public and private organizations, how are new ideas discovered?” This was a key question raised by Gow in a study published by the Institute of Public Administration of Canada (IPAC). For purposes of this study, Gow’s question has been rephrased thus: How do new ideas emerge under a devolved set up? How are new ways of doing things discovered? (Gow 1994).

But before attempting to answer the question, it might be good for us to have a “sampling” of exactly what kinds of innovations we are referring to. These are drawn mostly from the winners of the relatively long running (five years) Galing Pook awards program. References are also made to the list of good practices compiled by the Rapid Field Appraisals conducted by the GOLD Project.

The winners of the Galing Pook Awards Program were selected based on the following criteria: effectiveness of service delivery; positive socio-economic and/or environmental impact; promotion of people empowerment; and transferability. A hundred winners have been selected so far over the past five years, out of a total of close to 15,000 nominations. To a certain extent, Galing Pook winners have been described as “best practices” at the local level connoting some kind of a high “industry standard” for good governance. As will be discussed later, they may even become the “benchmarks” for a specific kind of service delivery.

However, it is entirely possible to also have good governance simply by doing things better and more efficiently and making use, or improving upon existing policies and procedures. While they may not necessarily be earth shaking nor be “best practices” owing to their ordinariness, they nevertheless have led to better local governance. Hence, they may accurately be referred to as “good” practices at the local level. These are exactly the kinds of practices documented by the rapid field appraisals.

The following is a sampling of “best” and “good” practices at the local level that somehow have demonstrated innovativeness, creativeness and initiative at the local level with the general objective of doing things better, and if necessary, differently, towards better local governance. They can be classified under any of the following sectoral areas: local resource generation; environmental management; health services; inter-local cooperation; government-civil society collaboration; people’s participation; productivity improvement; and livelihood generation.

Local Resource Generation

- Victorias, a small municipality in Negros Occidental, responded to the housing needs of its constituents by floating bonds. This was initiated by the mayor with the assistance of national government agencies such as the National Home Mortgage Fund.
- The City of Mandaluyong constructed its public market after it was burned down through a Build-Operate-Transfer and Joint Venture with the private sector. This was initiated by the Mayor, a former Judge therefore well versed in the law, who took advantage of the newly passed BOT law, coupled with the powers devolved to local governments under the Local Government Code.
- A small municipality in Ilocos Norte, Dingras built its public market stalls through a variation of the Build-Operate-Transfer approach.
- Acquiring an Equipment Pool in Munoz, Nueva Ecija has enabled the municipality to complete its own equipment pool, meet its own infrastructure needs, and even rent them to neighboring municipalities, through simple networking and creativity of the mayor. All the mayor did was to call the various agencies in the area who had underutilized or broken down equipment, had them transferred through memorandum receipts to the municipality, and rehabilitated them.

Environmental Management

- The Bais City Environmental Management Project: A Showcase in Ecological Preservation came about as a response to a disaster that occurred in nearby Ormoc City, and as a response to the concerns of soil erosion, flash floods, biodiversity loss and overall watershed degradation. It was initiated by the Siliman University and became a joint project of the University and other institutions such as the University of the Philippines, Dalhousie University (Halifax, Canada), the City Government and the Canadian International Development Agency. The program basically established an agro-industrial center located in the lowlands, and the development and installation of an eco-tourism program with the accompanying infrastructure, institutional and agricultural support.
- The Save the Maasin Watershed, Iloilo was a program that mobilized more than 5,000 participants from all sectors of Ilonggo society who actively participated in the massive tree planting programs every start of the rainy season by enlisting the full support and cooperation of all sectors (corporations, private companies, NGOs, POs, schools, etc.) and the tri-media network.

- In the early 60s, the Metro Iloilo Water District started its reforestation plan in response to the rapid deforestation due to unabated entry of farmers into the watershed. The program started in earnest in the mid 80s when the DENR started its watershed protection and rehabilitation programs. When Governor Defensor took over in the early 90s, he immediately expanded the program for the Maasin Watershed by appealing to all sectors of Iloilo to participate in the regeneration of the watershed because of the role it plays in the survival of the area.
- The Eco-Walk for the Environment in Baguio City is a year round environmental awareness program for children. It addresses the need for children to develop relationships with the environment through a series of guided hikes to the city's major watersheds. It has become a community undertaking involving many sectors including the city government, the private sector, civil society, church, etc.⁴

Health Services:

- Primary Health Care Program of Surigao City is a self-help program that promotes community awareness on health and allows community participation in health programs and activities using the PHC approach in line with the government's people empowerment program.
- The provincial government of Negros Oriental set up a Community Primary Hospital in the hinterlands of the province to provide basic health services to the people, meet their minimum basic needs, and in the process also became a counterinsurgency strategy.
- In Dumarao, Capiz, a community health volunteer was assigned in each barangay to assist the rural midwife in primary health care.

Housing

- Low Cost Housing in Puerto Princesa provided opportunities for low cost housing to families in Puerto Princesa and to stop proliferation of squatters. The program emerged in response to the squatter problem of the city and the need to provide affordable low cost housing alternatives to the squatters to enable them to be relocated. The program also gained support from an external agency, the USAID.
- Legaspi City (like Victorias in Negros Oriental) floated bonds to meet the demands for housing among its people. The bonds have already been redeemed, and both local governments have identified other projects that could be supported by the bond flotations scheme.

Inter-local Cooperation

- The Metro Naga council was set up among neighboring and contiguous local government units to enable greater interlocal cooperation to carry out integrated planning and respond to problems and concerns cutting across political/administrative boundaries.
- A group of five municipalities in Capiz formed the Central Panay Economic Union that opened trade and market relations with the other municipalities in Capiz and Aklan.
- Various municipalities in Mindanao sharing common boundaries and strategic directions have launched agro-industrial councils featuring cooperative arrangements among themselves. Though not amalgamated, these municipalities have recognized the value of synergy and value-adding to each other rooted in economic, rather than political, cooperation.

People's Participation

- The volunteerism program in Olongapo City, though quite controversial, has demonstrated how the people and the government can become partners in responding to crises (in this case the eruption of Mount Pinatubo) and together work for the rehabilitation of the area, generate livelihood projects, etc.
- A "people's congress" is regularly held by the mayor of Dumarao, Capiz. It is an expanded municipal development council that brings together the various sectors of the municipality to address pressing local issues and concerns and to chart out common strategies to address them.

Productivity Improvement

- Naga City reinvented its government by focussing on four major areas of local government productivity and by harnessing the potentials of computers. Transparency of information, predictability and accessibility of services, and quality of results were key features of the local government services, ranging from obtaining business permits and licenses to documents from the local civil registrar.

Livelihood Generation

- The City of Marikina provided livelihood opportunities to its people particularly the youth, through the barangay talyer (shop in every village) program. Among other things, tools are made available to the

people who can borrow and use them for livelihood generation activities, ranging from manufacturing, repair and renovation, to sculpting.

- The municipal government of Guagua, Pampanga provided the framework for livelihood generation of its people to plant sampaguita flowers and supply various outlets in Metro Manila.

There are many more examples of best and good practices at the local level demonstrating creativity and innovation at the local level. The “demonstration effect” of these local practices has inspired similarly situated local governments to replicate the innovation in their areas. Puerto Princesa’s environmental protection approach and Olongapo’s volunteerism have been a source of encouragement and replication by other local governments.

A review of the above good and best practices at the local level reveals that a number of factors have brought about innovation at the local level. As defined by Gow, an innovation is “an idea, a technique, or a device that was new to the adopting body, no matter whether it was something completely new to the world or something borrowed in whole or in part.” He adds, “most innovations either reflect a desire of political leaders for greater control of spending, administration, or bureaucrats, or some outside demand for change” (Gow 1994: 121,130).

The following are among the key factors that may have led to local innovations and enabled local authorities to be more creative and innovative.

- A hospitable policy environment. In the case of the Philippines, the Constitution guarantees the autonomy of local governments. This was operationalized with the promulgation of a local government code that became the basis of initiatives—and attendant risks—taken by the local governments.⁵
- A “triggering crisis.” Innovations may be brought about in response to a crisis, say, environmental degradation, floods, etc. Pushed against the wall and confronted with a crisis, various stakeholders in the society, whether government or civil society, become creative and innovative. The Ormoc tragedy led the people of neighboring Bais to seriously address the problem of environmental degradation. Puerto Princesa’s Bantay Dagat program was launched in response to the threat of rapid depletion of its fisheries resources.
- Aggressive stakeholders: local government. The political leadership usually takes the initiative in addressing felt, or articulated needs in the polity. The reasons behind this may range from simple, good and responsive governance, to practical purposes and political expediency. The point is that aggressive leadership and commitment on the part

of the formal political system, (i.e. the government), leads to, and sustains, innovation.

- **Aggressive stakeholders: civil society.** The role of civil society in bringing about, and sustaining, innovation, must be recognized. They may begin as a pressure group, or may even initiate the project themselves.
- **Inadequacy of Financial Resources.** The inadequacy of financial resources has led local authorities to think of additional alternative ways of generating revenues apart from the conventional means, such as taxes and allotments from national government. Mandaluyong's and Dingras' examples of BOT, though varied in scale illustrate this.
- **Response to a demand for specific basic service.** Local governments become creative in response to a pressing basic need that they simply have to respond to and address. Among these are the so-called basic services including health and housing. The examples of Victorias and Legaspi that floated bonds illustrate this.
- **Attendance in local and international training.** Participation in seminars, workshops etc., where the local chief executive has been exposed to new theories and new ways of doing things have also led to innovations. Long term training programs sometimes require reentry programs that are implemented upon return to the workplace. For instance, attendance to international exchange programs by some of our local chief executives, or even attendance to the University of the Philippines' Local Administration Development Program has resulted to some innovations (as in the case of Sampaloc, Quezon).
- **National Programs.** While the national government may provide the policy framework say in addressing specific basic needs e.g., housing, health care, infrastructure development, etc., local government may build upon these and adapt them (some say "indigenize" the approaches) for local conditions. The national government's Primary Health Care Program is an example of a program that was eventually adopted and owned by the local governments. As the earlier part of the paper noted, it is encouraging to note that more nationally driven programs are now being "owned" by local governments.
- **Initiated by the University or local academic institution.** Local academic institutions being the traditional seat of knowledge, also have become sources of new ideas and innovations (as in the case of Bais, Negros Oriental). To a certain extent, this has become their reason for existence and the challenge is for them not to be marginalized and caught up in the ivory tower of overtheorizing—detached from the real world of implementation.

The following discusses some of the reasons behind the success of innovations. It must be noted that “success” here also takes into consideration the sustainability of the program, that it somehow survives political changes.

- **Leadership.** Leadership and political will play a key role to the sustainability of the innovation. Leadership styles may vary, from the strong (and sometimes, authoritarian) style of the mayor of Marikina, to the charismatic style of Olongapo’s former mayor, to one that is aggressively participatory such as that of Bulacan province and Irosin under its former mayor.
- **People’s participation and support.** This is imperative particularly in sustaining the program. The problem with some innovative projects is that they come to a natural halt upon departure of the leader. To a certain extent, success of the program can only be gauged when the mayor departs from the scene. Has it been sustained by the people? This can only be sustained if the people themselves “own” the program. The productivity improvement program in Naga City is a case in point. Many of the administrative reforms have been set in place and continue regardless of leadership change.
- **Multisectoral cooperation.** In relation to the immediately preceding factor, multisectoral cooperation—government (local and national), private sector, business, non-governmental organizations and people’s organizations, play a key role in determining the success of the program.
- **Media and Information Dissemination.** In this day and age of multimedia and advance telecommunications, the critical role of media in determining the success of the program and in sustaining cannot be overemphasized.
- **Support of external international institutions.** Development efforts in the Philippines have benefitted from the support of many international institutions. Support may come in many forms. Loans, technical assistance, or grants. Thus, the USAID, CIDA, UNDP, the World Bank, the Asian Development Bank, etc. have played roles in either initiating, or supporting, general governance programs, and specific local governance programs. The challenge is of course to sustain the programs once donors have pulled out. ⁶

Conclusion

Indeed the Local Government Code has laid the policy infrastructure for good governance at the local level. While there may be challenges and problems, these are not enough to derail the devolution process, much less reverse it. Philippine countryside is dotted with many good, and best, practices.

Documenting local innovations and best practices has become one of the best approaches in the overall effort to promote and advocate good governance. For one, there is no better teacher than success itself. Secondly, innovations and good practices inspire others and lay the groundwork for replication and again lead to good governance. We have seen that among the imperatives for innovation and creativeness is the right policy environment. In addition to this, we have seen the key role played by the leadership of the local area, and the support of other stakeholders. These of course include civil society, business, church, NGOs and certainly, people's organizations. We argued that at the end of the day, the ultimate test of success of innovation is sustainability: with the departure of the leader, or the source of innovation, or even the source of funding, will the program be sustained? The role of media in information dissemination to generate ownership and support of the project among as many sectors of the society as possible is also critical.

Benchmarking may be identified as one logical "next step" after having identified good, and best practices, at the local level. Though relatively new in the Philippines, benchmarking has been around for a few years now. It has gained prominence in public administration circles in Canada, the US and Australia. Benchmarking is defined as "the practice of measuring an organization's performance and practices in key areas and comparing them to other organizations, to find ways of achieving better results. In every industry, there are ways of doing things that are recognized as the standard practices for that industry. But every so often, a leader emerges in the industry, as a result of performance and practices clearly above the industry standard. They may be said to have the 'best practices' for the industry, as evidenced by their results in areas such as quality, customer satisfaction, price and market share. The purpose of benchmarking is to discover what are the 'best practices' that lead to superior performance."⁷

The then president of the League of Provinces of the Philippines, Governor Jose Lina, has articulated an interest in developing standards for local government performance. He has talked about coming up with some kind of an ISO 2000 for local governments that would serve as benchmarks for good local governance. The foundations for such have been laid by the local governments themselves. As this paper has shown, many good and best practices abound. The next step is therefore to set them up as standards—and inspiration—for other local governments to do things differently and better towards the general goal of good governance.

Endnotes

¹The Philippines has 79 provinces, 114 cities, 1495 municipalities and 41,359 barangays.

²Notwithstanding the increase in IRA for local governments, experience over the past five years has seen that local governments generally continue to be wanting considering that the financial resources devolved to them (especially the municipalities and provinces) did not match the cost of devolved services. This concern is addressed by an Occasional Paper I prepared and was published by the Governance and Local Democracy (GOLD) Project entitled "The Uneven Distribution of Financial Resources," available at ardgold@manila.sequel.net

³It is not our intention to romanticize local governments for after all there are some local authorities in the country that are not doing well. However, it is important to point out that, in contrast to the assertion that local governments are not capable and not ready for devolution, we have seen that local governments are indeed capable and many times have shown that they are more creative and responsive than national government agencies operating in the local areas simply because they are in the frontline.

⁴The Eco-Walk Program of Baguio City eventually was chosen as one of the pilot sites of the Canada-ASEAN Governance Innovation Network (CAGIN) Program of the Institute of Governance in Kuala Lumpur, Malaysia. The CAGIN Program has identified various pilot projects in the ASEAN (Thailand, Malaysia, Vietnam and the Philippines) that illustrate various features of good governance including people's participation, government-civil society collaboration, accountability, etc.

⁵It must be noted though that a hostile policy environment may itself also be the source of innovation and creativeness at the local level. For instance, during the dark days of the dictatorship under Marcos, many alternative modes to the delivery of basic services through non-governmental organizations and people's organizations emerged. These ranged from the delivery of health services to administration of justice in areas where government simply was not present, or was so corrupt and thus failed to govern.

⁶We have purposely not included financial support as a factor for success for it is precisely the conditions when financial resources are scarce that lead to innovation. However, this is not to discount the importance of financial resources in any local development undertaking.

⁷Benchmarking. Pilot Study Report. Local Government Ministers' Conference, Commonwealth Government's Office of Local Government, Commonwealth of Australia, 1995.

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