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Participation and
Education Spending
of Philippine Cities

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Civil Society Participation and Education Spending of Philippine Cities

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Abstract

The paper presents the result of the exploratory research conducted by a research team of Ateneo School of Government that studied the impact of civil society participation on the responsiveness of local spending for education. Employing both quantitative and qualitative research methods, the said research explored the following: (1) developing a composite index on civil society participation in local education governance; (2) measuring how much of prioritization and utilization of local budget for education is determined by the level of civil society participation in local mandated participatory bodies; and (3) understanding the contextual factors that impact the effectiveness of civil society participation in influencing local education governance. Due to constraints in data, the Composite Index and Regression Analysis results are indicative and inconclusive. However, the conduct of the exploratory research has brought to surface many governance and policy issues on local education governance and civil society participation in local government units or LGUs, as well as research and learning issues on determining and measuring the impact and effectiveness of participation.-

It is shown in the study that the processes and mechanisms for participation themselves do not guarantee a responsive government. There are many factors that come into play. One is the nature of CSOs and the quality and substance of their participation. The study posits that citizen participation can only positively contribute to responsive governance if citizens constructively engage the government through claim-making and accountability activities. The study also points to a rather popular interpretation of Philippine politics: the prevalence of elite democracy, which in this case is seen at the local level in the education sector in particular. Participation is largely facilitated through a top-down approach, instead of independent initiatives from below. Finally, the paper presents the areas that still need improvement in order to maximize the capacity for local education governance, such as strengthening of fiscal capacity of LGUs, and establishment of a reporting and monitoring system that will check on the effectiveness of the existing mandated mechanism for citizen participation at the local level.

JEL Classification: H52, H75, I22, L31, (D7)

Keywords: Education, Education Expenditure | Education Finance, Non-profit institutions | Civil Society, Collective Decision Making

I. Introduction and Background

Governance primarily revolves around a two-way process that involves the government and local constituents in the areas of needs articulation on the one hand, and service provision on the other. It is assumed that rational governments provide services that best reflect their constituents' preferences in order to maximize votes.

Decentralization, which brings the government closer to the people, is supposed to improve the government's responsiveness to the people's needs and to effect speedier service delivery. Yet, given the weaknesses of the accountability mechanisms such as elections, governments cannot still afford to be responsive to people's needs. Furthermore, as people's needs and wants vary, even the decentralized governments often do not know which of these needs to prioritize. It comes to a point that the decision is left to their discretion, which can then lead to abuse of power.

In light of recent developments showing the government's actual limitations, there has been a growing awareness of the significance of participatory governance that seeks to involve the citizens and civil society organizations in the government's decision-making processes. This is based on the assumption that such participation will enable the citizens to give more inputs, which in effect, will result to improved delivery of basic services.

The civil society organizations serve as an intermediary mechanism that provides organized pressure and formal representation, making local governments more responsive to people's demands. Through these organizations, the aggregation of people's demands and the formulation of specific agenda based on deliberate processes of research, monitoring and/or consultation are made possible, the object of which is to pressure governments to be more responsive whenever communication of public needs is made. Civil society is a broadly used term here; it refers to groups of citizens or organizations engaging in the different arenas of governance or participating in the different processes of government. It ranges from associational to countervailing CSOs, with the former being more inclined towards cooperative/ collaborative engagement with the government, and the latter mainly checking or exacting accountability from the government. Furthermore, civil society is understood to be part of the broader concept of citizen and civil society participation in the organized actions and decision-making processes in the arena of governance.

The Local Government Code of 1991 sought to make civil society participation an integral part of local governance. Mechanisms for such participation are provided at the local level to ensure a responsive government, i.e. a government that addresses the most critical issues people raise and allocates resources to address the same. A key feature of the Code is that it provides the legal and institutional infrastructure for the participation of civil society in local governance. Decentralization of basic functions is also expected to promote and enhance participatory governance in the country.

Hence, this exploratory study seeks to assess whether there is a strong correlation between government decision (particularly the allocation of budget for service delivery) and civil society participation. Finding a correlation between these two presumably connected variables is important in democratic policymaking. However, there are hardly any studies that quantitatively establish the said interaction.

The main focus of this study is on local government decision-making in education service delivery. In the Philippines, we continue to face big challenges in education, in terms of access, quality and outcome. The Department of Education (DepEd) also reported that as per 2010 estimates, out of every 100 grade one students, 68 would finish basic education, 43 would finish secondary school, 23 would get into college, and only 14 would graduate from college. Moreover, 6.8 million of eligible children had never gone to school. One out of 10 cannot read and write.

One in every 6 Filipinos is not functionally literate — a total of 9.6 million. Subject mastery has been deteriorating, with student achievement rates in almost all subjects being below 50 percent. There is a general shortage of resources, resulting in high student-teacher ratio, overcrowded classrooms (shortage of 34,100 classrooms as of 2013), and some schools without access to electricity and potable water.

Though not yet decentralized (the main reason is to prevent education governance getting politicized), the role of LGUs, particularly the city governments, in education service delivery is beginning to expand. There has been an increase in LGU spending for education from 31 percent in 1991 to 41 percent in 2003. In addition, 58 percent of LGU spending on education is on account of the cities.

While the education sector remains largely centralized and the budget earmarked for it from local source remains meager compared to the budget in the Department of Education (DepEd), the

national government recognizes the importance of LGUs in mobilizing resources, particularly in light of the substantial requirements in attaining the Education for All (EFA) targets. Moreover, city governments in particular have increased their spending on education in the past decade. Therefore, the people and the central government have high expectations in terms of what LGUs should deliver in education.

Based on the Local Government Code of 1991, it is mandatory for the LGUs to do two main things: One, they are to support the education services the national government provides. Indeed, LGUs are required to allocate 1 percent of their Real Property Tax (RPT) collection to their Special Education Fund (SEF). Two, they are to ensure citizen participation in the budgeting and allocating of their resources for the education services.

Under the Local Government Performance Management System (LGPMS), an LGU should be able to provide support education services by: (1) establishing a functional Local School Board (LSB), (2) providing support to elementary and secondary education from the special education fund and the general fund, and (3) providing an alternative learning system.

LGUs are also expected to provide support in the improvement of the state of education. This includes improving the elementary participation rate, elementary completion rate, secondary completion rate, tertiary and technical education completion rate and basic or simple literacy rate.

In this regard, the LGUs are expected to spend their SEF on the:

1. Operation and maintenance of public schools.
2. Construction and repair of school buildings, facilities and equipment.
3. Educational research.
4. Purchase of books and periodicals.
5. Sports development.

LGUs are further expected to support extension classes and provide locally funded teachers' salaries. By and large, the LGUs are expected to supplement the available resources from the central office, especially for items that are in short supply.

II. Research Design and Methodology

Research Question

We begin with the question: *Does civil society participation affect the city local government units (CLGUs)'s decision in delivering education-related services?*

In theory, maximizing the welfare of the people means delivering the services in accordance with their needs or preferences. The best way to capture the preferences of the people is to bring the governments closer to them, with the condition that the former declare their preferences (through voting) to the latter. This will allow the local governments to not only obtain the relevant information in a better and faster way, but also to address the people's needs at equally faster rates due to their proximity to the latter. Such are the principles proponents of decentralization present: Wallace Oates, Joseph Stigler and Charles Tiebout. Today, the literature has streamed towards *citizen-centered governance* as a framework for local governance, bringing to the fore the significant roles of citizens in the process of governance and creating incentives for government agents for compliance with their mandates.

Thus, in effective governance that considers civil society participation a significant input, this research hypothesizes that: *“Civil society participation is positively associated with the city local governments in their education service-delivery; that is, civil society participation helps improve the spending decision of LGUs with regard to education.”*

Conceptual Framework and Review of Related Literature

As far as government spending is concerned, a vast array of studies in the Philippines and abroad that could provide a reliable empirical frame are available. The literature is, however, found lacking in the subject of citizen participation, a budding area of interest in the light of the expanding democratic ideologies in effective governance.

This study, nonetheless, makes use of the wisdom previous studies on government behavior in relation to their respective characteristics could offer. We will make use of the model Sturm (2001) expounded, in which three sets of variables were considered as factors affecting government capital

spending. The model groups the determinants into three major categories: structural, economic and politico-institutional.

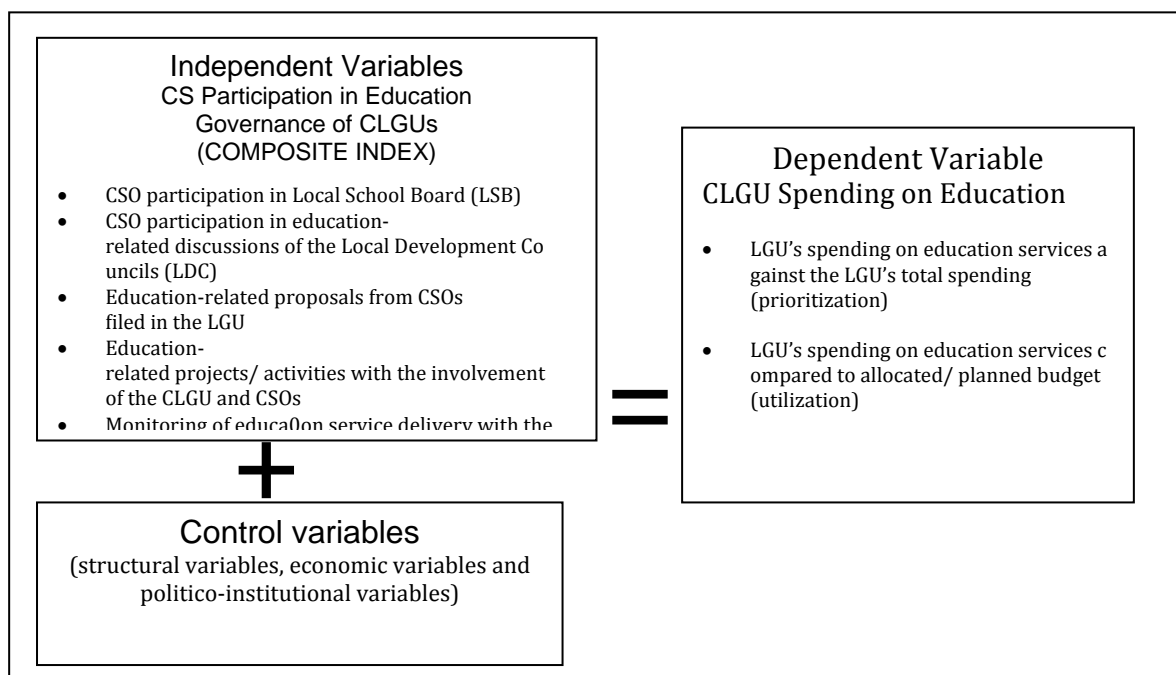
It must be noted, however, that this model was used to assess national government spending. For the purpose of our study, the model has been modified based on the relevance of the variables in the context of a decentralized set-up.

As mentioned earlier, the quirks of the decentralized form of government in the Philippines should be taken into consideration. Hence we turn to local studies such as that of Manasan (1997), which looks into the determinants of social and human priority of local provincial government expenditures, and another study in 1998 by the same author, which looks into the revenue performance and expenditures of the city LGUs in the years 1991 to 1995 and the factors explaining these.

In addition, we refer to the studies Mancur Olson (1993), William Nordhaus (1975) and Alesina and Roubini (1992) conducted that underscore the socio-political dynamics (for example, re-elections and political cycles) in government decisions. These were taken into careful consideration since our reference period 2009 is a year before the elections, a time when the need to win the votes of the constituents might have spurred the creation of more projects (and thus spending).

This study likewise takes into account additional variables that influence the LGU decisions in allocating resources, such as vulnerability to disasters. The country lies in a geographical position where disasters occur frequently. However, there is variation across locations as some areas are actually more frequently hit than others. Time and again, devastations arising from such disasters — while largely unpredicted — require resources for rehabilitation and reconstruction.

The variables previously mentioned are assumed to be the determinants of government spending decisions. Citizen participation will be the innovation and variable of interest — a factor that has not yet been fully tackled in the surveyed empirical studies. Therefore, we place it as one of the determinants, with a precondition that this variable satisfies the assumptions needed for unbiased and consistent estimates.



However, we find that CSO participation is very difficult to represent and define. With numerous factors defining this variable, plus the constraints of the limited sample size, representing these factors in a manageable number is quite a challenge. One way of overcoming this difficulty is to create a composite index that would enable the analysis of the data using just a single indicator.

Estimation Models

The study is looking at two avenues of local government decisions (local government outputs) that civil society or CSOs can participate in:

- *Prioritization of education spending of LGUs (as share in total spending)*
- *Utilization of resources earmarked for education (SEF)*

The estimation models consequently are as follows:

- $\text{educ_prio} = a + b \cdot \text{CI} + c \cdot \text{X} + d \cdot \text{Y} + e \cdot \text{Z} + u$
- $\text{educ_util} = a + b \cdot \text{CI} + c \cdot \text{X} + d \cdot \text{Y} + e \cdot \text{Z} + v$

where:

CI = composite index: CSO Participation in Education Governance of CLGUs

X = vector of structural variables

Y = vector of economic variables

Z = vector of politico-institutional variables

In each of the proposed models, the level of CSO participation in a given city determines said city's education spending, while taking into account the interplay of other prevailing structural, economic and politico-institutional conditions. Again, it is emphasized that CSO participation is measured as an index to encapsulate its various mechanisms.

Sampling and Datasets

In conducting the data-gathering for this study, the focus is on city local governments from the universe of 120 city LGUs. This is in order to limit the sample to relatively developed LGUs presumed to have the capacity and resources to fund the delivery of education services, netting out variation that could be accrued to the advantage of the cities due to the amount of IRA they receive and their attractiveness to investors.

Using stratified random sampling, a sample of 40 cities has been randomly drawn from a list of 120 cities categorized by region and type, allowing the ample representation of the cities to be analyzed in the study.

Data are then collected from national government agencies and city LGUs for each of the sampled cities. This step mainly entails primary data collection through field surveys and desk research. Moreover, the development of a composite index to measure CSO participation requires more rigorous data collection, involving interviews with CSOs and scanning through the minutes of meetings and records of proceedings to ensure that every measurable aspect of CSO participation is well represented in the analysis.

Based on the described research framework, multiple linear regression best suits our analysis of the problem at hand. This allows the establishment of a relationship between CSO participation and spending on education while controlling the effects of other variables.

The Dependent Variable: Measuring the City Government's Education Spending

As mentioned earlier, the spending on education shall be measured at two levels: prioritization and utilization.

DEPENDENT VARIABLES	Measurement	Data Source
level of prioritization of education	total spending for education to total spending of LGU in 2009	Commission on Audit / Bureau of Local Government Financing (BLGF)
level of utilization of education budget	total budget (planned) to total spending for education	CLGUs

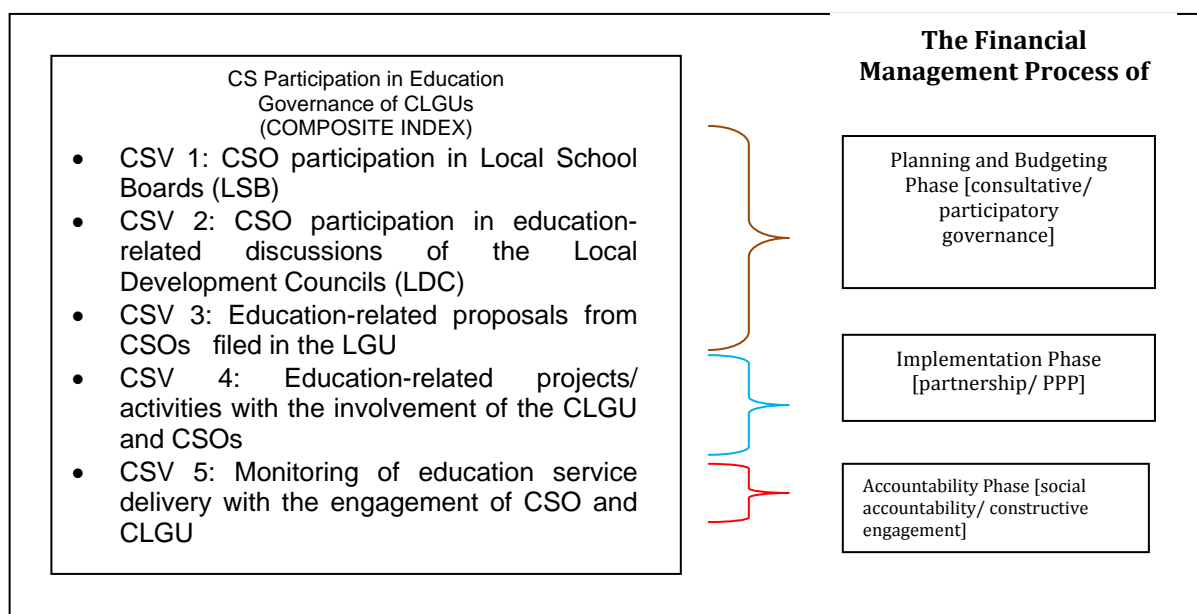
Prioritization is measured by summing up the total spending for education coming from: 1) mandatory or Special Education Funds, and 2) discretionary or General Funds, divided by the total expenditure from both the funds; in short, total education spending over total expenditure. The discretionary funds spending plays a critical role as it shows the level of prioritization given to the sector.

On the other hand, utilization is measured by looking at the total expenditure from the SEF, relative to the total SEF budget. This shows the efficiency in terms of spending the allotted budget of the city when it comes to education. We should note that the SEF is already earmarked for this purpose.

Unlike the CSO participation index, the interpretation of these variables is more direct. These data will be tested against the assumption that CSO participation plays an important role in influencing the level of prioritization and utilization of education spending in a given city.

The Independent Variable: Mechanisms for Participation of CSOs at Local Education Governance

Though the level and type of citizen participation may vary from city to city, they may also have similar manifestations. The study maps out the most common mandated mechanisms for participation throughout the financial management process of governance in the creation of a citizen participation index: (1) planning and budgeting phase, (2) implementation phase, and (3) accountability phase.



Let us now go through each mechanism closely for a more qualitative assessment of how it is expected to influence education spending:

1. CSO participation in LSB

As stated under the Local Government Code of 1991, one of the mandated sectoral bodies local governments have to constitute is the Local School Board (LSB). The CSOs in the LSB include the following as members: the duly elected president of the city federation of parents-teachers associations, the duly elected representative of the teachers' organizations in the city and the duly elected representative of the non-academic personnel of public schools in the city.

The LSBs are specifically created and tasked to exercise control over the Special Education Fund budget and education spending of local governments in accordance with the need of the different

schools, and to authorize the obligation of funds thereof. They also advise the local *sanggunian* in matters and expenses relating to education.

Thus, it is logical to conclude that the local government will have a higher budget and more efficient spending of the SEF and other education budget with a well-functioning local school board.

2. CSO participation in education-related discussions of the LDC

A major institutional mechanism that mandates civil society participation in the decision-making process of local governments is the Local Development Council (LDC), a quarter of which should be constituted by the representatives of non-governmental organizations operating in the city or the municipality.

The LDC prepares the Local Development Plan (LDP), which contains the development strategy and plan of the LGU. Education is one of the social development sectors discussed in local development planning. Through the LDC, CSO actors are able to participate in “setting the direction of economic and social development, and coordinating development efforts within its territorial jurisdiction” (LGC of 1991).

It is believed that CSO participation in education-related issues/discussions ensures that the development plan of the local government includes education programs. This can then be translated into higher education spending for the city.

3. Education-related proposals from CSOs filed in the LGU

In certain localities, CSOs may be as proactive as to propose certain projects and agenda to the LGU. Specifically, the presence of the CSOs proposing education-related projects to the LGU indicates the level of the activity of the CSOs, which in theory should positively affect the LGU decisions regarding the budget.

4. Education-related projects/ activities with the involvement of the CLGU and CSOs

The Local Government Code of 1991 also mandates the LGUs to co-implement projects and activities with CSOs. Simultaneously, the high presence of education-related activities with the participation of CSOs should also be reflected in the education spending of the city. Indeed, with the CSOs as main stakeholders in the project or activity implementation, it is more likely that the LGUs would obligate the budget specified for the project.

5. Monitoring of education service delivery by CSOs and CLGU

CSOs have also assumed an active role in monitoring the implementation of projects and processes of the local governments across the country, including the monitoring of education service delivery. More particularly, the procurement process has been made transparent through the participation of NGOs as observers at different stages of the bidding process.

Moreover, all local governments are mandated to have the Project Monitoring Committee (PMC) under the LGU's planning office to oversee the implementation of particular projects. The PMC shall include two (2) NGOs or POs under the Executive Order No. 93. Included in the primary projects PMC monitored are infrastructure projects that the LGU implements in schools.

In education, CSO participation in such accountability mechanisms is believed to increase the efficiency of LGUs vis-à-vis the spending and budget utilization.

Coming up with the composite index

Creating an index, however, requires sufficient prior information on the relative weight of each of the component factors to the total weight. Lack of related literature and public/ expert opinion as basis for these weights pose another challenge. To estimate the index, the study utilizes the principal component analysis, a multivariate statistical technique which aids in extracting the optimal weights based on the variation of the data in order to aggregate the different CSO participation mechanisms measured.

$$CI = a*CSV1 + b*CSV2 + c*CSV3 + d*CSV4 + e*CSV5$$

With the input of data in a scoring template, the sampled cities were given scores quantifying the level of civil society participation in the education governance of their cities.

To provide a brief background of the CSO participation mechanisms measured in the study, the following table lists 5 venues where CSOs can carry out their participation in promoting education. For each of these venues, the study enumerates how CSO participation can be quantitatively measured. Most of these data are sourced from the minutes of meetings and records of proceedings at the LSB and LDC levels.

VARIABLES	Measurement	Data Source
CV 1: Participation of CSOs in Local School Board (LSB)	(1) number of meetings in 2008-2009; (2) percentage of LSB meetings w/ CSO participation; (3) dummy variable if compliant to the number of mandated CSOs; (4) dummy variable if invitation was sent (determinant of initiative taken by LGU to encourage CSO participation)	CLGUs (LSBs and/or relevant CSOs)
CV2: Participation of CSOs in Local Development Council (LDC) on education-related matters	(1) dummy variable of whether education is tackled in LDP; (2) if LDP contains education, dummy variable of whether LDC membership complies with the reqt: 1/4 coming from CSOs; (3) number of education CSOs; (4) percentage of meetings attended by education CSOs	CLGUs (LDCs and/or relevant CSOs)
CV3: CSO initiative to propose recommendations/ courses of action that are education-related	(1) number of proposals; (2) percentage of proposals that are directly related to outcome (NAT scores); (3) percentage of proposals that are responded to by LGUs	CLGUs (Office of the mayor, CSWD, LSB, CAO)
CV4: Projects/ activities with LGU and CSO involvement	(1) number of projects/ activities; (2) degree of involvement; (3) level of participation; (4) scope (not yet quantified)	DepEd Division Office/ CLGUs/ relevant CSOs
CV5: Monitoring/ accountability efforts in LGUs on education-related processes or services with CSO participation	(1) number of monitoring activities; (2) dummy variable whether CSO participation in BAC is operational; (3) dummy variable whether CSO	CLGU (Procurement Office/ Planning, CSWD, DA, PMC, BAC)

	participation in PMC is operational; (4) scope (not yet quantified)	
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The research also translated into composite indices the 3 phases of the financial management process: (1) planning and budgeting phase, (2) implementation phase [partnership/ PPP], and (3) accountability phase, using the same components of CSO participation index, hence, no further data collection was necessary.

Information gathered from the minutes of LSB and LDC meetings, LGU records and other LGU data pertaining to CSO participation is summarized for each city. It is then quantified through a scoring system developed to provide a standard measure of civil society participation for all sampled cities. Premium points are awarded to projects and CSOs believed to focus on promoting education and other related agenda.

Control Variables: Accounting for other possible determinants of LGU spending behavior

As mentioned earlier, our model has 3 sets of control variables (structural, economic and socio-political) and a policy variable identifying CSO participation as determinants of government spending on education. The following table lists each of the variables considered for these categories.

CONTROL VARIABLES	Measurement	Data Source
1. Structural Variables		
a. degree of urbanization	Proportion of urban barangays to total number of barangays	National Statistics Office (NSO)
b. population growth	Population of school-age children (6-16 years old)	School age: Dept of Education (DepEd)
c. Vulnerability to disasters	Risk categories in the natural disaster vulnerability map — risk to climate disasters	National Disaster Coordinating Council (NDCC)
2. Economic variables:		
a. real economic growth, proxied by capacity to generate own income	tax revenues over total income in 2009	Bureau of Local Government Finance (BLGF)-Dept. of

		Finance
b. government debt	amount of loans and borrowings in 2009	BLGF
c. interest payment	amount spent on debt service in 2009	BLGF
d. foreign aid/extraordinary transfer	Amount of extraordinary receipts/aid in 2009	BLGF
f. Sustainability of local sources to cover expenses	Total local sources (tax + non-tax revenues of LGUs) over total expenditure in 2009	BLGF
g. Performance of the city in education (need for education services)	NAT scores 2007-2008	DepEd
3. Politico-institutional:		
a. political cycles	dummy variable whether re-electionist or not	Comelec-election results from 2001-2007
b. coalition variables	dummy variable whether LCE holds the majority of the Council	Comelec-party affiliation in 2007
c. political stability	crime index of 2008	Philippine National Police (PNP)

Diagnostics

Certain diagnostics were performed to ensure the fulfillment of the Gauss-Markov assumptions that will prove the generated estimators to be consistent and unbiased.

Foremost among these are the Ramsey RESET specification test and White's test for heteroskedasticity. Additional tests such as the Wu-Hausman specification test and the Durbin-Wu-Hausman test to detect endogeneity — through a 2SLS estimation — were also performed upon suspicions that the CSO composite index may have violated the exogeneity assumption. However, results show that there is sufficient evidence that the CSO composite index is not endogenous, thus, the OLS estimates are consistent and unbiased.

Interactions between CSO variables and LGU capacity as well as NAT scores were looked at due to suspicions of possible interplay (although apart from tests showing that the restricted models — those without the interacting variables — are more significant than their unrestricted counterparts).

Case-Study Analysis

After the data-crunching, the case study analysis was also conducted to make sense of the quantitative data from the regression analysis, looking at 4 cities, namely, Puerto Princesa City, San Fernando City, Calbayog City and Bais City--- cities chosen according to the trends shown in the regression analysis.

In conducting the case study analysis, a number of qualitative data-gathering methods were utilized. These include, but are not limited to, the following:

1. *In-depth key informant interviews* conducted by the researchers with the key implementers and service providers, as well as the representatives of the academe, NGOs, and the main beneficiaries of each LGU to assess the service-delivery, determine the variances in the processes, and uncover the causes of variance that need to be addressed.
2. *Focus group discussions* conducted after key informant interviews to validate the findings and uncover more factors that have not been identified in the interviews.
3. *Actual observation* of the processes and service delivery of the LGUs was undertaken to see how accessible they are to the public, and whether the mandated mechanisms for participation are functioning.

Limitations and Challenges

In the process of conducting the study, we found data availability (or the lack of it) a major constraint. To some extent, difficulties in data gathering may have affected the result of the study. Some LGUs do not have proper documentation of CSO participation and may also not have the necessary documents containing the control variables. Besides, the measurement of CSO participation is limited to quantifiable and observable proceedings. The quality of participation is accounted for as much as possible, but other relevant factors proved to be very difficult to measure.

Another limitation is manifest in the use of only cross-section data, as opposed to panel data; the former omits the time factor that could possibly identify the direction of causality. At the most, the

cross-section data can provide an indicative relationship between the variables of interests. As data collection for a single year has proved to be cumbersome, especially in the case of CSO participation data, the compilation of historical CLGU-level records for each city may pose a greater challenge.

III. Findings and Results

After the data gathering, data-crunching and the case studies, the research brings to the 3 important aspects of local governance that need to be looked at in order to make sense of the data: (1) the indicative determinants of LGU spending on education based on the regression analysis, (2) the state of local education governance, and (3) the state of participation in mandated local participatory bodies.

Determinants of LGU Spending on Education (Indicative Results)

Based on the results of the Ordinary Least-Squares (OLS) regression, overall CSO participation has been found to be insignificant in determining the dependent variable. Instead, it has been found that NAT scores, the capacity of the LGUs to generate sustainable revenues and the vulnerability of the LGU to climate-related disasters are significant determinants of education prioritization.

The CSO index was disaggregated in order to identify the phase at which CSO intervention has the maximum impact. In this particular estimation, it has been found that the CSOs engagement in the implementation and accountability phases has significant relationships — negative and positive, respectively — with the LGU prioritization of education. It must be noted, however, that the relationships, while statistically significant, appear to be weak in terms of their magnitude.

The results of the OLS estimation point to the robustness of the NAT scores, vulnerability to geo-hazard and debt service payments in explaining the LGU utilization rate of the SEF. The school-going age population likewise plays a role, albeit not as significant in terms of magnitude. Meanwhile, CSO participation has been found to be negatively significant.

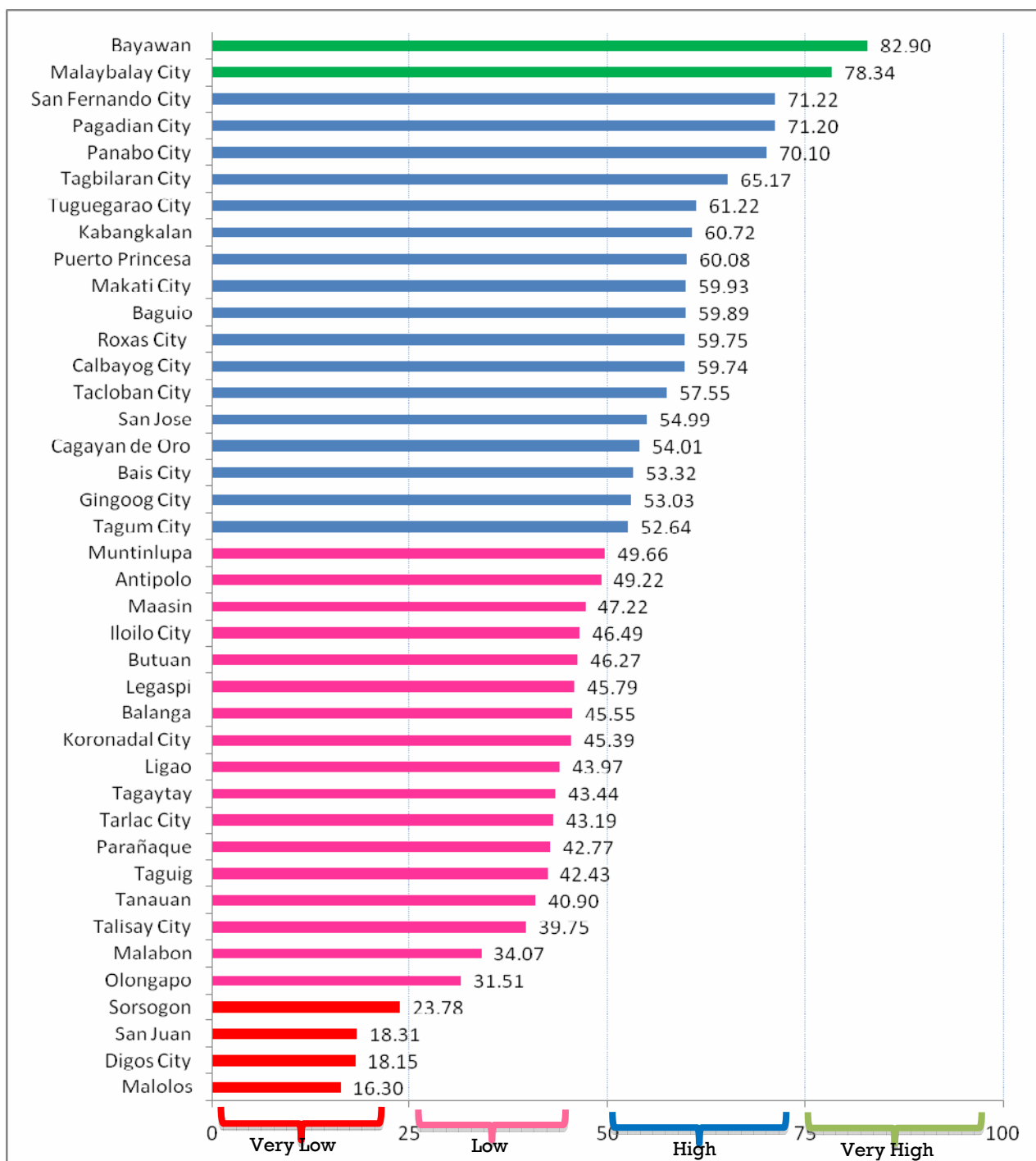
As in the case of the first model, breaking down the CSO index might help to provide clarity as to the phase at which CSO intervention has the maximum influence on local government decision-making.

Results show that the variables NAT scores, school-age population, vulnerability to geo-physical hazards and debt servicing have significantly explained utilization rate of SEFs. In this case, however, CSO participation, at least in the implementation phase, has been found to be significant, though negative.

Level of Participation in Mandated Local Participatory Bodies

Citizen participation did not figure strongly in determining education-spending behavior based on the regression analysis. It is thus worth examining the state of citizen participation in education governance to assess the type of challenges in maximizing participatory mechanisms in making governments more responsive.

The chart below shows the index scores of all the 40 cities in aggregation of all the five CS variables considered in the study. This index is used to evaluate the correlation and relationship of civil society participation to local spending on education.



The results show that the cities were scattered in terms of the level of functionality of the said mechanisms; 21 cities had below 50 scores, while the other 19 had high to very high scores. Cities with high CS Index have very high adherence to institutionalized mechanism, more specifically in the local school board and local development council. These cities especially have good documentation of the meetings held.

Highest scores are of Malaybalay and Bayawan. Apart from complying with mandated mechanisms, the CSOs here participate in project implementation by taking on different roles (donor, implementer, etc.). Documented proposals and activities from the CSOs in these cities can be outcome-related or otherwise.

For the cities with low scores, documented CSO engagement ranges from low to none. Mandated mechanisms are not functional and local CSOs either have different foci or they coordinate directly with the Department of Education.

Of the 40 sampled cities, 70 percent (or 28 LSBs) comply with the mandated number of CSO representatives. Moreover, 80 percent (or 32 LSBs) send out invitations to CSOs to encourage their participation in the meetings. This means that a substantial number of LSBs do not comply with the mandated number of CSO representatives. In the span of 2 years (2008-2009), the LSBs held, on an average, seven meetings. This translates to roughly 3-4 meetings in a year, which is way below the number of meetings as advised in the LGC, which is at least once a month or as often as may be necessary. This may partly be explained by some anecdotes in case studies: that meetings are set depending on the availability of the local chief executive (LCE).

It was also observed that the CS membership of the LSB is limited to those mandated under the law, though there can be a separate PTA representative for both high school and elementary school as is the case in San Fernando. Moreover, political dynamics also appear to influence attendance as in one case study: the PTA representatives reportedly do not attend due to differences with the local administration. The research also observed that most of the CSO representatives of the LSB — the teaching personnel representative, the non-teaching personnel representative and the PTA representative — are themselves, almost always, the employees of the Department of Education Division Offices. Thus, many are wearing dual hats, and it was observed through anecdotal accounts, that some consider themselves more as government than as CSO representatives.

With regard to the LDC, 90 percent of their meetings on the sampled cities tackled education as part of their agenda. Participation of CSOs working on education-related issues, however, was not readily available on the list of participants for all cities, hence, was not measured in the tool. Compliance with the mandated number of CSO representatives at the LDC meetings was only satisfied by 47.5 percent of the sampled cities. During meetings, CSOs in the LDC have also not been empowered to put forward their interests as observed by different stakeholders. The LGU

itself initiated most of the local CSOs, the latter often dependent on the former for project funding. Invitations are sent, but it has been observed that the CSOs do not always attend. A number of accredited CSOs are also inactive. Some cities have many NGOs (Puerto Princesa and San Fernando); however, they were not involved in education-related services.

The CSOs' active participation in the form of project proposals to the LGU was also included in the measurement of scores. The cities present roughly an average of 2.8 project proposals in a year, almost half of which (41.8 percent) were directly related to education outcomes, while only 35.8 percent were responded to by their respective LGUs. However, many of the programs of the LSB were only repetitions from the previous years, and given the limited resources, there is little room to accommodate all requests and proposals. Thus, there is still the question of whether or not CSO participation was substantive in identifying the priority programs of the city and in the planning stage. Nonetheless, it has been recorded that school communities have passed their own proposals to the LSB for budgeting.

In 2009, an average of 2-3 projects per city were executed through the joint efforts of LGUs and CSOs (with varying forms of participation). Local CSOs that have cooperated with the LGUs in education service-delivery are more complementary to government efforts and become alternative service providers themselves by providing the services through donations and scholarships. This is evident in all the case study sites where NGOs (such as the Rotary Clubs, the Kiwanis, Knights of the Columbus, Chamber of Commerce) providing for school buildings, giving out scholarships, conducting outreach programs, among others, were identified. Many private institutions, even international ones, implement projects at the local level. Projects usually include infrastructure projects, scholarships, feeding programs, donation of books/medals, etc.

Moreover, CSOs participated by monitoring an average of one education service delivery (mostly as observers in the BAC). In 24 of the sample cities, CSOs did not conduct independent accountability activities. Most PMCs are also not functional. The framework of engagement is neither claim-making nor accountability activities.

It should be noted, however, that innovative mechanisms were observed in some cases, such as in San Fernando, which is a successful case in implementing the Performance Governance System and Score Card within San Fernando, as well as in Calbayog City, which has been participating in a number of G-Watch projects in the last year.

State of Local Education Governance

The data collected during the course of the study also provide insights on the dynamics of local education governance and other possibly more prominent factors that supersede government consideration of citizen participation in influencing education spending behavior.

However, looking at the LGUs' spending behavior through our study's dependent variable, that is, looking at the level of prioritization of education and utilization of the education budget, we find that education spending still varies among LGUs. On an average, prioritization of education in the budget is 7.7 percent, which is very low considering the prioritization rates in San Fernando City (23.7 percent) and Makati City (22.5 percent). It is worth noting that metropolitan cities also allocate higher budgets for education. It is thus evident that despite the higher demand for the LGUs to support education services, prioritization of education compared to other LGU priorities remains low among cities.

Budget utilization, on the other hand, averages to 81.7 percent. Most of the cities utilize 70 to 100 percent of the budget. This data shows that there is still much room for improving the LGU spending behavior, especially through greater efficiency in budget execution.

It was also evident in the 4 cases studied that some important considerations appear to have greatly affected the prioritization and utilization of the education budget. For instance, the priority of the LCE has affected prioritization. In San Fernando City, the LCE's thrust is on establishing integrated schools which requires the LGU to provide high investments. In Bais, a change in leadership also led the new administration to focus more on education, unlike during the time of the previous mayor.

Moreover, in areas with low prioritization on education spending, like in Calbayog City, city governments have solicited funds from other sources such as barangays, national government agencies, private institutions, etc.

As for utilization, a number of factors can possibly affect it as seen in the case studies. In San Fernando, there is high utilization rate, presumably due to the needs-based budgeting of the LGU. Stakeholders from Bais City, on the other hand, report that they estimate income conservatively so

their budget and budget utilization are also conservative. In Puerto Princesa, coordination among LSB and offices in utilizing savings also identifies as key to efficient utilization.

In the econometric analysis, an important governance aspect that has implications on LGU spending behaviors has surfaced: the LGUs' fiscal management and fiscal capacity. This refers to the ability of the LGUs to increase income and generate resources. Indeed, the Real Property Tax where the SEF is sourced remains low as RPT collection is either inefficient (due to many delinquent payers) or the land valuation remains outdated. With limited resources, the LGUs are restricted in expanding their education services.

Generally, LGUs in the Philippines have low capacity to collect taxes and generate local revenues, which in turn affects their ability to provide services. For instance, Calbayog City is one of those with the lowest Special Education Fund among the 40 cities this research covered. Herein, real property tax collection is a problem because of poverty and the lack of means. There is also an apparent lack of awareness among citizens about the importance of paying their taxes.

For San Fernando City, which has high education spending, the reverse has been observed. RPT collection is very high because they recently had an updated/revised tax schedule for real property. From Ph24M in 2004, their RPT collection is over Ph120 M at present. Thus, the city has very high fiscal capacity (almost 50 percent local income of total income).

IV. Analyses, Conclusions and Questions for Ways Forward

On the Nature and Quality of CSOs

One of the key points that emerged from this study is that the presence of processes and mechanisms does not guarantee a responsive government. There are many factors that come into play, two of which are the nature of the CSOs and the quality and substance of participation.

The nature of CSOs at the local level and the quality of their participation in LGU processes on education governance remain largely procedural, at times bordering on tokenism. Providing formal mechanisms and venues for participation (which we commonly describe as procedural democracy) does not automatically lead to accountability or responsiveness. Sometimes, it even serves as a “rubber stamp” of the government.

Cities with high CS Index had very high adherence to institutionalized mechanisms, more specifically in the local school board and local development council. These cities especially have good documentation of their meetings. However, there is little substantive participation of civil society in the LSB and LDC meetings. As different stakeholders have observed, CSOs in the LDC are not fully empowered to put forward their interests during meetings. The LGU itself created most of the local CSOs — with the latter often dependent on the former for project funding.

Moreover, most of the CSO representatives of the LSB (the teaching personnel, the non-teaching personnel and the PTA representatives) are more often than not employees of the Department of Education Division Offices themselves. Thus, many are wearing dual hats, and it is apparent that many consider themselves more as government than CSOs.

In addition, many of the programs of the LSBs were repeated from the previous years, and given the limited resources, there is little room to accommodate all requests, at least in the SEF. Thus, there is still the question of whether or not CSO participation was substantive in identifying the priority programs of the city and in the planning stage.

Local CSOs enjoying greater autonomy from LGUs in terms of their finances are more complementary to government efforts and are usually service providers themselves. This is evident in all the case study sites where NGOs such as the Rotary Clubs, the Kiwanis, Knights of Columbus, Chambers of Commerce provide for school buildings, give out scholarships, conduct

outreach programs, among others. This is especially true in Calbayog City and Bais City where local CSOs are either non-education related or are donors providing education services. The indicative results of the research suggests that this kind of CSO-government relationship could discourage government spending as the CSOs provide alternative sources of education services through donations and scholarships.

It should also be noted that few to no CSOs participate in the budget preparation or advocacy/ political work. There is also no identified CSO that is more oppositional. The government usually runs the local media (e.g. Radyo ng Bayan) and thus, the latter are less inclined to take an oppositional stance by default. Indeed, the relationship of local CSOs and the LGU is cooperative/ collaborative. CSOs are not countervailing as the research initially expected. They also do not conduct monitoring/ accountability work. For all the 4 case study sites, CSOs have hardly conducted any independent accountability activities. The framework of engagement is neither claim-making nor accountability.

All this shows that most of the CSOs are “associational CSOs.” They spouse a “harmony” model of politics, which is “one that downplays the very real conflict between the country’s oligarchic elite and the poor and marginalized classes, sectors and communities” (Quimpo 2008: 95).

In more progressive cities such as Puerto Princesa and San Fernando, the LGU-CSO relationship is already becoming more constructive and substantive; however, there are still certain limitations. In San Fernando, for instance, citizen participation is realized not only through mandated mechanisms, but also through innovative mechanisms that the LGU had initiated. Such mechanisms, though commendable, are harder to monitor and measure as they are not uniform across cities. Moreover, these CSOs, though more professionalized and independent, have not yet made concrete efforts in influencing the allocation of the LGU budget. In Puerto Princesa, CSOs focusing on social accountability have already emerged, but they do not monitor education services. Rather, they focus their efforts on environment protection.

The lack of dynamics of CSOs may be attributed to a number of factors. In Calbayog City, the terrain of the city, which is mostly mountainous, may affect the propensity of people to organize. Hence people who live in far-off areas fail to participate in government activities. In Bais City, most local CSOs were reported to be inactive and dependent on the LGU due to limited resources.

Thus, they are not equipped either financially or organizationally to function more efficiently and independently.

It should, therefore, be highlighted that the emerging relationship of CSO participation and LGU spending is also highly dependent on the kind of citizen engagement available. If for instance, there are more progressive and accountability-seeking groups at the local level, it will be highly probable that the influence of citizen participation on spending would be more significant and positive. The disaggregated econometric results of the study, though indicative, attest to this. When looking at participation in accountability measures, the relationship with prioritization of education in LGU spending appears to be positive.

This study, therefore, ventures to suggest and conclude that citizen participation can only be positively affecting governance if it constructively engages government through claim-making activities. This kind of engagement remains limited at the local level, especially in the local education sector. Thus, this is a project worth pursuing, that is, it is worth the effort to increase the political maturity of local CSOs and to empower them to progressively engage their government.

On Elite Democracy at Local Level in Education Governance

Through further analysis, the study also points to a rather popular interpretation of Philippine politics: the prevalence of elite democracy, which in this case is at the local level, particularly in the education sector. Hence, consent from above, not independent initiative from below, largely facilitates participation.

This reality is manifest in the leader-centric decision-making processes of the local government. The local chief executive and the DepEd superintendent mostly determine the LGU's education program. At the end of the day, the budget is still, by and large, LCE-determined. Even with CSO participation in the planning of the SEF, the final plans should coincide with the priorities of the LCE. The CSOs that have access to the existing mechanisms and that are represented in government are those supportive of the leadership. Access to these mechanisms and the relevant information are largely in the hands of top officials. This shows the persistence of what is referred to as "bossism" in local Philippines politics, where local policies and even the direction of

community development are highly dependent on local “bosses” who are still seen as patrons, while service beneficiaries are seen as clients.

There are also indications of political alignment factoring in the dynamics of participation. Some citizens’ groups were said to disengage from participation due to political reasons. In one area, for instance, there were reports that the PTA representative to the LSB in the period covered did not attend the LSB meetings due to political reasons. Also, representatives from the DepEd Division office said that the current mayor does not favor them, thus, the support given to them has been compromised as well.

Given the nature of the CSOs and the LGU-CSO relationship, popular participation seems to follow LCE's priorities, not the other way round, as initially estimated. The two would probably coincide but the LCE’s priority is more decisive. This makes leadership the center of decision-making. It poses a big challenge as citizen participation may simply legitimize decisions largely determined at the top. The short route to accountability, despite CSO intervention, is still non-functioning in terms of bringing about accountability and responsiveness of governance.

Henceforth, the study result attests to the prevalence of elite democracy at the local level in education governance. While there are mechanisms/ procedures for the conduct of democracy, by and large, in this case, particularly at the local level in education governance, the elite controls these mechanisms.

The foregoing study findings and analyses point to a much needed policy intervention: to ensure that the involvement of local mandated participatory bodies leads to a responsive government. Hence the question we should answer is: *How do we do this? What sort of checks should be set in place?*

On Improving Local Capacity

The other key aspect of the study worth looking into is how to improve capacity for local education governance. Though tentative, the correlation study points to one determining factor that results in an increase in spending: fiscal capacity. Empirical studies abroad also support this finding. It means

that if we want to improve local education governance, we need to improve the fiscal capacity of our LGUs. This raises several policy questions that also need reflecting on, such as:

- Should we think of fiscal autonomy to improve the fiscal capacity of the LGUs?
- SEF seems to be an unprogressive local financing scheme for education. Richer LGUs collect more taxes and hence, have a higher SEF; while the poor LGUs collect lower taxes and hence, have lower SEF. Given that the richer LGUs generally have higher IRA, with better capacity and often with better education outcomes, tax collected as basis for mandated education spending ultimately leads to LGUs that need more resources to improve education outcomes. Hence, they are unable to improve their education outcomes; while LGUs that no longer need resources end up with a lot of extra. The emerging policy question is: should we rethink how we allocate mandated local education spending? Should we set up an equalizing mechanism? What mechanism should this be?

On Conduct of Monitoring and Assessment

Finally, this project points to a critical agenda for improving local education: enabling the conduct of impact/ correlation assessment crucial to testing the effectiveness of key policies.

As they say, it is hard to improve what you cannot or do not measure. Our direction now is to pass/ adopt policies that promote participation. How do we know if this is working at all? Of course, we agree that participation is a right and, therefore, it must be promoted regardless of its outcomes. But it is important that it also yields the kind of impact that advances a progressive agenda, or else, it is not only pointless, but it can also be used to perpetuate the very situation that it is expected to change.

More particularly, the research looks at 3 main challenges as far as the conduct of monitoring and assessment of the effectiveness of these mechanisms are concerned. First, there is inconsistency in the recording and data-banking of spending. Second, there is no tracking of the performance of the mandated mechanisms for CSO participation. Lastly, the definition, measures and monitoring mechanism for effective and responsive local education governance are largely absent.

On the first point, there remain inconsistencies in government data-banking. What one LGU reports under education spending (particularly from the general fund) is different from what the other LGU

reports. With such inconsistencies, it will be difficult for the government to accurately plan for their programs/projects because it does not know how much they are really spending on education. It will be equally difficult for researchers to find updated and reliable data which can be utilized in statistical analyses. Any result generated will be tentative and inconclusive. It also takes time for the data to be completed. The 2009 data, for instance, remains incomplete even in mid-2011.

There is thus a need to look into the following: *What should comprise local education spending and how do we ensure that there is uniformity in computation and reporting on this?*

On the second point, tracking of performance of the mandated mechanisms for CSO participation, such as the LSBs, LDCs, PMCs, and the like, remains lacking. This poses a big challenge as it is through monitoring that the government will be able to assess whether the mechanisms and policies it instituted are being implemented. Monitoring these mechanisms will hopefully encourage LGUs to comply more urgently by opening up spaces for participation. In addition, a reliable aggregation of the said data allows further research to generate relationships between citizen participation and other important variables.

Finally, there is the question of effective and responsive local education governance. There is still the need to further clarify the point: when can we say that an LGU is effective in education service delivery? What are the measures? But more importantly, how do we differentiate or delineate accountabilities of the LGUs and the center as far as education service delivery and outcomes are concerned? To drive this point further, this emerging “hybrid” institutional set-up where education is centralized (but LGUs are getting more and more accountabilities) perhaps requires some reflecting on as well.

The questions worth considering are:

- How do we track performance of the mandated local bodies? Who should be responsible for this?
- How do we ensure that the reporting system that monitors performance works and reports are indeed generated to build on a database? What incentives should we set up to promote the introduction of such a culture in our governance?
- How do we measure effectiveness and responsiveness of the LGU on education concerns?

Despite providing only indicative results and findings on correlations due to constraints on data, this unique study on the relationship between civil society participation and local government spending on education nonetheless provides a methodology or a disciplined process to objectively answer an important correlation question that has critical policy implications. It gives us an idea as to what kind of information and conclusions we can generate if data are available, such as ranking of LGUs based on the level of CSO participation in local mandated bodies for local education governance, and what affects local education spending.

The policy aspect of the paper, on the other hand, directs us to 2 essential fronts in improving local education governance, namely: (1) addressing the challenges in assessing the level of effectiveness of local mandated participatory bodies and the level of responsiveness of local education governance, which are basically problems of indicators, measures, data-gathering, data-basing; and who will be responsible for these; and (2) addressing policy issues and challenges hampering the effectiveness of citizen participation in improving local education spending.

Finally, the study allows us to critically reflect on civil society participation. Mechanisms and processes alone for participation do not automatically result in responsive governance. The substance and content of the participation is very critical and has a lot to do with the capacity of civil society organizations, their nature and objectives in engaging governance, the kind of relationship between civil society and government and the kind of leadership in government — whether it truly values participation or only uses it to camouflage or legitimize top-down decision-making processes.

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