

CITIZEN REFORM AGENDA 2010

Agenda on Local Governance Reforms

For Candidates and Political Parties of the Upcoming 2010 Elections

*Overly-centralized governance has brought us nowhere.
We must decentralize.*

*We need local government units that are capable of
catering to the needs of their constituencies.
They must be given real autonomy balanced by accountability.*

Citizen Reform Agenda 2010 of CReforms 2010 is a consultation process initiated by the Ateneo School of Government (ASoG) through its PODER program that aims to bring together the broadest possible representation of citizen organizations in the country to identify key reform agenda or issues that candidates and political parties must address come 2010 elections.

PODER is ASoG's transforming politics program that focuses on reforming and strengthening key democratic institutions such as the Constitution, elections and political parties. PODER provides spaces and produces action-oriented knowledge products that aim to facilitate the engagement of key political players in dialogues that facilitate their common understanding and consensus points on key institutional reform issues.

Empowering the Philippine local government proves important on many fronts. Being the closest agency of the government to the people, it stands critical in identifying what its constituents need and consequently formulating and implementing policies that would best cater to the people. Furthermore, its proximity allows it the advantage of flexibility and efficiency in service-delivery and program implementation that, if properly developed, would significantly advance our country as a nation composed of well-performing units.

Indeed there have been reforms aimed at decentralization in the past. Most notably, the establishment of the Local Government Code in 1991 has reconfigured the Philippine political space to grant local government units more autonomy to determine the direction that they would take.

While some local government units have been taking this opportunity to develop its public service, many remain to be spaces for clientelist politicking, graft and corruption. Many remain to be dependent on the national government as these units are lacking capability both administratively and financially.

Key reform agenda on local governance that would ensure substantive decentralization include four main points:

- (1) More devolution and autonomy from the national government through a policy review on the Local Government Code of 1991;
- (2) Installation of a more equitable system of local finance management that effectively equips local governments of resources for their service-delivery and administrative needs;
- (3) Substantive constitutional reform that explores federalism as a viable political framework in empowering local government units and decentralizing political power; and,
- (4) Strengthening transparency and accountability mechanisms for local government units that equal the power that is devolved to them.

Introduction

The 1991 Local Government Code is the single most significant political reform since the restoration of democracy (Ringuet and Estrada 2003: 241). The sheer difficulty of the Code getting passed by a congress dominated by the same economic and political elites that have ruled the country ever since demonstrates its importance in changing the face of Philippine politics. From its long gestation during the revolutionary government of Aquino to its implementation during the Ramos

administration, it has effectively rearranged the distribution of political power in the country.

The code is thus a window of opportunity to finally reverse the still largely *clientelistic* nature of Philippine society and politics. So far, the Code's introduction to the country's political system has resulted to significant progress in the countryside leading the World Bank to describe select LGUs as "islands of good governance". Much remains to be done though. And despite the provision in the law

that clearly provides the need to review and further improve the code, it seems to have been given less priority by policy-makers.

The 2010 elections may be considered as a turning point of Philippine Politics. We have had 2 EDSAs in 1986 and 2001, and recent attempts to resort to another extra-constitutional means to force an inept government failed to gather public support. Either the people have become significantly apathetic, or we have reached a point that we would like to allow formal institutions to work and thus we have adopted a more prudent *wait and see* attitude. Either way, this coming elections will require political leaders to address substantial issues.

This will depend significantly on how the people, with the vibrant civil society that we proudly enjoy, engage the candidates for national leadership. Hopefully, instead of the usual motherhood and romantic pronouncements from the candidates courting popular support, this engagement leads politicians to discuss real issues and stand for real solutions.

A Local Governance Reform Agenda

The main agenda that encompasses the others is furthering the devolution process and granting more autonomy to Local Government Units (LGUs). It follows that to address the issue of devolution and autonomy, the issue on local finance must also be tackled. To further extend the logic of decentralization, a shift to Federalism could be considered. Finally, along with the granting of more powers to LGUs, the mechanisms for accountability must also be strengthened.

More Devolution and Autonomy

Dr. Paul Bern Spahn, in an International Conference in 2006 declared that the 1991 LGC

of the Philippines is a milestone not only in the history of the country, but also in Southeast Asia (LOGODEF 2006). This is just a fitting declaration for it echoes the scholars' assumption that decentralization and empowering LGUs is a fundamental part of our road to political development.

Not only does decentralization have the potential to neutralize the age-old socioeconomic problem of patronage politics, but more importantly, it made local governments, the frontline agency of governance. Giving substantial leeway for LGUs to address their own unique problems is a leap forward in itself. And when LGUs are able to do just that, it suggests that it could substantially deliver on the more fundamental issue of poverty.

Local governments are at the forefront of governance (Tayao in Tayao and Preschle 2008: 89). Local governments are political subdivisions of a nation-state according to the United Nations. The nature of governance at the local level require substantial flexibility if LGUs are to be effective. The national government may provide a general policy on say transportation and even investment and trade, but the unique conditions on the ground require LGUs to also come up with unique ways of responding to them.

In fact the unprecedented fast pace that characterize changes and problems society encounter today even require that LGUs do not only implement policies from the national level. Local governments could contribute in the forging of national policies especially in formulating strategies for development. National governments are best in managing the monetary and national fiscal policy and foreign relations. Even national security can no longer be entirely a national/central government function. The concept of security has to be understood in terms that are

used by new security actors, such as the local communities.

Decentralization and autonomy are key ingredients to development. Decentralized institutions have at least four (4) advantages that replace Hierarchy with Participation and Teamwork (Osborne and Gaebler 1992: 250-279), namely:

One, decentralized institutions are more flexible than centralized institutions. They can respond quickly to changing circumstances and customers' (constituents) needs.¹

Two, decentralized institutions are more effective than centralized institutions. Frontline organizations, for example local governments, know the local situation better than the national or central government. This significant circumstance suggests that they are more capable at communicating to the locals what needs to be done.

Three, decentralized institutions are far more innovative than centralized institutions. Knowing the situation, the stakeholders and thus the opportunities and constraints allow local leaders to determine the best means at accomplishing key tasks.

Four, decentralized institutions generate higher morale, more commitment, and greater productivity. The ones involved in local governance are themselves stakeholders and are affected by the way the local government works. The commitment comes from the sense of being one with the community, thus the focus and intent to accomplish more.

¹ Flexibility is needed for institutions to perform. Osborne and Hutchinson in 2004 argues that flexible institutions are more accountable and performs better as it avoids what they called "unnecessary work and or spending" (227-244).

While these are the expectations in a decentralized environment, there are claims that it has only deepened patronage politics. Instead of the touted advantages of decentralization where LGUs are empowered, it has instead resulted to more dependence to the national government. Accountability likewise suffers because the failure of governance at the local level is traced back to the national government.

This proves that it is not automatic that when a country decentralizes, development takes place. There are also "pitfalls of decentralization," according to Larry Diamond in a study on democratic consolidation (Tayao in Tayao and Preschle, ed. 2008: 95). And thus, the story of decentralization in the Philippines is far from perfect. The devil is in the details that each country has to look into what mechanisms are appropriate for their specific needs and circumstance.

The LGC has provided an opening for political development and the point now is to review where we have been so far and proceed with the possibility of improving on the Code. After two decades under the decentralized environment it has afforded LGUs, we should now be in a better position to review and institute needed reforms. The need to further reforms in local governance is outlined by three (3) issues and questions according to Dean Alex Brillantes, namely: 1) inadequate local finance; 2) weakened local –national capacity; and 3) taxing powers. These are the areas that need to be revisited in order for us to fully benefit from a decentralized political environment.

In sum, local policies are still very much determined by the national government. It is important therefore that the Code is reviewed and revised accordingly. LGUs have to play a vital role if poverty is to be alleviated in the Philippines. The sheer magnitude of

governance and the fundamental problem of poverty should be seriously given attention whoever is going to lead the country after the 2010 elections.

More Equitable Distribution of Wealth

The other local governance reform agenda calls for a more equitable distribution of wealth. This issue involves two specific concerns: one is the need to strengthen LGUs' capacity to generate its own revenue; and two, the popular call to reformulate the determination of the Internal Revenue Allotment (IRA).

Understanding local finance concretizes the concept of local autonomy. Nene Guevara argues that LGUs make things work: deliver health services efficiently, re-engineer the bureaucracy, put public finance in order, and make operations transparent and accountable (Preschle and Sosmena, eds. 2007: 73). The variances in the experience of LGUs may be explained by the different orientations of individual Local Government Executives (LCEs). Most still remain traditional and thus still resorts to traditional modes of political power.

The issue of local finance also cuts across all other issues in local governance. For instance the bigger share of cities in the IRA has led to so many municipalities wanting to be a city. While there are requisites provided by law before one could be a city, this has been evaded or even officially suspended. The devolved functions likewise have been affected significantly because of inadequate local finance compromising the delivery of public services in most of the LGUs.

Consider Shifting to a Federal System

To many, a Federal Philippines is the culmination of Decentralization and Devolution in the Philippines (Brillantes and Moscare in Abueva et al 2002). The nature of Philippine geography, considerable ethnic and linguistic diversity, including the demands of development administration all call for a more substantial political restructuring. Many see Federalism a mechanism that allows fragmentation, but it also promotes national interest.

Since the return of democracy in 1986, the thought of trying a different political structure that is inclusive, including a shift from Presidential to Parliamentary has been considered. This tells us that there are fundamental issues on governance that could be answered only by structural reforms.

For new democracies, inclusiveness is a fundamental issue. Especially in the Philippines where national leadership is dominated by a few linguistic groups, decision-making and thus government programs are seen to benefit only a few. Considering also that we are in an archipelago, limited representation prohibits people from the countryside from feeling the significant presence of government.

Security alone is a key problem because of centralized administration. It has become a vicious cycle where say nationalizing the Police as what we have now prevents law enforcement to be familiar with the unique conditions in a community. On the other hand, if we go back to the old setup of a localized Police, the danger is the formation of local and politicized militias. Restructuring the political system, specifically Federalism is viewed by many to offer substantial options so that these issues could be addressed.

It is crucial that in the 2010 elections, candidates have clear position on the Federalism proposal.

Strengthening Local Accountability

Strengthening of local accountability should come along the enhanced power granted to the LGUs. Accountability measures, for instance, ensure that the increase in local financing would yield better governance by having check-and-balance to allocation and use of resources.

Good governance may be considered as a guidance or control for an activity to meet a specified objective. Good governance involves legislation and regulatory processes that set standards, monitor and correct defined areas of activity (Fox and Ward 2008: 521).

In 2003, the Government Procurement Reform Act (GPRA) was enacted precisely to ensure that the government, national and local could be made more accountable. The objectives are, transparency, efficiency, and effectiveness (Ursal in Preschle and Sosmena, eds. 2005: 109).

The idea is to, at the very least, minimize the losses due to irregularities and corruption. In 2003 alone, LGUs were estimated to have lost 14 Billion Pesos to corruption. This amount could have been used for programs and service-delivery. It is unfair, however, to say that this is a problem that is caused mainly by outright omission or commission. There is a need to acknowledge that not all LGUs are prepared to prevent corruption and irregularities from happening due to logistical requirements. It henceforth reinforces the call for further reforms in local governance.

Pushing for Affirmative Advocacy in Engaging National Candidates

The issue of local governance is a substantial issue in the overall development of the Philippines. However, local governance has not been a “sexy” issue, according to some experts.

It is imperative that we make it compelling to the candidates so that they are made to respond concretely to key questions and provide categorical positions. On the other hand, it is equally important to make local government reform a relevant issue to the people.

Local governance is a specific issue. If candidates will talk about it in the coming elections, it only means that it has reached some level of understanding among candidates. This also means that the election will look into key issues and not only on personalities. The ultimate objective is to usher in an electoral exercise that will address real problems and not only talk about motherhood statements and meaningless promises.

Revising the Code for purposes of further empowering the LGUs will not be easy, the same with the experience in its passage two (2) decades ago. As we have made explicit in this writing, the Code is a substantial departure from the traditional political setup in the country. There are substantial tradeoffs to be considered on the part of political leaders, nationally and locally. A president would find it difficult to part with substantial powers especially that it will prevent her or him from strengthening his political influence. In the same light, other national leaders will not be ready to further empower the LGUs. This, to say the least, will make local leaders more important to the people and thus compete with their presence remarkably.

This explains at least part why the story of decentralization has a mixed story of successes and failures. The only way to get substantial reforms going is to substantially engage political leaders.

When we engage our would-be national leaders, we should be talking about our positions. This is engaging them substantially

that in the process we are making them understand that we know what we are talking about and that we have a concrete idea of how to get things done. In effect, we should be asking them their positions on our advocacies, whether or not they agree or disagree with them, and up to what degree. Engaging them by asking them their position on certain issues will only allow them to skirt the issue and thus provide motherhood statements.

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