

Central Bureaucratic Supervision and Capacity Development in Decentralization: Rethinking the Relevance of the Department of Interior and Local Government of the Philippines

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*“For a political system to be viable...
it must be institutionalized.”*

— (Nelson Polsby, 1968: 144)

Abstract

Drawing from the premise that the central bureaucracy plays a critical role in decentralization, this paper reexamines the continuing relevance of the Department of Interior and Local Government (DILG) - the lead national government agency mandated to conduct general supervision of local governments in the promotion of local autonomy in the Philippines. It argues that sustaining the gains in the country's decentralization depends largely on the institutionalization of policy structures in central bureaucratic agencies responsible in enforcing regulatory frameworks towards broader capacity and efficiency in local service delivery. Taking into consideration the prevailing political and bureaucratic constraints in the country's intergovernmental system, this paper highlights the need to institutionalize DILG's policy structures. Rather than calling for its abolition, it asserts for its rationalization and structural revamp that would make it more effective in its monitoring, coordination and capacity-development functions which proved elemental in making decentralization in the Philippines move ahead.

Key words: *decentralization, institutionalization, bureaucracy*

Introduction

With *subsidiarity*¹ being an “overriding principle in government reform today” (*UN-HABITAT 2005: 92*), decentralization continues to be one of the basic pillars in the Philippines' reform initiatives toward promoting the quality of its government structures. Significant inroads and opportunities have well been promoted with the enforcement of the Local Government Code in 1991 specifically in facilitating innovations by the local government units (LGUs). It has resulted in a restructuring of the bureaucracy and a significant shift in public sector resources toward LGUs. However, as the country

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pushes the policy forward, its goals continued to be frustrated by various constraints in its implementation. It is generally acknowledged that decentralization in the Philippines is seriously hampered by persistent deficiencies in its political structures. Yet what continues to be a challenge to date is the determination of appropriate administrative interventions that could effectively regulate the oligarchic manipulations which predominate the country's political systems. Drawing from key propositions in literature to revisit the role of central bureaucratic agencies in decentralization, this paper reviews the mandate and continuing relevance of a core bureaucratic agency which plays a critical responsibility in Philippine decentralization — the Department of Interior and Local Government (DILG).

There has been a broadening recognition among stakeholders of the enduring role of the central government in decentralization and the need to clarify the responsibilities of its agencies. Earlier assertions include that of Kimura (1999: 3) who underscored that in the Philippines, “decentralization has been implemented within the framework of centralization... and thus the problem of decentralization is at the same time the problem to pursue the proper role of national government agencies (NGAs) at the local level...” This argument coincides with that of Brillantes (1999: 16) who pointed the need to “...address the changing role of NGAs under a devolved set-up...(devolution) must be a bureaucracy-wide effort if it is to succeed.” More recent literature and discussions (*Philippines Development Forum 2005; World Bank-ADB 2005; Panadero 2006; Balisacan and Hill 2007*) continue to echo the same assertion to clarify the roles of NGAs vis-à-vis that of LGUs in the delivery of basic services and expenditure assignment.

Responding to clamors to strategically review the current system of decentralization in the country, the President mandated Executive Order (EO)444² in July 2005 directing DILG to conduct an assessment on the role of the central bureaucracy in decentralization. Yet, the agency most often called to for evaluation is DILG itself (*Carlos 2004: 249–258; World Bank-ADB 2005: 48; PDF 2005*). The growing cynicism against the ambivalent position of DILG as a national agency promoting local autonomy has spurred widespread debates about its role and functions. A number of sectors have raised into contention the continuing relevance of DILG which has allegedly become anachronistic in the context of decentralized governance vis-à-vis the increasing capacity of LGUs and their respective leagues in promoting local development (*Carlos 2004: 249–258*). Critics would assert that DILG continues to embody the concentration of powers in the hands of the central government, and that its existence contradicts the very tenets of local autonomy which it seeks to promote. There are however counter-assertions which would point that “strengthening DILG policy and technical assistance capability is important for LGU success” (*World Bank and ADB 2005: 48*). Amid the disagreements, there is a common call for a serious and systematic evaluation of DILG. The Philippines Development

Forum (2005) asserted the need to clarify the roles of the LGUs and NGAs (two-track process) particularly that of DILG in promoting the goal of local autonomy for LGUs.

1. Scope, Methodology and Units of Analysis

The study is an institutional evaluation which puts into perspective the bureaucratic capacity of DILG to manage the decentralization process vis-à-vis the prevailing intergovernmental political dynamics. It looks into the administrative processes and policy mechanisms that are operated within the organization to promote the goals of decentralization amid the influence of power structures. It analyzes such bureaucratic capacity along a set of indicators identified based on the concept of institutionalization. These are essentially the operational rules, procedures, regulatory frameworks and policy standards categorized into three variables: 1) systems of monitoring and accountability/performance measures/standardization; 2) coordination mechanisms and; 3) capacity development strategies. Data are taken from interviews with key officials from DILG and other relevant NGAs and academic experts, as well as from available academic literature, media and online resources.

2. Theoretical Premises

This paper draws on the framework of central bureaucratic institutionalization in decentralization. It is a system wherein central bureaucratic authorities effectively enforce legal procedures and standards towards an integrated and comprehensive synchronization, broad inclusion and holistic coordination, monitoring and capacity development in decentralized governance. Three interweaving paradigms define such framework: 1) on the agenda for institutionalization of policy structures to respond to political constraints; 2) on the critical role of the bureaucracy in institutionalization; and 3) on the role of central bureaucracy in decentralization.

2.1 The Agenda for Institutionalization in Governance

With governments embedded in the realities of everyday politics, the process of institutionalization has been traditionally upheld to regulate political constraints from compromising the independence of government's administrative/bureaucratic machineries. In principle, institutionalization promotes the rule of law and the transparent and accountable enforcement of standards that discourages arbitrary, irregular and politically-motivated decisions and power play. Essentially, institutions are governance structures based on rules, norms, values, and systems of cultural meaning. North (1990: 3) defines institutions as the "rules of the game in a society, or more formally, as the humanly devised constraints that shape/provide a stable structure of human interaction." In the public sphere,

institutions create checks and balances, facilitate political cooperation, and reduce political uncertainties (Scott 2004). Institutions must enable government to be neutral and authoritative enforcer of rules (Grindle 1997).

An institutionalized polity is more or less equivalent to a polity with strong institutions. Huntington (1965: 411) would assert that "...a society with weak political institutions lacks the ability to curb the excesses of personal and parochial desires..." Jackson and Rosberg (1982) also explained that "Non-institutionalized government is where persons take precedence over rules, where the office holder is not effectively bound by his office and is able to change its authority and powers to suit his own personal or political needs...the rules do not effectively regulate political behavior..." (in Gerring and Thacker 2005). Institutionalization is said to minimize uncertainty and enhance the credibility of the government's policy commitments. Citizens and investors can have confidence that laws enacted are aggressively implemented and pursued over the long haul. It also means that politics offers an attractive career for professionals. Favoritism and nepotism are replaced by a merit system and impersonal codes supplant personal preferences (Schwalbe 2006: 8). Essentially, to operationalize the notion of an institutionalized polity, the main attribute that is easily measured across polities is stability: constancy, endurance, regularity, non-variance, et al (Gerring and Thacker 2005). It means that the state has been able to achieve relative independence or insulation from the demanding clamor of special interests (Nordlinger 1987 in Leftwich 2000: 161). The World Development Report (1999/2000: 112) asserted that imperative for Philippine decentralization is for rules to be explicit, stable and self-enforcing: "Making the rules explicit and reasonably permanent reduces uncertainty and provides a common ground for all players in the political process. Informal, negotiation-based decentralization is difficult to manage...Rules enable sub-national governments to coordinate a defense against an overassertive central government while restricting their ability to bargain...To be sustainable, such rules should be self-enforcing- that is, all parties must believe they have more to gain by adhering to the rules than they do by breaking them."

2.2 The Role of Bureaucracy in Institutionalization

The concept of bureaucracy has been widely perceived to be a limiting factor in the efficient and effective delivery of public services. Recently however, scholars have been reestablishing the virtues of bureaucracy traditionally upheld by Woodrow Wilson and Max Weber. Both believed that bureaucracy is a pervasive feature of modern societies and the most efficient way of implementing the rule of law: the legal rules are recorded, studied, and applied in a carefully considered and reliable way to individual cases. Essentially, the 'bureaucratic paradigm' proposes that "structures and processes of the administrative state constitute an appropriate framework for achieving balance between

administrative capacity and popular control on behalf of public purposes...[such] exhibited far more respect for law, politics, citizens and values” (Lynn 2001: 154).

Recently, there is an increasing tendency to associate the term *institutionalize* with *bureaucratize* (Carlson and Stephens 2002: 2). Peters and Pierre (*n.d.*) are among the leading political scientists who argued that public bureaucracy is “becoming the locus for democratic responsiveness in many political systems...bureaucracies are major actors in making and implementing policy and accountability crucial for democracy...majority of contacts between the State and society occur through the bureaucracy and these contacts are important for political inputs as well as administration of programs.” Peters (2004: 12) would conclude that “Bureaucracies may not usually be considered the natural loci of democratic action, but in reality they are becoming more central to that process...”

2.3 The Role of Central Bureaucracy in Decentralization

One of the lessons learned by UNDP from its interventions in many developing countries is that “decentralization is not an alternative to centralization³...both are needed” (Work 2001: 26). Instead of a dichotomy, “centralization-decentralization is a continuum with many intermediate positions...the basic issues involve the alignment of responsibilities and capacities across levels of government” (Mullins 2004: 2). Various accounts underscored that decentralization is a crucial task not only for local governments and civil society but also for the central government and its agencies. Turner and Hulme (1997: 154) have argued that “the central government must retain a core of functions over essential national matters and ultimately has the authority to redesign the system of government and to discipline or suspend decentralized units that are not performing effectively.”

2.3.1 Coordination of Multiple Institutions

Because of a wide range of actors and institutions involved in decentralization, harmonization of policies becomes crucial. Smoke (2000: 21) argued that “effective decentralization requires more elaborate means of coordination...by a neutral agency...or higher level entity...to take charge...formalize...and monitor...responsibilities.” The need for clarity of roles between levels of government is also acknowledged to be critical in efficient coordination. “Roles should be stable and transparent. Overlapping responsibilities often lead to expenditure dumping or unfunded mandates. Clarity is defined via legal and institutional structures” (Mullins 2004: 14).

2.3.2 Facilitating Accountabilities, Standard Performance and Capacity Development

Smoke (2000: 20) stressed that “higher level jurisdictions are critical in establishing procedures and standards for improved local operations and transparency...and can help develop accountability of local

officials to local constituencies.” The revenue generation behavior of local governments would depend highly on the regulation policies of the central government. Bird (2000: 26) argued that “decentralization has its risks...unless central agencies monitor and evaluate local performance there can be no assurance that functions of national importance will be adequately performed once decentralized.” Hutchcroft (2001: 42) validated this stressing that local governments not subjected to detailed guidance and control may not have the capacity to handle critical responsibilities “particularly where powerful local bosses effectively challenge the authority of the central government...and wield substantial coercive power (such as in the Philippines), devolution may end up promoting forces hostile to democracy.”

3. DILG and its Mandate in Philippine Decentralization

DILG is given the mandate for general supervision of local governments. It is tasked through Administrative Order(AO)269 to undertake responsibilities for supervision, monitoring, evaluation and enforcement of standard performance, coordination and capacity development of LGUs critical for the full implementation of the Local Government Code. Through Article X of the 1987 Constitution and Section25 of the Code, the functions of the Department were expanded to include assisting the President in the general supervision over local governments, promoting local autonomy, encouraging community empowerment, and maintaining public order and safety services. Thus, it paved the way for the redefinition of the role of DILG in the overall government set-up. The present DILG is divided into two sectors: the Interior Sector and the Local Government Sector. The full significance of the Local Government Sector of the department is the realization of the general intent to decentralize power, to expand the role of LGUs towards local autonomy, and to create a basis from which the national and local governments in active partnership could speed up development efforts.

The role of the national government through DILG in implementing decentralization policy is as follows: 1) formulation of policies and setting of standards and guidelines; 2) augmentation of basic services assigned to LGUs; 3) provision of technical and other forms of assistance and coordination on the discharge of national government agency functions; 4) ensuring the participation of LGUs in planning; and 5) implementing national projects and conduct of mandatory consultations with LGUs.

3.1 Whither DILG? Criticisms against the Relevance of its Functions

Albeit not documented systematically, there is a prevailing cynicism against the role of DILG under decentralization, especially amid the growing initiatives and reliance on the various leagues of LGUs which are taking over the local government functions of the agency. These leagues have consolidated

their forces into the League of Leagues and established the Union of Local Authorities of the Philippines (ULAP) to serve as their umbrella organization. The emergence of such LGU networks is a major development that has played a key role in advocating the cause of local autonomy. They have been in the forefront of promoting the issues of their members especially vis-à-vis power and resource sharing with the national government. They have achieved strategic advances and are now able to sustain secretariats that provide professional support and assistance to members, as well as logistics to tap private consultants for local capacity development. These led many to question the utility of DILG services which are increasingly being taken over by the leagues. Moreover, the rising criticisms about its mandate, particularly the apparent contradictions of its Local Government and Interior functions have placed the agency on the defensive. Its policing mandate requiring a command and control orientation proved to be incompatible with its local government mandate requiring a facilitative orientation hinged upon assistance.

On top of these challenges, DILG is increasingly perceived as a political instrument of the Executive to perpetuate LGU dependence on national structures and resources and strategically capture the loyalties of local officials. There have been protests among many LGUs against DILG meddling with local positions on national issues, “acting for the President” and utilizing its personnel to mobilize

Table 1 DILG’s Diminishing Functional Relevance

Critique
DILG’s function of advising the President may be better done by LGUs themselves through the leadership of the various leagues. Leadership in the national associations of barangay captains may also assist the President in making appropriate legislations for local governments. Promulgation of policies on highly technical problems may be addressed by consultants on at need basis.
Local governments are in the best position to ascertain problems on public order and safety in their respective provinces. There is nothing DILG can further contribute that will promote local autonomy more than what the Code already provides.
The local governments through their various associations can very well decide the appropriate legislation for the safety and orderliness of their city.
The training function was relevant only at the incipient stages of decentralization but ceased to be so as LGUs design their own plans and implement them according to the unique situation that they have. In terms of fiscal and technical capabilities, many training institutes, domestic and foreign are already undertaking numerous education and training on these matters.
Disaster management plans are already in place in the LGUs because effective disaster management is community-based. The National Disaster Coordinating Council also undertakes this function.
Systems of coordination are already in place. There is no need for a whole department to address this concern. LGUs on their own initiative can identify best practices and replicate them in their own areas.
Training of police should be privatized. Many “private military firms” run by retired police and military officials can be contracted.

Source: Clarita Carlos “Towards Bureaucratic Reform: Issues and Challenges” (2004: 254)

local support for the agenda of the President⁴. Certain reports would assail that instead of maximizing the Local Government Supervision function of DILG to empower LGUs, it seizes on its Interior function to police LGU loyalties and incarcerate the opposition⁵. There have been calls toward the abolition of DILG, with one evaluation (*Carlos 2004*) citing its diminishing functional relevance (see Table 1).

4. Key Political and Bureaucratic Constraints to Local Autonomy: Challenges and Opportunities of DILG

Taking off from the foregoing criticisms, this paper reexamines the role of DILG in shaping and/or alleviating the politico-bureaucratic constraints that affect local autonomy. Decentralization in the Philippines envisions a dispersal of power and resources from the central government to the various tiers of LGUs consisting of 81 provinces, 136 cities, 1,494 municipalities and 41,995 *barangays* in the country (*NSCB March 2008*). Essentially, as expressed in the Local Government Code, the ultimate goal in Philippine decentralization is to achieve local autonomy for local governments, which means less reliance upon national government and increased reliance upon internally generated resources and increased capacity for local development initiatives. While significant opportunities have been promoted, fifteen years of decentralization in the country have evidently faced serious constraints producing generally low levels of local autonomy.

4.1 Low Levels of Local Fiscal Capacity and Revenue Performance

In terms of fiscal capacity and performance, the data below would show that local own-source revenue generation continues to stagnate at a minimal average of 34.6% of total LGU revenues, as opposed to the Internal Revenue Allotment (IRA) shares which average 62% through the years.

Table 2 LGU Revenue Sources (Aggregate of Provinces, Cities, Municipalities)

(in billion pesos)	1992	1995	1998	2001	2004	2006	Ave
Local Own Revenues %	11.43 41.3%	21.56 28.0%	47.9 36.8%	44.03 32.1%	60.22 34.8%	75.50 34.6%	34.6%
Internal Revenue Allotment (IRA) %	15.47 55.9%	51.92 67.4%	76.94 59.1%	86.82 63.3%	109.20 63.1%	137.67 63.1%	62.0%
Other External Revenues %	0.77 2.8%	3.51 4.6%	5.27 4.1%	6.33 4.6%	3.70 2.1%	5.07 2.3%	3.4%
TOTAL	27.67	76.99	130.11	137.18	173.12	218.24	

Source: Commission on Audit, various years

This does not deny the existence of champion LGUs which have made remarkable innovations in local revenue generation. The best practices however proved to be sporadic incidences which are often dependent upon the individual leadership and initiative of the mayor or governor more than upon an institutionalized incentive structure or compliance of standards. The majority remains dependent on the IRA and constrained in mobilizing their own funds needed to address their expanded responsibilities. A report made in 2005 Philippines Development Forum (PDF) noted that “many LGUs are not fully utilizing available local revenue opportunities, with real property tax collection efficiency averaging only 60%” (*PDF 2005: 5*). Javier (2006: 4–5) compiled various figures to show low local resource mobilization: less than 10% of all LGUs exercise their new financing mandate; only 21 or 1.24% of all LGUs have issued bonds; only 15 or 0.88% have Build-Operate-Transfer projects; and the Galing Pook Foundation documented only eight out of 71 awardees on best local practices as finance-related.

Local politicians veering away from aggressive tax collection, especially against the influential private sector for fear of political fall-out, is a pervasive and systemic problem. Yet, the central government couldn't seem to compel various local officials to generate more revenues. One serious consideration is that central political structures needed local political forces capable of mobilizing voters and generating financial resources. Without institutionalized political parties, central politicians are dependent on local elites for electoral mobilization. This makes the central government vulnerable to local influence (*Hutchcroft 2001; Sidel 1999; Rocamora 1995*). Rocamora (1995: *xiii*) has earlier pointed out that the “central government's dependence on local elites... has made it difficult to capture larger portions of the economic surplus through taxation and other means...”

4.1.1 Constraints in Monitoring and Supervision/Standardization of LGU Performance

The low fiscal performance of LGUs can be traced from the prevailing intergovernmental political dynamics. What is not immediately apparent however is the lack of institutionalized administrative mechanisms on the part of the central bureaucracy to encourage LGUs to increase local revenue generation performance within their capacity. An official from DILG would admit that the agency doesn't enforce any performance standards so as not to compromise the spirit of local autonomy. The Local Governance Performance Management System (LGPMS) was implemented by DILG in 2004 as a monitoring mechanism to determine LGU service delivery. DILG officials would however explain that it is designed to promote an LGU self-assessment system for needs/capacity appraisal rather than a national-based evaluation system of LGU performance. System-wise there have been gaps in the applicability of program indicators due to varying conditions of localities. Moreover, the Local Government Support Program (2006: 4–3) reported on the limited participation and access to the system, ineffective and ad hoc basis cooperation between DILG and the stakeholders in utilizing

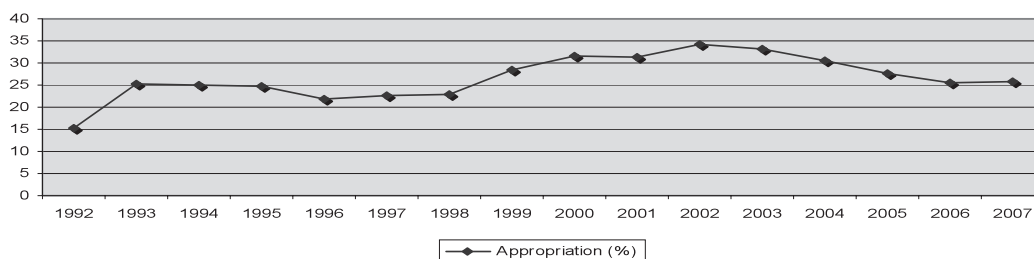
LGPMS, as well as confusions and overlaps created due to multiple performance monitoring systems being promoted to LGUs. In effect, without a clear framework of national standards and measures appropriately designed for each class of LGU, it becomes difficult to determine and instill efficiency and coherence in local performance.

An important consideration for effective evaluation is the extent of the revenue base of each LGU. The standardization of property taxation and the estimation of property values are critical as these are often influenced by local political dynamics. However, due to lack of standardized assessments on the resource base/potential of individual local units, DILG couldn't effectively monitor performance and initiatives on local revenue generation. A report made by PDF (2005: 5) stated that there is an "absence of an institutionalized performance management system and weak capacity to generate appropriate data needed for performance benchmarking." Panadero (2007) would add that "there is very little accountability because audits are rarely done on time...treasurers are appointed by Department of Finance (DOF) and report to it, but they are paid for by the LGUs." Essentially, these administrative constraints have allowed for leniency in local revenue generation rather than create incentives and opportunities to facilitate fiscal initiatives.

4.2 Vertical Imbalances: Central Control of Funds for Local Development

While low local revenue generation remains a serious issue, controversies continue over funds for local development which are within the control of central agencies. The IRA proved to be the major source of local revenues yet IRA allocated shares averaged to only 15% of the national budget in 15 years (Gera 2007: 138–139). Furthermore, such appropriations continue to be below the legally mandated shares from the total revenue collections of the Bureau of Internal Revenue (BIR). While it is true that the IRA appropriations increased significantly through the years parallel to the increase in national internal revenue collections of BIR, the average appropriation of 26.58% stays below the 40% share mandated by the Code. This can be seen from the figure below.

Figure 1 Internal Revenue Allotment Shares vis-à-vis Internal Revenue Collections



Source: Bureau of Internal Revenue and the Department of Budget and Management, integrating various years.

There are also non-IRA funds⁶ that are spent for local services and devolved functions but are under the control of central structures. Most notable is the Congressional Allocation otherwise known as pork barrel funds. As a policy, legislators identify the local projects to be funded and the money is released to and implemented by an NGA/GOCC subject to Department of Budget and Management (DBM) guidelines. The irregularities in the use of pork barrel funds, however, have gained wide notoriety specifically in infrastructure projects where public works officials would allege that the lawmakers seize complete control of project implementation. Noted as a favorite agency for pork barrel insertions, the Department of Public Works and Highways (DPWH) has become the single most controversial NGA under decentralization. Soriano et. al. (2005: 25) would note that DPWH, a supposedly devolved agency responsible for roads, bridges and water works infrastructure, holds the biggest chunk (65.54%) of non-IRA funding spent for local services. Soriano et. al. (2005: 13&21) would account such pork barrel fund to be 62% of non-IRA grants, two percent of it unallocated. Of the total non-IRA funds, about six percent were unallocated.

Overall, the World Bank (2005: 10) computed the Philippine local expenditure share to be 26% in 2001–02, classifying the country as a “moderately decentralized state.” This figure is based on calculations of expenditures net of debt servicing expenses. However, computing 15 years of decentralization based on overall actual national expenditures would show that in average, the share of LGUs constitute a minimal 12.5% since 1992 far below moderate levels. Computation differences notwithstanding, clearly the share of LGUs in expenditure allocations and actual resource appropriations remain small.

Table 3 National Government Expenditure Allocation (1992–2006) (in billion pesos)

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Expenditure	325.2	479.3	496.9	792.4	596.1	870.8	838.3	892.8	1071.8	919.9	597.7	800.3	1049.6	962.9	1004.4
Allotment to LGUs	23.0	36.5	49.9	53.8	59.2	75.8	81.4	102.7	121.0	116.8	138.2	144.9	141.2	160.6	174.7
Percentage Share	7.0	7.6	10.0	6.8	9.9	12.7	9.7	11.5	11.3	12.7	23.1	18.1	13.5	16.7	17.4
Average	12.5 %														

Source: COA, Annual Financial Report, various years integrated with NSCB Summary of Major Statistical Series 2008

4.2.1 Constraints in Monitoring, Auditing and Coordination of Fiscal Flows

Politically, the insufficient IRA allocations can be traced from the various deductions and cuts made before the IRA is actually distributed among LGUs. The Congressional General Appropriations Acts

and Executive Directives have continuously introduced constraints on the IRA for various reasons (e.g. to earmark development funds for priority projects, to settle LGU obligations with NGAs, government owned and controlled corporation (GOCC) and leagues, or to finance new programs imposed by the national government). These constraints explain why LGUs have been receiving less than the 40% mandated under the Code. The IRA cuts which run counter to the provision in the Code on 'automatic appropriations' have been declared unconstitutional by the Supreme Court yet continues to be a practice. ULAP would also argue that the automatic release of the IRA shares of LGUs has been continually hampered by the perennial gridlock in legislative battles. The League of Municipalities of the Philippines lamented that the "recurring budget standoffs between the Executive and the House of Representatives, on one hand, and the Senate on the other, has severely dented local governance" since the effect of a deadlock meant reenactments of previous year's budget which affects IRA appropriations (*in Gera 2007: 140*).

Administratively, limitations stem from the lack of established mechanisms to regularize automatic fiscal appropriations. This has subjected the local budget to cuts on grounds of national crisis, or to delayed decisions of Congress who would then have to debate on the approval of supplemental budgets including the outlay for LGUs to cover the IRA gap. Moreover, the 40% mandate is computed based on the revenue collections from three years prior which could be diluted by inflation. The non-IRA funds, on the other hand, are generally not captured in LGU revenue statistics. Since such categorical grants are not considered regular revenues, these are not integrated in the standardized format of LGU accounting process. Moreover, these funds are administered by various NGAs using different procedures and requirements, and thus the flow of funds to LGUs is easily manipulated and not immediately transparent. The Congressional Allocations, in particular, are usually recorded under "extraordinary items" if not generally obscured in the LGU reports. And since these funds do not pass through the regular budget process, it is often not clear whether the expenditures identified by Congressmen are implemented by an NGA, a GOCC or even by an LGU which obscures the actual flows of Congressional spending⁷.

In terms of coordination, the intergovernmental complementation of responsibilities (between NGAs and LGUs) is weakly defined. This is evident in the regional planning and budgeting processes. LGUs are mandated to prepare multi-sectoral and comprehensive development and land use plans where NGAs integrate their requirements with the coordination of DILG and the National Economic Development Authority (NEDA). There is, however, a lack of clear guidelines on the interface of NGAs requiring certain sectoral plans from LGUs in various stages of the local planning process. Without clear division of responsibilities, it is difficult to define what level of government should undertake what task, or to determine which fund should go where. The low vertical coherence creates

scope for ad-hocracy consequently creating uncertainties and reducing the reliability of government performance (*UNDP 2001, World Bank-ADB 2005: 30–31*).

It has been said that the ambiguity in the intergovernmental process stems from the Code with Sections 17(c) and (f) allowing for the existence of a two-track delivery system, where both NGAs and LGUs can initiate devolved activities. These provisions fuel central-local battles, particularly in the control and management of major infrastructure projects which are noted to be vital sources of kickbacks and strategic tools for electoral campaigns. This policy limitation notwithstanding, confusions and overlaps in the assignment of expenditure responsibilities could have been avoided should the implementing rules and formal mechanisms to delineate functions were made clear and concrete. Without established standards, more venues are opened for political struggle over control of fiscal resources disallowing a calibrated strategy against both constraints and abuse of expanded authorities. Moreover, while DILG is expected to lobby the integrated priorities of LGUs in the planning and identification of centrally-managed projects for local development, it is noted to fall short of its role by merely providing administrative guidance on technical issues of central-local relations⁸. Therefore, instead of tapping the services of DILG to promote local concerns, LGU officials would channel direct access to the influence of those who actually control the purse strings: the Congressmen or the President — feeding more into the cycle of central-local patronage.

There are also lapses in interdepartmental coordination. The lack of harmonization among oversight agencies (i.e. DILG, DOF, DBM, NEDA) has often resulted to overlapping responsibilities. In facilitating local planning for example, while DILG has the mandate over LGUs as a whole, NEDA also exercises supervision and monitoring over highly urbanized cities and provinces, particularly for ODA-funded projects often creating confusions. In the aspect of local government finance, Panadero (2007) would describe a fragmentation of responsibilities: “DOF Bureau of Local Government Finance (DOF-BLGF) is responsible for local property taxation and ensuring effective financial management; DBM is responsible for share of national taxes such as the IRA; Commission on Audit (COA) is responsible for audit in LGUs and DILG is responsible for general supervision of LGUs and capacity building including financial management and local resource mobilization”. These signify a lack of coherent streamlining of functions among central agencies involved and a lack of systemic rationalization to clearly delineate NGA functions in relation to LGUs⁹.

As a result of the above politico-bureaucratic constraints, LGUs in general remain small actors in the country’s economy. The World Bank and ADB (2005) noted that LGU expenditure as a share of Gross Domestic Product (GDP) approximately doubled, but the amounts remained relatively small, rising from 1.6% of GDP in 1985–91, prior to the introduction of the Code, to 3.3% in 1992–2003. Recent

years (2004–2007) would show an average of 2.94% making a 15-year average of 3.12% LGU spending power against the country's GDP.

Table 4 Ratio of LGU Expenditure Share to GDP

Ratio of LGU Expenditure Share to GDP		
Period	Average	15-year average
1985–1991	1.61%	
1992–2003	3.30%	
2004–2007	2.94%	3.12%

Source: World Bank 2005, Commission on Audit, various years integrated

4.3 Horizontal Imbalances and Lack of Sustained Inter-local Cooperation

It is also important to note that the aggregate performance of LGUs does not reflect the realities of wide disparities in incomes and capacities among levels. There are high revenue-generating LGUs which are considered candidates for graduation to full autonomy such as the big cities (e.g. Makati, Manila, Quezon, Cebu, etc.). On the other hand, there are very poor LGUs like the small municipalities (i.e. 5th and 6th class municipalities in far-flung areas) and provinces (e.g. in Autonomous Region of Muslim Mindanao) which have poor revenue bases and could only generate negligible contributions in tax collections. These financially distressed and capacity-challenged LGUs need to be subsidized by the central government through targeted funds to support their local development. With this reality notwithstanding, it is however a recognized fact that the allocation formula of the IRA tends not only to favor the cities against provinces and municipalities, but generally the allocation scheme tends to release more funds to those who have broader revenue bases and capacities, across and within same levels of LGUs (*Gera 2007: 143–144*). The administrative discrepancies in the fiscal distribution create tensions among LGUs who would have to share limited allocations.

Despite this, it's worth mentioning that there are a number of pioneering initiatives on inter-local cooperation between and among LGUs across political and administrative boundaries to address common concerns. The inter-local partnerships and joint endeavors in the country are either initiated by LGUs themselves, national-government led or assisted by other sectors and donor agencies. These are highly evident in the areas of coastal resource management (e.g. Inter-Municipal Coastal Resource Management Council of Batan Bay and Tinagong Dagat, Metropolitan Naga Development Program, etc.); delivery of health services (e.g. Inter-Local Health Zones assisted by DILG and the Department of Health (DOH), etc.); metropolitan arrangements (e.g. Metro Manila Development Authority, Metro Cebu and Metro Iloilo Development Councils, etc.); and economic promotion through area

development zones (e.g. Davao Integrated Development Program, etc.). Several of these cooperative undertakings, however, have either failed to take off or have disintegrated due to “...inability to sustain political support and financial support...differing political interests and priorities, aggravated by change of leadership in several participating LGUs...insufficient and/or dysfunctional organization and management” (*Brillantes 2007: 29&34*). Inasmuch as the Code encourages LGUs to cooperate, it has only provided for the creation of a Memorandum of Agreement (MOA) among participating LGUs which “is only operational until it is no longer well recognized by the parties due to change in leadership or change in priorities” (*Brillantes 2007: 31*) This lack of binding policy and legal enactment and other institutionalized incentive structures failed to facilitate cooperation among LGUs in a sustained fashion. One concrete case that would signify the role of central bureaucracy is the Inter-Local Health Zones. These were created with the assistance of DILG and DOH after devolution-related issues of disintegration and deterioration of health care services ensued and exacerbated by the apprehension of LGUs to assume responsibility. Evaluations would deem such government-led arrangements to be more sustainable because of key elements present: coordinated development strategies and programs, political and financial support (*Brillantes 2007: 29*).

4.3.1 The Imperative for Inter-local Coordination and Continuing Capacity Development

While sustainable systems of inter-local coordination remains a policy need, DILG through the Local Government Academy (LGA) to its credit, systematically conducts training to equip local officials with local governance capacity and leadership skills according to national standards. It trains and orient officials of their basic functions and responsibilities. This has widely benefited various small LGUs in acquiring skills for local administration, as well as in drafting Executive and Legislative Agendas useful for designing local plans. However, the drain of technical competence and expertise within DILG, especially on policy development, has seriously limited the agency’s reliability to provide sustained capacity development programs. The bulk of the research work on decentralization has been done by private consultants and academics hired by donor agencies (*LGSP 2006: 5-2*).

Another serious issue that compromises internal efficiency in DILG is the undefined responsibilities and job description of senior management staff. It can be noted that while RA6975 provided for only two Undersecretaries (Usecs) and three Assistant Secretaries (Asecs), political appointees (three more Usecs and six more Asecs) with ad hoc responsibilities were given the posts. The creation of new positions outside the legal mandate to accommodate political appointees to high level positions without clear responsibilities is an illustration of arbitrary exercise of discretion by the President and her cohorts in the Executive. On a positive note, the bureaucratic personnel of DILG is composed of highly educated technocrats holding managerial positions (mostly with higher degrees in public administration - all division chiefs are required to obtain a Masters Degree to hold the post) with

Table 5 DILG Personnel Profile (Local Government Sector)

Office	Number of Personnel					Qualifications of Heads of Office
	<i>Office Personnel</i>			<i>LGOOs**</i>		Central Office
<i>Tenure</i>	<i>Permanent</i>		<i>Casual</i>	<i>Permanent</i>	<i>Casual</i>	
	<i>Technical</i>	<i>Administrative</i>				Department Secretary: Masters Degree
Central Office*	403	237	0	-	-	Head Executive Assistant: Bachelor of Laws
LGA	34	20	0	18	0	Undersecretaries (2): Masters Degree (2)
<i>Regional Offices</i>						Assistant Secretaries (2): Masters Degree (2)
NCR	116	87	0	101	0	Bureaus/Services Directors (9): Doctors (1)
CAR	175	73	0	159	0	Masters (4); Bachelor of Laws (2); Bachelors (2)
Region 1	267	78	0	250	0	Bureaus/Services Assistant Directors
Region 2	229	85	0	427	0	(5): Masters (4); Bachelor of Laws (1)
Region 3	272	107	0	269	0	Division Chiefs (21): Masters Degree
Region 4-A	295	77	0	283	0	(20), one completing thesis
Region 4-B	158	54	0	149	0	Regional Offices
Region 5	284	89	0	265	0	
Region 6	316	108	0	296	0	Regional Directors (16)
Region 7	277	95	0	258	0	Doctors Degree: 2
Region 8	333	90	0	316	0	Masters Degree: 10
Region 9	166	64	0	147	0	Bachelor of Laws: 3
Region 10	220	93	0	202	0	Earned Masters Units: 1
Region 11	134	66	0	115	0	Assistant Regional Directors (16)
Region 12	143	74	0	127	0	
Region 13	140	40	0	131	0	Doctors Degree: 1
Sub-totals	3,962	1,537	0	3,513	0	Masters Degree: 15
Total	9,012					Division Chiefs (3 each region = 48)
Special Projects	54 (central office)					Masters Degree (48)
						(short-term/project-based experts/personnel)

Source: DILG, Bureau of Local Government Supervision (BLGS) (As of March 2008)

Note: *Bureau of Local Government Development (BLGD), BLGS, Office of Project Development Service (OPDS), Planning Service; National Barangay Operation Office (NBOO), Office of Public Affairs (OPA) **Local Government Operations Officers (LGOO)

qualified and fully professional technical and administrative staff and field officers all holding regular/permanent positions.

5. Conclusion: The Need for Central Bureaucratic Structures and the Enduring Relevance of DILG

It is clear that the limitations in achieving the goal for local autonomy are created by an intricate web of political and bureaucratic factors from both central and local spheres. As it is, the problem is systemic involving core agencies of the bureaucracy, central and local politicians and various actors - all shaping the decentralization process. It is often more convenient to blame the constraints on the prevailing patrimonial power dynamics. However, it can be argued that the breadth and depth of such political clout on the administrative system are defined largely by the degree of institutionalization of policy mechanisms in the bureaucracy. This study underscores on the incoherence and weak institutionalization of bureaucratic structures in the Philippines which allow for the overwhelming influence of political oligarchies. The very condition upon which decentralization has been limited by bureaucratic constraints — as in the case of DILG - itself constitutes the justification to reconsider addressing the current lapses in administrative strategies and weigh on investing in the bureaucracy's strengths.

As illustrated, constraints in DILG's core responsibilities - systems of standardization, monitoring and supervision, including audit and accounting systems, as well as coordination and capacity development — have compromised the bureaucratic role of providing procedural stability in de-centralized governance. The weaknesses of DILG, along with other relevant NGAs, highlight the susceptibility of the national level bureaucracy to political manipulations due to a serious lack of institutionalization of its policy structures and program mechanisms. Such weaknesses, however, do not warrant an outright abolition of the agency. Rather, it compels for a serious streamlining of its structures and a radical redesign of the bureaucratic architecture that would place the agency in a more prominent role in advancing decentralization.

Ultimately, there is a need to rethink the very limits of Philippine patrimonial politics and the unrelenting tug-of-war between central and local political structures. It is crucial to recognize persistent shifts in the leverage of influence as central politicians continuously operate machineries to perpetuate political control and limit local finance. The volatile transitions of political alliances, both vertically and horizontally, pose serious threats to achieving a more stable intergovernmental delineation and complementation of authorities and resources. While Carlos would correctly point out that LGUs are in the best position to ascertain their problems, the foregoing discussions in this paper would show that LGUs by themselves cannot fully wage their fight for local autonomy nor induce central politicians' compliance of Codal policies without the standards and regulations of the bureaucratic institutions. Inasmuch as the various leagues of LGUs are achieving lengths in promoting

the interests of their members as pointed out by Carlos, they would never have the legitimacy inherently accorded to a government agency that can effectively enforce standards of performance among LGUs. Essentially, beyond local political dynamics, is the parallel bureaucratic imperative to regulate bigger political forces from central structures. Certain degrees of flexibility will always be indispensable for meaningful local autonomy. Yet in consideration of such political realities, it becomes crucial to establish a resilient bureaucracy that is insulated and legitimized by institutionalized structures to withstand and transcend beyond central-local political maneuvers. While it appears counter-intuitive to enforce regulation to promote autonomy, in reality only by pursuing such 'paradox' and achieving a balance between flexibility and control can meaningful autonomy hold ground.

5.1 Policy Recommendations: Strategies for DILG Institutionalization

If improving decentralization through bureaucratic rationalization has to work, the Philippine government would have to start with DILG. It would be meaningless to pursue rationalization efforts when the very agency taking the lead needed its own reform and streamlining foremost. In view of the serious lack of institutionalization of the policy structures and core program mechanisms of DILG, this section outlines strategic proposals toward a structural redesign of the organization. The first viable step is redefining DILG's core mandates and organizational structure. It would have to be refocused on its Local Government functions centering on capacity-development for LGUs and as the core coordinating agency to manage and harmonize the multiple institutions involved in the process of decentralization - be they intergovernmental, interdepartmental or inter-local. It is also imperative to strengthen its supervision and regulatory function to guide and monitor not only the standardized and efficient performance of LGUs but of ensuring accountabilities and regularity of procedures undertaken by NGAs involved and to ensure the non-arbitrary policy-making of central officials. Irrelevant and contradictory to its task to facilitate local autonomy, the Interior functions of the agency would have to be abolished and may be integrated to the Department of Justice (DOJ). The agency may then be renamed the Department of Local Government Development (DLGD).

5.1.1 Institutionalization of Supervision and Monitoring

The Department would have to institutionalize new mechanisms of vertical monitoring over local structures and horizontal monitoring of central structures. Vertically, it shall exercise direct supervision only over provinces, independent component cities and highly urbanized cities (HUCs) as provided for in the Code. These LGUs would then have to exercise responsibility over their respective component cities, municipalities and barangays to streamline the flow of supervision. For this, it is important to develop a new role and system for the Regional and Field Operations personnel to review the capacity of provinces, HUCs and independent component cities to assume responsibility

to their constituent LGUs (*Panadero 2007*).

In close coordination with the Commission on Audit, the Department should take a proactive role in monitoring local government finance involving LGU revenue performance and national appropriations. It should absorb the role of DOF-BLGF in monitoring local property taxation and local financial management. It would also have to redesign a more comprehensive monitoring tool beyond the LGPMS framework integrating enforcement standards and incentive structure to facilitate improvement of performance in core areas of local governance. Lack of regulatory mechanisms only creates more room for leniency in already loose government structures. This instrument should be maximized as a fiscal performance monitoring and standardization tool that clearly defines national parameters to be followed by LGUs in accordance with their capacities.

It might be useful to reflect on the case of the Ministry of Home Affairs (MoHA) in Japan which keeps an eye on local governments to detect excessive spending and mismanagement. MoHA has a number of powers that allow it to monitor and sanction local governments. Tools available for MoHA range from “hard” legal powers to “soft” flexible ones. One example of a hard tool is the stipulation to stop the flow of the Local Grant Tax money to a local government, if MoHA recognizes that it has used the money in a way not in accordance with principles of local autonomy. MoHA keeps pressure on local governments to balance their budgets, but when they fall into deficit and find no chance of recovery on their own, they are designated as “reconstruction body” (bankrupted LGU) (*saiken dantai*). The local government will get—apart from a terrible image of fiscal mismanagement—a great deal of advice and direction from MoHA, and they will be obliged to implement their proposed plan until the designation is nullified. In most cases, the plan for financial reconstruction targets personnel expenditure. Pay raises would be postponed, and salaries for the chief executives and assembly members would be cut. New hiring would stop and early retirement for senior employees would be encouraged thus, creating an incentive to avoid this humiliating designation and its consequences (*Akizuki 2001: 5–6*).

The Department’s main job is to serve and represent the LGUs as a whole. While it supervises local performance among LGUs, there should be its corresponding job to horizontally regulate central political structures. Again in the case of Japan’s MoHA, “it fights fiercely against central ministries—i.e. expansion of Local Allocation Tax (LAT), resistance to the Ministry of Finance to cut back LAT or other ministry attempts to keep the share of subsidies in the intergovernmental fiscal transfer” (*Akizuki 2001: 14*). The mandate of the Department to supervise NGAs involved in local development programs should be accordingly legislated. Clearly, accompanying efforts must be made in other areas of the bureaucracy to be supportive of devolution. For instance, efforts should be made to make auditing rules and procedures and current budgetary practices more transparent, passing through

regular procedures free from arbitrary maneuvers and discretionary control.

5.1.2 Institutionalization of Comprehensive Mechanisms of Coordination

The Department can serve as the convergence point for all agencies, institutions and sectors involved in decentralization. It shall link various stakeholders into a single forum to oversee and coordinate expenditure assignments among levels of governments and the devolution of services, harmonize overlapping projects of central agencies and establish institutional mechanisms to promote cooperation and collaborative engagements among LGUs.

Intergovernmental The Department's major task is to clarify the parameters and legal standards of the extent of devolution that should be achieved in every agency and serve as a leader in ensuring that such standards are fully implemented. Parallel to this, it should clarify the expenditure assignments and roles of various levels of government to avoid overlaps and reduce the gaps between mandates and funding which is an enduring dilemma in local governance. Moreover, providing a linkage between sectoral departments and LGUs is another area where the agency could contribute, particularly in the area of planning and investment programming. It should lay down clear and simplified guidelines on the interface of NGAs and LGUs in various stages of the local planning process. The local government supervisory functions of NEDA should be fully integrated to this Department. It can serve as a one stop center that provides a comprehensive updating of the state of local governance through a Local Geographic Information System, as a useful reference to coordinate central programs for local development. This can also promote critical issues of national interest to LGUs.

Interdepartmental It is imperative to operationally define, integrate and rationalize the overlapping functions of oversight NGAs and to ensure that the established rules in the planning and budgeting process are safeguarded from arbitrary interventions of central-local political structures. This will also help avoid the wastage of ad hocism (creating new project-based offices and temporary bureaus to make up for the limitations of existing structures). The Department should take the lead in coordinating various oversight agencies involved in decentralization as well as relevant NGAs implementing local programs by establishing a service mapping mechanism that concretely defines the concurrent responsibilities of partner agencies. In inter-agency endeavors promoting local development programs, the Department should represent the unified voice of LGUs in the planning process as a counterpart force of NEDA which essentially represents the central government. In monitoring LGU performance, the Department should harmonize the data produced by each agency through a viable information system to ensure uniformity and standardization in data accounting and auditing of LGU statistics.

Inter-local The need to strengthen inter-local arrangements cannot be overemphasized. Collaborating LGUs have taken advantage of the benefits of economies of scale and shared productivity as well as in efficiently addressing cross-border concerns. While there are opportunities for sharing and replicating best practices among LGUs, what Carlos failed to point out are the differing political interests and priorities and changing loyalties amid shifting leaderships among several participating LGUs. These result to the disintegration of many cooperative arrangements. These would certainly require legally binding policy enforcements to sustain partnerships and cooperation ensured by a bureaucratic agency. Brillantes (2007: 31, 33) pointed out that the major intergovernmental arrangements in the country (e.g. Metro Manila Development Authority) are created through a Republic Act which provides for formal governance structure and funding support for the sustainability of arrangements. He would then prescribe for the amendment of Section 33 of the Code which only provides for a MOA to consolidate local efforts. This is to make cooperation duly legislated, issue-based and detached from threats of discontinuity by placing bureaucrats in charge of collaborative programs mandated by law. The sustained benefits of institutionalized cooperative undertakings may eventually encourage LGUs to consolidate into amalgamation arrangements that would be a breakthrough in Philippine local governance. For this, the regional economy can be a focus. It can set a coordination mechanism (i.e. Area/Regional Coordination Board) to facilitate LGU economic clusters to organize joint efforts in upgrading the regional economy. The process of establishing a comprehensive area/regional development plan has to facilitate the active involvement of concerned LGUs who are stakeholders in the region's economic development. Without having to assault local autonomy, the Department is crucial in enforcing clear guidelines for LGUs entering into cooperative arrangements, particularly in clarifying the roles of partner LGUs, in harmonizing responsibilities and sharing resources in a sustained basis.

5.1.3 Institutionalization of Capacity-Development Programs

The lack of public management skills among many newly locally elected officials, along with the need for a consistent upgrading of governance aptitude among degenerating traditional local politicians, require consistent national guidance. Such should be along standardized and nationally accredited training frameworks conducted by highly trained staff and qualified policy experts from the central bureaucracy to meet the capacity development needs of LGUs. The leagues can always be relied upon in promoting innovations, and additional capacity enhancements availed from private consultants might be ideal as noted by Carlos. But a more unified and institutionalized training module made available to LGUs by a well-funded and highly equipped LGA could more systematically provide a common grounding among local officials of the basic principles and parameters/standards of local administration toward a more coherent approach to achieving excellence in local governance.

The Department should institutionalize the effective use of the Local Government Resource Centers (LGRC) as a facility for capacity development and consultation to be managed directly by LGA (*LGSP 2006: 2-2*). It can also convene a dialogue with the leagues with a view of developing approaches to build their capacity to be effective partners, particularly in promoting best practices. It shall invest on the current initiatives of the LGA to conduct local administrative guidance and training for officials and pursue new mechanisms to fund initiatives and programs for replication of exemplary practices which are currently reliant upon external funding. The Department shall maximize partnerships with local and international institutions to acquire/transfer appropriate technologies.

The steps outlined above would eventually have to transcend toward a more comprehensive redesign of the whole bureaucracy in the longer-term. A major proposition made in this paper is the relevance of the bureaucracy as a critical agent of change in the system. It entails reliance on the so-called “middle-men”, often nameless bureaucrats who usually compose the brains and talents behind the actual operations of administration. Yet, reckoning that the bureaucracy is deeply embedded in a system of patronage and political exchange (e.g. the overall vulnerability of the country’s Cabinet to the will of the President), a critical component to institutionalization is strategically changing the bureaucratic culture by investing in comprehensive civil service reform. Due to continued interference of Malacanang, the bureaucracy repeatedly lost qualified career civil servants. Former Civil Service Commission Chair Karina David would assail that approximately 56 percent of career executive appointees do not have civil service eligibility allowing for a blatant politicization of the bureaucracy¹⁰.

It then becomes imperative to revisit the country’s Constitutional provisions and lay the ground on stipulating mechanisms to provide relative insulation of the bureaucracy from the immediate realms of political structures. The clout of politics can never be denied. Yet, a more viable and realistic option for public reform would be to clarify the rules, standards and functions of agencies to effectively enforce them and reduce uncertainties and political manipulations. Institutionalization in the bureaucracy is key. The bureaucracy after all is more malleable than the political structure of the country. Certainly, the agenda for decentralization reform must be broadly inclusive and interventions must be bureaucracy-wide with the needed vigilance of local governments and stakeholders from civil society including the media. Nonetheless, certain bureaucratic agencies hold critical tasks for specific sectoral concerns. On the vital issue of local autonomy, DILG is a viable starting point.

Notes

- 1 *Subsidiarity* posits that decision-making powers, development responsibilities and control over resources must

- be transferred to the lowest possible level to broaden public sector legitimacy, transparency and accountability, and contribute to effective service delivery (*Mercado 2002: 21*).
- 2 DILG is tasked to identify functions, services and programs of NGAs that duplicate or overlap with those exercised by LGUs or that could further be devolved and determine the extent of devolution of powers and transfers of assets and resources to LGUs
 - 3 Centralization is understood in this paper as “style of governing [which] tended in practice to locate most of governing capacity in central institutions of the state to create as much coherence in governing given the inherently fragmented nature of the public sector in most countries” (*Peters 2004: 6*)
 - 4 Gerodias and Martel. 2006. “Gripes Pour vs. DILG ‘Meddling’” in Sun Star Cebu 30March
 - 5 Bordadora, Norman. 2007. “DILG seeks list of local officials with graft cases” in Inquirer 22January
 - 6 Non-IRA funds include transfers (cash) to LGUs for implementation and spending and centrally spent funds (direct spending) on devolved LGU mandated functions, i.e. when national agencies implement the programs and projects, including Government Funded Programs and Projects (GFPP), Congressional Allocations (CA), Loans and Grant Funds (LGF) and Off-Budget Funding (OBF) provided by foreign development partners directly to LGUs (*Soriano et.al. 2005: 3&13*).
 - 7 World Bank and ADB report (2005: 14) states that “opacity renders the estimation of congressional allocations... extremely difficult... large amount of discretionary funds that do not pass through the normal budget process diminishes the credibility of government’s strategic allocation procedures...”
 - 8 Based on interview with officials from DPWH, 28 November 2007
 - 9 Despite the release of Joint Memorandum Circular 1 (2007) on harmonization of oversight NGAs, the mandate of such agencies for local planning and supervision are yet to be clearly translated into more operational terms.
 - 10 Valderama, Tita. 2008. “Bloated Bureaucracy Clearly an Issue” in Manila Times, 24April.

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