Issues and Problems in Decentralization and Local Autonomy in the Philippines: A Preliminary Assessment of Impact and Challenges*

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Abstract

Among the policy initiatives towards engendering good governance and sustainable development in the Philippines is a major legislation enacted on October 10, 1991, providing for local autonomy for local government units (LGUs). Republic Act 7160 of the Republic of the Philippines, otherwise known as the Local Government Code of 1991, is a broad legislative policy mandating the grant of comprehensive autonomy to local government units in the Philippines by devolving critical national government functions of delivery of services in agriculture, environment, health, and social services.

The intent of this extensive policy is to strengthen local government capacities so that, as front-line governments based at the community level, they can address critical gaps in the delivery of services in habitually neglected areas, particularly in aspects of poverty alleviation and in stimulating development activities. As the Code reaches its 25th year of implementation in 2016, a basic review of its impact on poverty alleviation and other aspects of local governance, as well as the performance of local government units, has become compelling, particularly on the need to fill in loopholes and gaps in the statute as originally constructed. Some important issues and questions need to be asked: Has the Code responded adequately towards improving capabilities at the local levels? What are the problems and challenges facing LGUs and the national government today towards fulfilling the aspirations of viable, effective and responsive local autonomy in the Philippines?

This paper thus seeks to provide cursory analysis and assessment of these issues by examining the performance of LGUs in the Philippines, under the Local Government Code of 1991, particularly problems of capacities, financing and how they responded to crucial issues of poverty alleviation.

Keywords: Decentralization / Devolution / Local Government Units / Local Government Code / Philippines

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Introduction

Over the years, the problematic of highly centralized structures and systems of government among newly-independent nations has spawned numerous challenges and issues on the delivery of basic services particularly to remote peripheral or isolated communities. Inherited as legacies of the colonial periods, these configurations have likewise brought rigid, hierarchical and often generally ritualized policy responses to strategic areas needing intervention. As such minute decisions on matters of localized concernshave been habitually referred to and made at the national levels which are oftendetached from these communities.

During the past decades, there has been a marked widespread and endemic clamor and movements for more substantive public sector reforms in both developed and developing societies as citizens become more alienated to their governments because of discontinuities and dysfunctions in the delivery of services that have been compounded by issues of corruption, inefficiency and incompetence.The decentralization ofthese highly centralized and rigid systems of government in the aftermath of the colonial periods has been one of the adopted response to improve the delivery of public services and the management of public affairs among newly-independent nations.

There is today the acknowledged consensus that decentralization has become "an almost universal feature of modern states," and that "almost all countries are on the wave of decentralization" even as academic concern has been largely drawn to continue assessing other practical policy alternatives (Lee, 1996: 102).

Brillantes, Jr. asserts that governments have adopted to decentralization because of the merits of facilitating speedy "decisionmaking processes by decongesting central government and reducing red tape" while at the same time increasing citizens' participation and empowerment to engender "a more open and democratic government" (Brillantes, 2003: 324).

Evolving as late as the early 1960s as part of the package of prescriptions tostreamline the government and administrative systems of countries that underwent decades of centralized colonial rule, decentralization has emerged today as a staple streamlining prescription towards improving administrative processes and reaching out to local communities. As such, decentralization emerged as a movement of sortscontained in such propositions as development administration in the mid-fifties, and spanning even under current public sectorreform propositions such as reinventing government and new public service (NPS) (Gant, 1979; Osborne and Gaebler, 1992, Denhardt and Denhardt, 2007).[1]

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[1] *There is a burgeoning literature on decentralization initiatives in the Asia-Pacific region as reflected in country experiences compiled in various publications of the Eastern Regional Organization for Public Administration (EROPA). See for example the compilation of papers on country experiences in S. Kurosawa, et.al. (eds.). 1996.* ***New Trends in Public Administration for the Asia-Pacific Region: Decentralization****. Tokyo: Local Autonomy College. See also Klaus Preschle and Edmund Tayao. (eds.). 2009.* ***Envisioning a Federal Philippines.*** *Manila: LOGODEF; GaudiosoSosmena, Jr. 1991.* ***Decentralization and Empowerment****. Manila: LOGODEF.*

Along these lines, the Philippines embarked on launching an extensiveand comprehensive decentralization policy in 1991 framed within the context of devolution and local autonomy to local government units (LGUs). After decades of failed embryonic decentralization and local autonomy policies, this all-embracing law was enacted under Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" as approved on October 10, 1991(hereinafter referred also alternately as the Code or the LGC).

The intent of this extensive policy is to strengthen the capabilities of local government capacities so that, as front-line governments based at the community level, they can address critical gaps in the delivery of services in habitually neglected areas, particularly in aspects of poverty alleviation and in stimulating development activities.

As the Code celebrates its 25th year in 2016,[2] a basic assessment of its impact on poverty alleviation and other aspects of local governance, as well as the performance of local government units, has become compelling, particularly on the need to fill in loopholes and gaps in the statute as originally constructed.

Some important issues and questions need to be asked: What salutary gains have been made towards strengthening local government units and the spirit of local autonomy? Has the Code responded adequately towards improving capabilities at the local levels? Has it helped in alleviating poverty and contributed to inclusive growth of communities? What are the problems and challenges facing LGUs and the national government today towards fulfilling the aspirations of viable, effective and responsive local autonomy in the Philippines?

This paper thus seeks to provide cursory analysis and assessment of these issues by examining aspects of the performance of LGUs in the Philippines, particularly problems of capacities and how they responded to crucial issues of poverty alleviation. At the outset, this Study must be treated as a work in progress because the many ramifications involving this milestone legislation and its impact on communities in the Philippines cannot be reasonably captured and fused in a single paper.[3] It is however a considered view of this Paper that more studies and researched have to be conducted to understand and appreciate the full impact of the Code and how it could be further strengthened to respond to the challenges of development.

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[2] *The Local Government Code of the Philippines was approved on October 10, 1991, but was implemented officially the following year as provided for in its provisions. This paper however marks 1991 as the period to reckon in assessing the impact of the Code.*

[3] *This Paper is part of a larger study being undertaken by the Philippine Society for Public Administration (PSPA)which involves the conduct of a rapid field appraisal (RFA) on the impact of the Code on the 14 regions of the Philippines. The points maintained here are thus, at best, tentative and may be revised and expanded depending on incoming data.*

This Paper first provides a brief background of the early initiatives for decentralization in the Philippines as characterized by the passage of different pieces of legislation. It then proceeds to provide a brief overview and description of the Local Government Code of 1991. Having explained these, the gains and challenges are then offered next, identifying the benefits and problems confronting the LGC and its implementation during the past 25 years.

Initiatives towards Decentralization and Strengthening of Local Governments in the Philippines

The Philippines probably had one of the longest history of colonialization in Asia. Beginning in 1521, the country has been under three colonial rules, from Spain up to circa 1896, the United States from 1899 to 1941 and from Japan, from 1942 to 1945. The country gained its independence in 1946 from the United States which helped liberate the country from Japan. As such, the centralized system of government installed during colonial times had been firmly entrenched so much as so that after the grant of independence, decentralization and any semblances of it have been granted in piecemeal fashion as marked by various pieces of legislations.

The Philippines follows the presidential system and is a unitary state headed by a president elected at large every six years without re-election. It maintains three co-equal branches of government – the executive, a bicameral legislature and the judiciary.

The structure of local government units in the Philippines follows more or less, three tiers: provinces, cities and municipalities and the barangays or villages, the latter being considered the lowest political unit. There has been established, of late, several other political units though such as the Metro Manila conurbation, the Autonomous Region of Muslim Mindanao (ARMM), and the Cordillera Autonomous Regions (CAR). There are at least 81 provinces, 144 cities, 1,477 municipalities and 42,025 barangay units.[4]

Decentralization, as defined by de Guzman, involves the "systematic and rational dispersal of power, authority and responsibility from the center to the periphery, from top to lower levels, or from the national to local governments" (as cited in Brillantes, Jr., 2003: 324). The Local Government Code provides decentralization through devolution, which it describes under Sec. 17 (e) as referring "to the act by which the national government confers power and authority upon the various local government units to perform specific functions and responsibilities."[5]

Over the years thus, from the independence period thru the difficult years of reconstruction and rehabilitation following the post-World War 2 era, there had been

[4] *These are the recorded number obtained from various sources. See also Brillantes and Songco II, 2011: 359.*

[5] *This is found in Book 1, Chapter 2 – General Powers and Attributes of Local Government Units. The provisions in this Chapter provide the basis for the creation of local government units, as well as the basic services and facilities entrusted to provinces, cities, municipalities and barangays.*

a series of episodic yet embryonic initiatives in the form of legislation intended to decentralize the governmental system in the Philippines. For so long, the aspiration of an authentic decentralization policy within the framework of local autonomy languished in the rhetoric of advocacies of policy makers, national and local government officials, commentators and the academe.[6]

But while Congress enacted various fragments of legislation that sought to provide for greater decentralization, it was evident however that "financial control…remained very strongly with the national government," and which in a way, perpetuated dependency and control over local units (Tapales, 1995: 396).

These pieces of legislation involved such issuances as the Local Autonomy Act of 1959 under Republic Act No. 2264 (hereinafter referred to simply as R.A.) which provided local units powers in local zoning and planning; the Barrio Charter Act under R.A.No. 2370, as amended under R.A.No. 3590; R.A. No. 5676, which recognized and provided, among others, powers and responsibilities for village units in the Philippines then called as "barrios;" and the Decentralization Act of 1967 under R.A.No. 5185 which allowed local government units to supplement efforts in agricultural extension and rural health functions.

With the declaration of martial law in the Philippines in 1972, Presidential Decree (hereinafter referred to simply as P.D.) No. 1, which implemented the Integrated Reorganization Plan then pending in Congress, provided for decentralization by way of deconcentration or the transfer of functions and responsibilities to lower level administrative units from the center. P.D. No. 1 also renamed the barrio to become "barangays," which is now the label used for village governments in the Philippines.

In 1983, a local government code, *Batas PambansaBilang 337* (National Law No. 337) was also enacted by the legislature operating under the martial law regime, and whichattempted to codify all laws and issuances governing local government units.This statute was subsequently repealed with the enactment of the present Local Government Codeof the Philippines under RA 7160.

During the martial law period in the Philippines (1972-1986), several decrees were signed into law by then President Ferdinand E. Marcos in the form of presidential decrees (hereinafter referred to simply as P.D.) pertaining to or attempting to strengthen local government units.

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[6]*Among the early advocates of decentralization and local autonomy was the then University of the Philippines College of Public Administration (UPCPA), now U.P. National College of Public Administration and Governance (UPNCPAG), which lobbied for the creation of a Local Government Center within its wings to conduct studies, researches and policy proposalson local governments and on decentralization. The LGC was established by act of Congress in 1965 under R.A. 4223, June, 1965. Now renamed as the Center for Local and Regional Governance (CLRG) under the UPNCPAG, the Center recently celebrated its 50th founding anniversary and continues to pursue the advocacy of greater and substantive local autonomy.*

Using his law-making powers which he arrogated upon himself under his regime, Marcos issued such policies as P.D. No. 76 which required natural and juridical persons to file sworn statements of the values of the real property they owned or were administering, and thereby adjusted the rates of real property assessment;[7]P.D. No. 144, which provided for the distribution of internal revenue allotments (or IRA which represents the share of tax collections made by the national government to local units; P.D. 231 otherwise known as the Local Tax Code which laid down the sources of revenues for local government units; P.D. No. 426 which further amended the local tax code, to establish policies on national-local relations; and P.D. No. 477, which provided policies and rules on local fiscal administration (Tapales, 1995).[8]

An Overview of the Local Government Code of the Philippines

As conceived, the Local Government Code of the Philippines under R.A. 7160 can be said as a major breakthrough, the culmination in the long and difficult journey towards local autonomy in the Philippines. It is intended to engender local autonomy through devolution or the transfer of power and authority to lower level political or local government units.

R.A. No. 7160 is a fulfilment of the provision of the 1987 Philippine Constitution, which provides among others, that Congress shall enact a local government code that will institutionalize a system of decentralization (Sec. 3) whereby local government units shall be extended more power, authority, responsibilities and resources.[9]

The Code is considered a historic legislation because it is comprehensive and extensive, encompassing many aspects of powers and authority devolved to local government units that have not been captured in previous laws. Its policy is well-defined under Sec. 2, Book I which provides that LGUs "shall enjoy genuine and meaningful autonomy to enable them to attain their fullest development as self-reliant communities…"

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[7] *The Real Property Tax is generally recognized as the major source of income or revenue by local governments in the Philippines. If properly administered, it is claimed that they can contribute as much as 30 % of total local government income in the Philippines. See Cuaresma, 2013; Llanto, 2009.*

[8] *There is not enough space here to discuss and examine the provisions of these statutes in detail. The discussion however stresses the point that a series of attempts to institutionalize decentralization by way of either deconcentration or devolution has been a long and arduous journey. See also Brillantes, Jr. and Sonco II. 2011;Brillantes, Jr., 2003; and Tapales, 1995. Discussions on the concepts of the variants of decentralization, i.e., deconcentration, devolution and debureaucratization are discussed in Brillantes, Jr., 2003).*

[9] *The 1987 Philippine Constitution, ratified by the Filipino people following the end of the martial law regime in 1986, (and supplanting the martial law 1973 Constitution), outlines under Article X (Local Government), 21 Sections which identify powers, policies, structure and administrative organization, subdivisions and other provisions pertaining to local government units. Again, there is not much space here to discuss the many ramifications and facets of these provisions in the Philippine Constitution in detail.*

As it is, the LGC covers a vast and bulky enumeration of policies and mandates provided in four books divided into 536 sections to transform local government units into self-reliant communities.[10]It is thus a complex codified body of legislation that capture the many facets and aspects of local governance that had been neglected, if not conveniently ignored through many attempts because of vested interests in the legislature and in the national government, which has been disinclined to share power and authority.

Under Sec. 17, Book I of the Code, several basic services and facilities have been devolved to LGUs, namely, agricultural extension and on-site research, community-based forest projects, field health and hospital services, public works and infrastructure projects derived from local funds, school building programs, social welfare services, tourism facilities, housing projects for provinces and cities and such other services pertaining to industrial support.

Llanto provides a somewhat capsulized description of the services and responsibilities devolved under the LGC to local governments in the Philippines:

> "But before the enactment of the Code, local government units have limited spending, taxing and borrowing power. Yet, local government units are now responsible for the following areas: land use planning, agricultural extension and research, community-based forestry, solid waste disposal system, environmental management, pollution control, primary health care, hospital care, social welfare services, local buildings and structures, public parks, municipal services and enterprises such as public markets and abattoirs, local roads and bridges, health facilities, housing, communal irrigation, water supply, drainage, sewerage, flood control and inter-municipal telecommunications" (Llanto, 2009: 73-74).

As can be seen, the Code has given the local government units with far-reaching and enormous responsibilities to give them more leeway in managing the communities under their jurisdiction.

The regulatory powers, on the other hand, that were devolved to the LGUs include the reclassification of agricultural lands, enforcement of environmental laws, inspection of food products, quarantine, enforcement of the national building code, operation of community public utility conveyances (tricycles), processing and approval of subdivision plans and the establishment of cockpits and the holding of cockfights.

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[10] *It is extremely difficult here to discuss in detail the various provisions of the Code, which made it compelling for this paper to isolate salient points pertinent to our discussion. Admittedly, it is extremely difficult to fully exhaust and absorb appreciation and analysis of the many ramifications of the Code, even after 25 years! This is therefore a continuing study to incrementally identify gaps and weaknesses of the Code and which this Paper precisely seeks to do.*

The LGC also provided for greater citizen participation in local governance with provisions for the mandatory participation and membership of the private sector and non-government organizations in local special bodies, such as local development councils, local school and health boards, the local peace and order councils and the local prequalification, bids and awards committees.

As to sources of incomes, the LGC authorized locally generated revenues, aside from the real property tax, such as taxes on incomes of banks and other financial institutions, forest products and concessions, mines and mineral products, licensing, permits and other fees and charges. The LGUs were also given authority to adjust tax rates once every five years but not to exceed 10 percent of the rates prescribed in the Code, and the power to grant tax exemption privileges.[11]

As such, local government units under the Code have been vested with greater taxing power as against that before the LGC. Corollary to this, they are also now authorized to borrow from banks, float local bonds without the need of securing authority from the Department of Finance as required prior to the Code (Llanto, 2009).

Impact of the LGC on Local Governance: The Gains

After 25 years of the implementation of the local government code, what has been the impact and gains on local governance in the Philippines? Obviously, the Code sought, first and foremost, to address the problems of local governments so that better local administration can be put in place. But it must be pointed out here, at the risk of editorializing, that the LGC is a reform measure that was conceived as a response to the growing clamor for greater autonomy at the local levels.

Based on a rough and preliminary assessment, the following could be identified as some of the recognized salutary gains of the LGC during the last 25 years:

1. ***Grassroots empowerment and greater citizens' participation in the communities***. The provisions of the LGC have provided several mechanisms for participation by the populace and the different sectors such as women, workers, and special groups like ethnic and the urban poor segment. It established policies on plebiscites, referenda, people's initiatives and recall, where the citizenry are allowed to take direct participation in the creation of local units, abolition or merger of existing ones and directly propose or amend local ordinances through the petition of at least 1,000 registered voters in the case of provinces and cities, 100 in municipalities and 50 in barangays as mandated under Sec. 122 of the Code (Chapter 2 – Local Initiatives and Referendum, Title 9, Book 1). Under this provision, "such proposals through the system of initiative shall not be repealed, modified or amended by the Sanggunian within six months" (Tapales, 1995: 404). The citizen power of recall, on the other hand, provides that registered voters in a locality can express loss of confidence on elective local officials during their term of office so that they can be

[11] *The basic features of the LGC are also briefly outlined in bullet points in Nolledo, 1991, and which this paper also used as reference.*

recalled. There is a lengthy and complex process on this provided under Sec. 69-75 under Chapter 5, Title two. Thus, as Ilago and Lopos (2013: 175), "participation has been one of the hallmarks of decentralization efforts."

2. ***Greater Involvement of Civil Society and People'sOrganizations and the Private Sector in Policy-making and in the Management of Public Affairs.*** Under the Code, civil society organizations and the private sector are mandated to be represented in special local boards and council, particularly local development councils. Under Sec. 34 (Book 1, Title 1, Chapter 4 – Relations with People's and Non-governmental Organizations), local government units are directed to promote the establishment and operation of people's and non-government organizations (NGOs) as active partners in development. In the local prequalification, bids and awards committees of every province, municipality or city, it is mandated that a practicing public accountant from the private sector to be designated by local chapters of the Philippine Institute of Certified Public Accountants (PICPA) should be appointed (Sec. 37, Chapter 5, Book 1, Title1). Likewise, two positions are reserved for NGOs in the local development councils while citizens' groups must also be represented in local school boards, the local healthboards and the local peace and order councils. Thus, it could be said that the LGC has taken to recognize the active roles of NGOs and the private sector in the governance of local communities (see also Tapales, 1995).

3. ***The Rise and Strengthening of Inter-local Cooperation Through theEstablishmentof Leagues of Local Government Units and ElectiveOfficials***. Under Book 3, Title 6, Chapters 1 and 2, Sections 491-510, the Code provides for the leagues of local government units and of elective officials. These involve organizations or leagues of barangays, municipalities, cities and provinces. Leagues and federations of elective officials – vice-governors of provinces, vice-mayors of municipalities, cities and barangays and members of the *Sanggunian* (legislative councils) of LGUs are mandated to organize themselves into leagues and federations, which enhances inter-local cooperation, exchanges of experiences and insights, as well as bench-marking among local units. As a result, benchmarking as an ingredient for local good governance has been a major contribution of the Code (Brillantes, et. al., 2013).

This also paved the way for the establishment of the Union of Local Authorities of the Philippines (ULAP) which was formed on September 3, 1998 and registered with the Securities and Exchange Commission of the Philippines as duly bona fide body that will serve as the umbrella organization of all leagues of local government units, as well as leagues and federations of local and appointive officials. The ULAP was organized as a body where local officials are given the opportunity to exchange views and perspectives in discussing local and national issues. It was officially recognized as such under Presidential Executive Order No. 351 dated August 17, 2004.

4. ***Consciousness on the Rights of Local Government Units and Greater Transparency.*** As a result of the various provisions outlined in the Code, LGUs in the Philippines have become more conscious and assertive of their rights and powerstowards articulating their concerns and has provided greater vigor to the Union

of Local Authorities of the Philippinesas an umbrella organization of the leagues and federations of the LGUs.This consciousness has given attention to greater and renewed transparency and accountability among LGUsthat emphasized the significance of democratic decentralization (Cabo, 2013).

5. ***Recognition of Best Practices under the GalingPook Awards (Excellent or Best Localities) Program*.** The Code has somehow also served to establish the *GantimpalangPanglilingkodPook* or *GawadGalingPook* (Service Award for a Locality or Award for Excellent Practice of a Locality) which was launched as a pioneering awards program that recognized innovation and excellence in local governance, as well as the replication of innovative and excellent practices in local governance and citizen awareness on these programs. (http://unpan1.un.org/intradoc/groups/public/documents/un/unpan030407.pdf).

6. ***Anti-Poverty and Development Initiatives at the Local Levels***. The advocacy that is most pronounced in the Code are the formation of self-reliant and sustainable communities. Basically, the spirit that has generally been attached to decentralization and local autonomy is the empowerment of local levels to make them self-reliant, independent and self-sustaining. Within this framework lies a compelling advocacy towards fighting poverty that has become endemic at the local levels, particularly far-flung communities that have been habitually and systematically marginalized and neglected because of the concentration of attention, and therefore of resources, given to the urban centers.

The Code has helped ushered some degree of development orientation among local officials, posing a challenge for them to stimulate economic activities and attract investments, create livelihood opportunities and employment and bring its citizens into the mainstreams of economic activities. A controversial provision for instance in the Code is the power vested to LGUs to enter into credit and other financial transactions for local projects, which allowed them to borrow from private banks (but not foreign sources) and adopt credit financing schemes. They are also authorized "to secure and receive financial grants or donations subject to the approval of the relevant national agency" (Tapales, 1995: 403). The intention here, of course, is to help them pump-prime the local economyamidst the problematic of the challenges of the local officials' capability to wisely invest or use these resources.

7. Participation in local elections by the citizenry remained strong, if not strengthened. Based on a rapid field appraisal in the different regions of the country conducted last year,[12] most of the reports indicated that voting turn-out in the communities remained high, registering as high as 80 per cent. While it could be

[12] *I am citing here a Study conducted last year under the auspices of the Philippine Society for Public Administration (PSPA) with support from the UNDP and the Department of Interior and Local Government. The Study was done mostly by faculty members and researchers of various higher education institutions in the regional subdivisions of the country. The report of Study, while being integrated and nearing completion at the time of this writing, is titled "Decentralization, Democratization and Development: An Agenda for Reform. A Rapid Field Appraisal," and hereinafter referred to simply as the RFA or Rapid Field Appraisal, 2015.*

claimed that voting participation in the Philippines has been generally high over the years, it could also be maintained that the citizenry continue to be interested in electoral processes in spite of perceived infirmities such as election fraud and violence, vote buying and disenfranchisement.

8. Women leaders are on the rise. The role of women in governance is well-defined under the Philippine Constitution. During the past 25 years, it is reported by the RFA studies that women participation in policymaking and public management has increased with many women leaders emerging in the different provinces, municipalities and cities during the past two decades.

Certainly, much more can be added to this brief inventory of positive developments that resulted in the implementation of the Code in the Philippines. As it is, a broader study is to be conducted to identify the concrete contributions to local development of this piece of legislation. But there are dysfunctions that have likewise become evident as assessment of the Code are made to define gaps and weaknesses of this signal legislation, which comprehensive as it may appear, have not yielded the intended outcomes. The next discussion provides for these.

The Challenges to LGUs: The Problematic of Implementation

The Code, as pointed out earlier, was conceived to respond to an advocacy that has lingered for sometime in the Philippines for decades. Its passage in 1991 brought much optimism to liberate local political units from extreme reliance and dependency on the national government. The rhetoric contained in many of its more than 500 sections and provisions expressed the shared aspiration to strengthen and empower LGUs to be at the helm of forging their futures, especially in the aspects of fighting poverty, engendering development, self-reliance, consolidating good governance practices and reinvigorating democracy.

But it can also be acknowledged perhaps that it should not be regarded as a nostrum or a cure-all, one-size-formula that will correct the many multifarious problems that beset communities. It is not a panacea that can shape magical solutions to enduring problems that have mutated and metastasized for many years.But as can be shown here, the problems are interlocking and interrelated. The following list, again, tentative and preliminary, provides some of these dysfunctions:

1. ***The Problematic of the Absorptive Capacities of LGUs has not Matched the Demands of Responsibilities Entrusted by the Code***. As highlighted in previous discussions of this Paper, much responsibilities and functions have been devolved to LGUs under the Code. Many of these functions require technical skills and preparation, and of which many LGUs in the Philippines may not have. Such technical activities as solid waste management, environmental management, pollution control, primary health care and many other functions require not only technical expertise but adequate and skilled manpower which many LGUs, particularly those in the peripheries or the rural areas, are ill-equipped to maintain. As can be expected, skilled manpower tends to gravitate in the major urban centers, if not abroad, as a factor conditioned or dictated by income. While training programs have been

launched in some LGUs, these remain to be inadequate because of the periodic turn-over of local personnel who may opt to seek employment in other countries or in the national government. Brillantes, et. al. (2013:297) is thus emphatic that "[b]ecause of the massive devolution of powers to local governments, capacity building should be high in the priority agenda for local governance."

2. ***The Financial Capacities of LGUs Leave Much to be Desired***. Closely related to the problem of absorptive capacities is the dilemma of financial capabilities among LGUs. As pointed out by Llanto, the principal challenge faced by LGUs "is finding the means to mobilize adequate financing for local government" (Llanto, 2009: 76). Similarly, Brillantes, et. al. (2013:296) point out rather tersely and emphatically that "[d]ecentralization of powers without financial decentralization is meaningless." It is also asserted that local tax collections have been grossly inadequate so as to effectively cover the LGUs' fiscal obligations because "[a]vailable revenue sources are significantly restricted" and that "local government revenue effort was an average of 0.08 percent of GNP in the pre-Code period, an average of 1.2 percent from 1992 to 2003, and 1.1 percent of GNP in 2004-2007. (Llanto, 2009: 82-84). Generally therefore, many LGUs, particularly poor fifth and sixth class municipalities do not have a rich tax base and therefore hard put to finance the requirements of service delivery and fully assuming of the functions of those devolved to them. A report by the national government's Department of Finance and the Bureau of Local Government Finance revealed that of the 144 cities in the Philippines, with particular reference to those with more than 10 years of cityhood, at least one for every two cities "have not fully realized their local revenue potential" and that "[l]ike provinces, the mandatory shares from the Internal Revenue Allotment (IRA) and other national government revenues make up most of the regular income (PDI, 2014, A-13).[13]

3. ***Many Local Governments Continue to be Dependent on their Shares of the Internal Revenue Allotment***. It is quite evident that the LGUs remain to be dependent on the Internal Revenue Allotment. A study undertaken by the Japan International Cooperation Agency (JICA) in 2008 and cited by Llanto (2013)[14] points out that for the period 2002-2006, the "IRA has been the biggest source of revenue of LGUs, contributing on the average, 63% of the total revenue" with locally sourced revenues comprising of tax and non-tax sources amounted only to 31 percent in2002 and 33 percent in 2006. Given this situation, many provinces and municipalities are highly dependent on the IRA, which in some extreme cases can account to as much as 95 percent of local revenues (Llanto, 2013: 85-86). The major source of local revenues is the one derived from real property taxes (RPT). But the problem in the RPT is that the market values of the RPT are not revised periodically with many LGUs revising their schedules as far back as 1991. For many years, LGUs have also been remiss in revising their tax codes "even if some tax rates are not indexed to inflation" (Llanto, 2013: 81).

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[13] *See also http://iskor.blgf.gov.ph/#.*
[14] *Unfortunately, Llanto was not able to cite the details of the JICA study cited.*

On top of this, as Cuaresmamaintains, that [d]espite having a clear tax base, RPTs are poorly administered," and that problems occur in all stages of RPT administration as reflected by audit reports, where RPT delinquencies of revenue are lost either from tax evasion or inability of the LGU to collect (Cuaresma, 2013: 254). While the use of Geographic Information Systems (GIS) has been time and again recommended to improve the tax information system, not many LGUs have acquired the technology to employ the technique.

It is must however be noted that during the past twenty years of the implementation of the Local Government Code, only 32 cities have updated their real property tax schedules, as contained in a report by Department of Finance and the Bureau of Local Government Finance (PDI, 2016). This means that of the 144 cities in the Philippines, majority or 112 other cities continue to use outdated schedules of market values of real property taxes and thereby limit their revenue generation capacities.

4. ***The National Government Continues to hold and control the Bulk of Productive Sources of Revenue even in the Post-Code period*** (Llanto, 2013). As explained by Llanto (2013), the inability of LGUs in the post-Code period to generate financing is conditioned by the reality that the central government continues to control revenue sources and other resources including those that should be legitimately transferred to LGUs. The amounts appropriated for a given year are not necessarily disbursed, and in fact records from the national government's Department of Budget and Management (DBM) show that amounts appropriated, for example from 2005-2007, have not been fully distributed.

Remittances of special shares of LGUs can be withheld even with an appropriation cover, such that there is no assurance that LGUs will receive their entitlements for a given year (Llanto, 2013. Citing Castel, 2008). Under the Code, LGUs are entitled to shares from revenue collected from the utilization and development of national wealth within the LGUs jurisdiction, in this case, in mining, energy resources production, royalties from mineral reservation, forestry charges and other such fees, taxes and charges. Under special laws, LGUs are entitled to shares from the value-added tax (VAT), the gross income taxes paid by businesses and enterprises within the declared economic zones, franchise taxes for horse racing, special privilege tax paid by hydro-electric power developers and collection from excise taxes on locally manufactured Virginia-type cigarettes of the tobacco producing regions in the Northern provinces (Llanto, 2013, 90-91). The releases of these shares are also dictated by political considerations such as political party affiliation. It thus makes sense as Briones (2015) suggested that these shares, including the IRA, be automatically downloaded to LGUs, although this may entail special rules and guidelines that may require complex processes and procedures.

Briones (2015) points out bitterly that in the face of these realities, what the Philippines is moving towards greater "administrative decentralization" of national programs, and that on the fiscal side, there is a creeping accelerated centralization and tightening of fiscal control where release of funds have to be negotiated with the President or the DBM. She asserts that allocations for government services are still coursed through the regional offices of the national government and that LGUs are

being made to compete with each other and other national government agencies. It is also significant to cite here that of the Pesos (Php) 3 Trillion (US$63.8B) 2016 budget under the general appropriations act, what the LGUs will receive will be only about Php 428,619,518 or roughly US$9.1B.

5.***There is a Wide Disparity in the Distribution of Government Personnel Between the National Government and the LGUs***. It should also be noted here that there is much concentration of government personnel at the national level even in the post Code period. A report by the Civil Service Commission shows that in an inventory of government personnel in the Philippines, there is a total of 1,409,660 government employees as of 2010. Of these, 25.9 percent or about 365,725 are employed in LGUs, which, in turn, are divided in provinces, cities and municipalities. This suggests around 74 percent are assigned in the national government. This is also reflected in another independent study by Quora which claimed that there are 63.6% national government employees, 7.2% government owned and controlled corporation (GOCCs)and around 29% for local governments(https://www.quora.com/Philippines/ How-many-government-employees-are-there-in-the-Philippines). It should be noted that these figures are well within the post-Code era. And this is somehow confirmed by an earlier study done by Sto. Tomas (2003) which showed that only 26% of the total number of government employees are in local governments units. Given this glaring disparity, and aggravated by financing issues, it stands to reason that LGUs will be hard put in fulfilling the devolved functions even with the many provisions of the Code.

6. ***The Poverty Incidence has not been contained***. Poverty, which continues to be endemic even if it has somewhat declined during the 25 years of the implementation of the Code. Briones (2015) stresses this with apprehension by saying that the Philippines had missed the Millennium Development Goals (MDGs) it has set by falling short of the target of 17.2% by 2015 or half of the poverty incidence recorded in 1991, the year of the enactment of the Code, of about 34.4%. As of the first semester of 2014, the poverty incidence was estimated to a high of 25.8%. While the slow decline in poverty incidence cannot be entirely attributed to the Code, it is significant to emphasize here that the Code, by supposedly strengthening LGUs which are at the forefront of contact with the community, primarily was envisioned to be one of the major responses of government in fighting poverty.[15]

7. **Political dynasties remain well-entrenched in the various provinces, cities and towns of the country**. Political dynasty here refers to the control of elective political offices and positions by one family in a community or locality. Members of the same clan or family – husbands, wives, brothers and sisters, sons and daughters and other relations – hold elective positions simultaneously as provincial

[15] *Briones (2015) cites data taken from the National Development Authority (NEDA) and the United Nations Development Programme.2014.**The Philippine Fifth Progress Report – Millennium Development Goals**. Pasig City: NEDA; also from the Philippine Statistical Authority – National Statistical Coordination Board. 2015. **MDG Watch: Statistics at a glance of the Philippine Progress based on the MDG Indicators.**Accessed August 8, 2015 from http://www.nscb.gov.ph/stats/mdg/mdg_watch.asp*.

governors, town mayors, representatives of Congress, council and board members of local legislative bodies. As such, other leaders are denied the opportunity to offer alternative agenda of governance in the different communities effectively controlled by a ruling family. The issue is further aggravated if the ruling family is not oriented towards good governance and more focused towards preserving their hold on power.It appears that the enactment and implementation of the Code has not at contained the prevalence of political dynasties

Concluding Remarks

To be sure, many of the issues that have been cited here have likewise been observed and noted by several competent analysts and experts of local government in the Philippines (Brillantes, et.al. 2013; Brillantes and Songco, 2011; Llanto, 2009; Brillantes, 2003; Tapales, 1995). As such, there appears to be an emerging consensus towards forging an agenda of streamlining not only the provisions of the Code itself, but other concatenated and concatenating issues and concerns that somehow serve to impede on the full and unhampered implementation of the spirit of the Code and the aspirations of authentic local autonomy.

It is however conceded here that there are still many issues that need to be addressed and which this brief and passing overview have not sufficiently covered. These issues and problems involve such matters as political dynasties at the local level or the control or stranglehold of political leadership by one family or clan in a locality or community. Also important are questions of human rights violations, peace and order and the many, multifarious aspects of development, as well as inter-governmental and inter-local relations. This Paper admittedly also has not given extended attention to the legion of problems attached to poverty alleviation and the programs that have been launched both by the national government and the LGUs.

These are the limitations of this Paper which, as pointed earlier, remains to be a work in progress. At best, this Study therefore, focused on the major concerns that have somehow impeded and compromised the full realization of genuine local autonomy in the Philippines during more than two decades.There is therefore now a compelling agenda to scrutinize and examine more attentively the big issues and big questions on why local autonomy is not working within the ideals and aspirations that it was supposed to fulfill.

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