



Discussion Paper No.171

**The Constraints School of Local Governments
in the Philippines:
Governance to Government?**

Aser B. Javier, Ph.D.

May 2009

**Graduate School
of
International Development**

**NAGOYA UNIVERSITY
NAGOYA 464-8601, JAPAN**

〒464-8601 名古屋市千種区不老町
名古屋大学大学院国際開発研究科

The Constraints School of Local Governments in the Philippines: Governance to Government?

Aser B. Javier, Ph.D.¹

Abstract

This conceptual paper aims to account the emerging constraints school in the local governments of the Philippines. The constraints school (e.g. Weiss, 2003; Linger Mayer and Feiock, 2003; and Goldratt, 1984) argues that changes in the external landscape represented by national institutional indiscretion limits the internal landscape that local actors must deal with. This paper argues that the national tradition of governance shapes and influences local institutional factors, and holds the key to the constraints school from governance to government. It does so by examining the national-local experiences and the interactions among these factors through three cases.

The study found out that a three-level dynamics influences the shape of local institutions. The first level dynamics refers to the national formal normative orientations that characterize the national government as a political institution. Second is the local government's capacity that structure local actions. The third refers to the politics-corporate balance of local government policy on decentralization. This paper concludes that the evolution of the constraints school implicitly establishes the outcomes of the current local governance in the Philippines as an unintended consequence of the practice of decentralization throughout the seventeen-year period.

CONTENTS

1. Introduction
2. Elements of the Constraints School Discourse
 - 2.1 What is the Constraints School?
 - 2.2 From Governance to Government?
3. From Theory to Evidence
 - National Normative Orientation as a Constraints School: The Case of the Local Financing Policy
 - Local Governments Capacities as a Constraints School: The Case of Local Actors Association
 - Politics-Corporate Balance as a Constraints School: The case of the Participatory Policy on Recall
4. Further Analysis
5. Conclusion

¹ Dr. Aser B. Javier is Associate Professor from the Institute of Development Management and Governance, College of Public Affairs, University of the Philippines Los Banos and was a Visiting Research Fellow at the Graduate School of International Development, Nagoya University Japan during September 24 to December 23, 2008.

1. Introduction

A major issue confronting developing countries, which have decentralized today, concerns the experience of how national normative orientations, local government capacities, and corporate policy influence are used by local institutions to govern. The Philippines portray a similar scenario in its seventeen-year of decentralization. These concerns range from the practice of new responsibilities placed on national leadership, citizens, and local institutions in general within an environment of global pressure. The concerns however are not new, but what remains far from certain is the dynamics by which these local experiences and national power in decentralization and governance as a whole have been taken up and thus create a new dimension in the local government politics. The work reported in this paper assumes the way of national tradition of governance and the dynamics of its implementation process affects as a constraints school, consequently creating new features of the local politico-administrative system.

The paper investigates the manifestations of the constraints school viewed from the influence of the national governments to local governments. The study is drawn from secondary neo-liberal and the institutional and international relations literature. It depicted how the Philippines draw understanding, from three national-local case experience in studying the local government as institutions that evolved due to the decentralization process. Cognizant that local governments are part of the state and are the new beneficiaries of decentralized powers, the arguments of a constraints school are investigated.

2. Elements of the Constraints School Discourse

2.1 What is the Constraints School?

The body of knowledge and analytical tools of the constraints school came from the experience in the natural sciences and are based from a rigorous, but easily understood, cause-and-effect logic (Goldratt,1984). Goldratt argued that the constraints school is like a chain with a weak link such that in any complex system at any point in time, there is most often one aspect that limits its ability to achieve the goal. For that system to attain a significant improvement, the constraint must be identified and the whole system must be managed with it in mind. He referred to his work as the theory of constraints (TOC).

Earlier, Leibig (Brown, 1942) likened the constraints to that of a process in crop science where it was found that increasing the amount of abundant nutrients would not improve plant growth. It presents that by only increasing the amount of the limiting nutrient (the insufficient in relation to "need") would lead to growth or improved crop. The idea of Leibig developed from Carl Sprengel (1828) which became known as Liebig's Law or the Law of the Minimum where growth is controlled not by the totality of the resources available, but

by the scarcest resource (limiting factor), which in this case are referred to as the constraints. Institutional growth in this sense is limited by the “nutrients” from the insufficient supply (Brown, 1942).

Until very recently, Weiss (2003:3-4), stated that powers have been severely constrained or entered the era of state denial. These constraints results from presuppositions of the states loss of autonomy and its obsolescence as an organizing principles. Weiss, further contend that domestic institutions are the starting point to account for the impacts from external forces like globalization. Weiss (2003) views that the constrained state powers are ultimately transformed by globalization and there is now a need to bring in the domestic institutions.

Further, Linger Mayer and Feiock (2003) said that in an uncertain world, consistent trends in politics and policymaking would be either caused by or represented by institutional irregularities. Institutions themselves are the products of other forces (i.e. sets of preferences, economic or military power, and changes in technology or relative prices), but once created they become a force with which other forces and actors must contend with. From this view, institutions and what they have become, constitute the “rules of the game” for any political society (North, 1990). Taking the domestic institutions at one level lower would construe that local governments are the best benchmarks. In this paper, the constraints school (e.g. Weiss, 2003; Linger Mayer and Feiock, 2003; and Goldratt, 1984) argues that changes in the external landscape represented by national institutional indiscretion, limits the internal landscape that local actors must deal with.

However, there are constraints school theorist who would generally assert that national governments are no longer the central focus of power. This consequentially is a result of the loss of control due to the numerous actors already at play in governance (Held and McGrew, 1998, Rosenau, 2000 as cited by Weiss 2003). However, the state would not simply retreat and surrender its loss of effective political power. This non-surrender is treated differently and is influenced by the scheming use of political powers, as well as the bargaining and negotiation process to regain loss of centrality. This “short cut” process to development leads to unfortunate outcomes, such as the “filling in of the state” (Jessop, 2004), where there are institutional and political settlements of “holding on to power and authority” by the state and the “yielding in” of local governments”.

Complementarily, international relations theories identify parallel constraints through the conception of the politics in the field. This is characterized as the ‘politics of yielding in’. It is argued that politics from below is transformative in nature because of the domination of politics from above. This hegemony causes the eventual yielding in of local institutions, thus creating the constraints of “local development”. Often this view is disregarded due to globalization, which all states or countries for that matter have to contend with (Boggs, 1986; Yauval-Davis, 1997; Fraser, 1997; Hamel, 2001; Harding, 1992; Keck and Sikkink, 1998; and Woods, 1995 as cited by Maignashca, 2003). This result in the shaping of new forms of national-local institutional arrangements at play, where powers are shared as a result of financial difficulties vis-à-vis demand for social services at the local government level.

This contention pressures the poor countries to do a benchmark study of themselves with reference to the rich countries. This however creates a pseudo good governance agenda, which in the first place is very difficult to attain. This is the gist of the arguments of Grindle (2004) when the author proposed that poor countries adapt a good enough governance agenda in place of good governance. The course of action is associated with 'playing catch-up', where the developed countries do not earn dividends. The inability to attain the agenda has created a new culture and behavior in local governments such that politics is prioritized over managerialism.

At the local organizational level, this goes with the third idea of the constraints school, which emanated from a culture that has developed because of the practice of decentralization. Edgar Schein (1985) took it up from an organizational culture perspective where language and formal and informal boundaries are set up. This refers to "the way we do things around here," "the way we think about things around here," or "the commonly held values and beliefs held within an organization" (Hudson 1999 as cited by Schein, 1985), including "the overall 'character' of an organization" (Handy,1988 as cited by Schein,1985). Schein (1985) argues that this now shape what governance will be. These shaping of governance are now taught to others, i.e. capacity development, considering its working in the past, whether correct or incorrect through the years. Behaviorally speaking, this also constitutes the organizational behavior (Robbins and Judge, 2006). The constraints school from Schein's work shows, on a more pragmatic sense, the governing practice of local governments emanates from their perception of how they perceive national governments' governance of the state based on their developed capacities.

We now see a multifaceted interaction involving a complex array of actors'. In this situation, there usually is an attempt to seize the interest at whatever levels, whether national or local, by each of the actors, creating a contest of politics of influence and negotiation with the local governments usually yielding in. This now becomes the core of the constraints school. This may now be seen as the new rules of the game in Philippine local governments. Especially now, that despite decentralization, only about ten percent of 1,696 local government units have maximized their new corporate powers (Amatong, 2005 as cited by Mendoza and Javier, 2007).

2.2 From Governance to Government?

In this paper, it is assumed that the adoption of a decentralization policy through the Local Government Code (LGC) of 1991 (Republic Act No. 7160), the Philippines, which adopted decentralization ventured into the complex world of governance. This assumption in purposive desire for institutional change, specially in the formulation of the concept of governance, is confirmed by the adoption of the LGC of 1991. This paper was thought out because of the perceived state governance inadequacies that shapes the governance of local governments from the idea of James Rosenau's (1992) 'governance without government'. While Rosenau generally do not qualify developing countries as having governance, he distinguishes the government from

governance by suggesting that the government refers to the activities that are backed by the formal authority, while governance refers to the activities backed by shared goals.

This idea of governance in developing countries comes from the presumption of the major public sector reforms that emanated from the Thatcher and Reagan era in the late 1980s and signaled the start of a global spillover of massive reforms (Kooiman, 1993, Mayntz, 1993) creating both, a renewed vigor for public sector reforms and hope for the governmental institutions. This happened at the same time with the massive public awareness of the dysfunction of the state (Bevir, 2007). These arguments later became the platform of participatory and accountability anchors that the state, the business, and the civil society constructed to form the decentralization mechanics and policies.

In the Philippines, the twenty-year Marcos rule and the growing movement of non-government organizations (NGOs), and later termed as the civil society, can trace its roots from post-war agrarian unrest. Various movements, parties, ideologies and personalities converged with the idea to ultimately topple the Marcos regime. Thus, when people power happened in 1986, the transition government of Aquino focused to restore democracy and eventually distribute the powers across the state.

Redemocratization through decentralization became the hallmark of the transition government of the Aquino administration. The efficiency factor in devolution began to surface during the Ramos administration. The government vigorously pursued market reforms. Trade, banking and industry were liberalized. A privatization program was pursued to relieve the central government of several functions where it has no comparative advantage (Guevara, 2000). Largely, public sector reforms in the first wave were based on new public management (NPM) principles (Bevir, 2007) particularly on corporatization and democratization and their combinations. Javier (2002) labeled this as the emergence of public entrepreneurship in the Philippine local governments. The local governments was prescribed by a host of actors and stakeholders which include, donors, national government agencies, civil movements and the private sector to shape up and soon best-practice approaches or simply being entrepreneurial mushroomed, validating that the Philippines decentralization is patterned after supplants of NPM. This constitutes the first wave of decentralization or the Philippines manifestations of its entry to governance.

The venture of Philippine LGUs into its supposed corporate existence can be classified from both the governance definition of World Bank (1987) as NPM and the United Nations as social development¹ and a third view of governance from a neo-institutionalist perspective, where governance is defined as the steering of institutional arrangements. This steering of institutional arrangements presupposes of course whether it is the state or the LGUs steering their institutions. This also does not preclude the idea that the Philippines ventured into decentralization because of both exogenous and endogenous pressures².

The LGC of 1991 has changed many features of Philippine LGUs towards corporate governance. This argument emanates from the general powers and attributes which establishes the political and corporate nature

of local government units as found in Chapter 2, Section 14-15. It promulgates that “every local government unit created or recognized under this Code is a body politic and corporate endowed with powers to be exercised by it in conformity with the law. As such, it shall exercise powers as a political subdivision of the national government and as a corporate entity representing the inhabitants of its territory.” The success of the LGUs corporate existence can be summarized by the basic premise of a business principle- profitability.

In some ways then, the quality of governance or to put it succinctly, good governance, is measured using Bevir’s definition (2007:x1), referring to the institutional barriers to corruption and a functioning market economy. Further, Kooiman (1993) defines governance from an interaction and network perspective that emerges in a socio-political system because of the common efforts of all actors. In this definition, the system becomes once again a progression from local government to local governance and from hierarchical to the inclusion of other actors. This managerialism provides for the inclusion of actors, meaning a focus on establishing networks and on results.

From these definitions, coupled with Rosenau’s standpoint on governance definitions, the results using the complex interplay of actors with shared goals become the basis of governance success. Grindle (2004) however, already presupposes that developing countries will have a difficult time to achieve success based from the good enough governance agenda. The limited capacities and the gaps in governance mean there are more to the gradation in the understanding of the evolution of local governments. There are no technical or easy fixes to what is inevitably a long, slow, reversible, and frustrating path towards better performing local governments.

Understandably, based on the results of several studies, local resistance to national mandates that impose costs is even more severe when state oversight is weak and when the policy goals of the state government are vague (Grindle, 2004). However, in the Philippines and in most developing countries whose democracies are still young, national unfunded mandates while it displaces local priorities in favor of state priorities are embraced. This is largely because of loose local development planning and budgeting, and capacity, creating state dependence and consequently constraining the management flexibility and autonomy of LGUs. This creates the opportunity for the state to exercise its authority leaving the LGUs to look up to the state, even if they are the final links of the chain in the government hierarchy. These second wave of decentralization is characterized by the difficulty of both the state and local governments to practice and meet decentralization objectives and is leaned towards politics. This reverses the trends from governance to government.

3. From Theory to Evidence

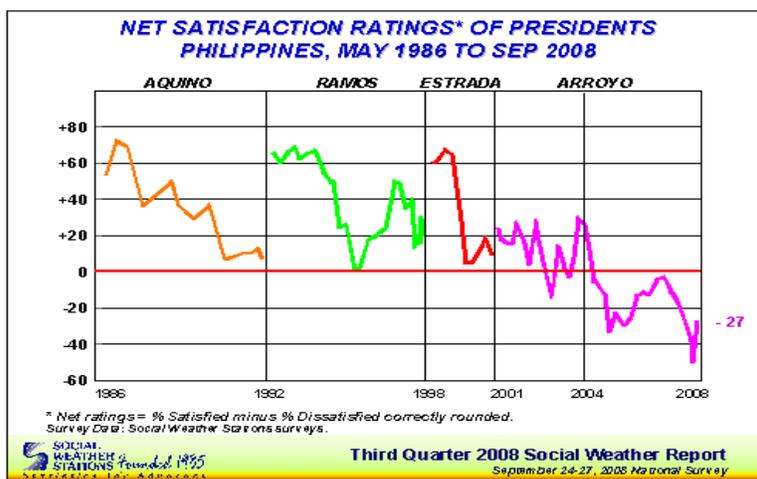
The national government desire for development cannot be doubted, what makes the national government actions or inactions doubtful are the deep-seated distrust that has developed as a result, initially out of the conversation of President Gloria Macapagal Arroyo to a Commission on Election (COMELEC) official. This

incident, which happened at the height of the presidential elections in 2004, has rocked and has continually moved the sentiments of the people against the national government. This opened up the proverbial black box of governance so to speak of the Arroyo administration. This stirred up the citizens, the media and the political opposition to advocate for impeachment complaints. Impeachment complaints have been filed year in and out since her assumption into office. Further, the continuous high distrust rating of the President in particular and her government in general have been on a five-year downturn. This is unprecedented in Philippine history since 1986³.

To move status quo, Kurt Lewin's (1943) famous force-field analysis, suggest the influence on the passive to become either negatives or positives. In this case, of the Philippines, the negative far outweigh the positive thru the trust ratings (Social Weather Station, 2008), making fundamental changes for reforms very difficult. This fundamental change is affecting the functions, territories, and scales of local governing. Thus, economic interventions which is good to intensify the revenue bases such as pushing for the expanded value added tax has sounded national alarm for citizens concern and worry even if it meant increasing revenue bases. The initiative impressed a thought that the expanded value added tax might be used for political purposes. It has in fact caused the defeat of very popular senators for their reelection bid and twenty others in the Presidents 24-man party senatorial line-up in the national elections of 2007. This perceived weak political leadership and consequently causing ineffective institutions have undermined the reform efforts such as the lifestyle checks, the new procurement law and several national pronouncements on the long arm of the law catching up on corrupt public officials (Llanto and Gonzales, 2007). Pierre and Rothstein, 2008 attributes to trust the impartiality, accountability and other governance qualities, which in turn becomes a major precondition for reforms.

Figure 2 provides the net satisfaction ratings of presidents since 1986.

Figure 2. Net Satisfaction Ratings of Philippine Presidents since 1986



Source: Social Weather Station, 2008

At the local government level, however, elections showed a shoring up where administration candidates overwhelmingly won. The local government now becomes the base of support of national government. The recent meeting of local officials at the Malacanang Palace with President Arroyo, incite concern from the people. Local officials were handed out envelopes containing half a million pesos (Php500,000) which up to now remain unsolved as to what purpose it will serve the local chief executives. Initially, it was justified as party funds, then, poverty alleviation funds and nothing was heard anymore since then. Further, the seven hundred twenty eight million pesos (PhP728,000,000) fertilizer budget to local governments prior to the national elections in 2004 were even distributed in known urban areas even in Metro Manila where there is no agricultural lands to speak of, no criteria for distribution and was distributed even on an election ban of downloading of funds. This case put one high Philippines Department of Agriculture official to be jailed in Kenosha, Wisconsin in the United States, allegedly to escape a Senate inquiry, creating international embarrassment. The lists of irregularities that affect the LGUs as a result of national traditions of governance are long⁴ and when it becomes public, the administration suddenly becomes silent and the supposed offenders go scot-free. This partly explains local governmental support to the state, as the windfall largely favors them.

A very recent blow to the autonomy was the peace agreement that was supposed to be signed by the national government with the Islamic separatist. The Supreme Court of the Philippines finally ruled out on the issue of the Memorandum of Agreement on Ancestral Domain (MOA-AD) and ascertain it as unconstitutional. The MOA-AD was not known with key stakeholders, specifically the local governments whose geographical areas have been included. It was the local governments, specifically the office of the Vice Governor Emmanuel Pinol of North Cotabato, in Mindanao that sought the redress in the Supreme Court, as the administration was defiant. The tribunal refused to go along with the argument of the Arroyo administration. The secrecy by which the administration conducted its supposed governing process runs contrary to the basic tenets of accountability and good governance itself. Now, war is brewing again in Mindanao and thousands are displaced.

In the many cases of deemed irregularities, the fundamental prerequisites of democratic institutions are missing (Crook and Manor 1998; Manor 1999; Bardhan and Mookherjee 2000 as cited by Rodriguez Posse and Sandall, 2008) i.e. accountability, and even the credibility and capacity to govern. Local governments are likely to become captured by these national elites if transactions are without a minimal degree of accountability thus increasing local rent-seeking. A good case in point is the devolved function of the agriculture extension that has re-emerged as a centralized feature from the agriculture and fishery extension system (AFES) proposal under the Strengthening of the National Extension System to Accelerate Agriculture and Fisheries Development bill. The policy instrument dictates that the municipal agriculture staff devolved to the municipalities should be transferred to the province as the core LGU unit of operation⁵. This has been referred to as decentralization within centralization (Kimura, 2008).

National Normative Orientation as a Constraints School: The Case of the Local Financing Policy

In the policy arena of local financing, the LGC of 1991 enables the LGUs to exercise their power to create and broaden their own sources for revenue collection and claim their right to a just share in the national taxes. It also gives the LGUs the power to levy taxes, fees or charges that would accrue exclusively for their use and disposition. In addition, the 1996 LGU Financing Framework developed by the Philippines Department of Finance (DOF) with assistance from the World Bank forms the cornerstone of the existing LGU financing arrangements. The role of the government credit programs is to pave the way for a greater private capital markets' participation in financing local development. Thus, the main objective of the government policy is to improve LGUs' access to private capital markets (Llanto, 1998). These objectives of the financing framework emanate from the recognition that one- LGUs have varying levels and records of creditworthiness and bankability. Two, their financing needs are huge. Therefore, the private sector (BOT investors, bondholders, commercial banks), the GFIs and MDF all have a role to play in meeting LGU Financing needs (1996 LGU Financing Framework, DOF).

To assist LGUs in the financing scheme of their new functions, the LGC of 1991 provides that approximately forty-percent (40%) of the national government revenues be distributed to LGUs in the form of internal transfers (IRA). This allocation gives LGUs of all sizes and all classes a stable source of revenue. This has also served as a collateral against which almost all loans issued to LGUs have been secured. This corporate function of local financial planning and management (LFPM) play a critical role in the management of the LGUs in the Philippines. Without the IRA, the LGUs would not have been able to issue bonds or to borrow from the GFIs. However, only 36.7% of the IRA has been appropriated and only 32.5% have been actually released by the national government to the LGUs (Gera, 2008). Further, concrete action plans were not formulated and agreed with concerned government agencies for implementation of the 1996 local financing framework, on top of the concomitant dependence on IRA. As a result, the progress made on the objectives embodied in the framework has been quite uneven (Pelligrini, 2006).

A very good case in point was the recent experience of the Mandaluyong City local government. Mandaluyong City is one of the metropolitan cities in Metro Manila. Mandaluyong City has managed a population growth rate of less than 1 percent. The city suffered a decrease by almost sixty million pesos (Php60,000,000) in the annual share of cities and towns from the proceeds from the national internal revenue tax collection, the IRA. The IRA was computed using a formula that took into account population, territory, and equal sharing. Under the Local Government Code, each province, city, and municipality's share is based on the following formula: 50 percent for population, and 25 percent each for land area and equal sharing. As a result, cities with the biggest populations got the highest IRA share. Those with smaller populations received less.

“No government can deny that sound population management is one of the factors of good economic management,” Mayor Benjamin Abalos Jr. said. As he bewailed the fact that cities and towns that successfully

practiced good population management are “punished,” instead of rewarded, by having their share of national taxes severely cut because they have managed their population growth very well. In this case, population growth is managed by a rate of less than 1 percent (Yap, 2008).

At the same time, many LGUs are highly dependent on IRA with an average of around 70.7% since 1992 with their own source of revenue averaging only at 25.97% (Commission on Audit, various years, as cited by Gera, 2008). Further, it is found out that releases are not timely and appropriation are not full. Manasan (2007) said that the mandated IRA share was not appropriated in full for the fiscal years 2000, 2001, and 2004, while the IRA appropriations were not released in full for fiscal years 1998 and 1999. The IRA appropriations were also not released on time for fiscal year 1999. Thus, many LGU chief executives, especially those outside Luzon, have made follow-ups with the Department of Budget and Management (DBM) as a regular and key function of their jobs while on official travel in Manila. Further, many LGUs have avoided updating their tax codes as there is no incentive element to the IRA transfer formula. They have found out that it is rather convenient to avoid raising taxes (a power granted under the LGC) by relying on IRA transfers (Pelligrini, 2006). Thus, former Secretary of Finance Juanita Amatong commented that only about ten percent (10%) of the total LGUs have maximized their corporate powers (Amatong, 2005).

Scholars like Llanto (1998), identified several constraints that impede further the development of local financing in various arenas. Among these are: the lack of reliable information about LGUs; the possibility of political interference in project management or in debt servicing; uncertainty in the management capacity at the LGU level; uncertainty in the quality of feasibility studies; lack of an independent rating agency; lack of a market for secondary trading; and, lack of access to IRA as security for LGU obligations. This makes the objectives LGU Financing Framework to accommodate the more creditworthy LGUs to private sources of capital mainly untouched.

Table 2. The LGUs Financing Framework Practice Today

1996 LGU Financing Framework Objectives	Current Financing Framework Practice
1. Number of LGUs practicing their corporate powers	1. Less than 10% of all LGUs exercise their new financing mandate (Amatong, 2005)
2. Develop the LGU bond market	2. Only 21 of 1,696 or 1.24% of all LGUs have issued bonds (BLGF, 2005)
3. Increase LGU use of BOT (build-operate-transfer) arrangements	3. Only 15 of 1,696 or .88% of all LGUs have BOT projects (BOT Center, 2005)
4. Improve the capacity of LGUs to raise their own revenues (Excellence in Corporate Practice)	4. Only 8 of 171 or 4.8% of all LGU awardees of Galing Pook are LFPM-related (Galing Pook Foundation, 2006)
5. Promote LGU access to private banks	5. Private banks are not encouraged to provide LGU financing schemes and arrangements

Source: Javier, Aser B. and Rufo R. Mendoza. 2007. Organizational Assistance to Local Financial Planning and Management in the Philippines.

Table 2 provides a summary look at the performance of LGUs in the use of their corporate powers from a governance standpoint.

Local Governments Capacities as a Constraints School: The Case of Local Actors Association

In the Philippines, an association of local government units' officials has been established. Membership has reached more than 15,000. Since 2004, a continuing capacity-building programs have been offered and conducted to equip the members to become effective legislators.

This association has also launched a continuing local legislation education program. Members can avail of the continuing education program depending on the decisions made by the executive committee. These are subject to the approval of the members' travel and attendance by their respective local government units, usually by the mayor.

Essentially, the education program has its focus on the leadership capability of the members. The Local Government Academy (LGA-DILG) is supportive of this initiative having been able to co-sponsor a training event in 2004. A policy development course also supported this capability building initiative in 2007. This was in cooperation with the Ateneo School of Government.

However, the absence of a standard legislative capacity-building framework hindered the progression of the initiative. A capacity building framework must be put in place to provide the necessary legislative support system with the backing from the academic structure and full aid mechanisms for its members and the community. This is critical to the effective functioning of the association.

Factors affecting the progression of the initiatives to strengthen the association of local government units officials were identified and validated through a national survey conducted in January 2008. There were 1,466 respondents to the survey. The national executive committee utilizes results of the survey to come up with responsive policy formulation guidelines and efficient administration proposal.

The results emphasized the importance of capacity building as a service of the group. However, it should be noted that capacity-building ranks only third among the three priorities identified by the association. The members of the association prioritize their membership from an administrative benefits standpoint where health, hospitalization, and scholarships are provided and from awards standpoint where recognition must be provided for their accomplishments.

Further, 94.1% of the respondents called for the clarification of their roles as legislators, leaders, and politician’s vis-à-vis the executive branch of the local government hierarchy. This is in the area of the political role perception on the bureaucracy through their oversight functions. However, often a gridlock happens where each of these branches of local government implement development projects that creates confusions and complexities in relation to the local government hierarchy. These data represents glaring governance constraints.

Table 1 summarizes the capacity as a constraints school.

While the continuing local legislation education program are good take-off for interventions, there remains a void on the work to be fulfilled for the objectives of the members. In particular Section 1.1 and 1.2 of Article IV of their Constitution and by laws states that the objective of the group is to establish a nationwide forum to give life, meaning, and substance to the constitutional mandate on local autonomy and decentralization of powers and bring the government closer to the people. Research and policy knowledge on new laws and their ability to translate policies into poverty alleviation programs are acknowledged deficits.

Current leaders of the association are exploring the possibility of re-creating the existing group and form an agreement such that it will be called a Legislators Center. The aim of the group or association includes contracting out a research to study the establishment of a center. The establishment of the center is aimed to provide grants for training, which will be credited as degree units. A key feature is also to provide for the structure and mechanisms of a standard delivery of all capacity-building programs.

Table 1. Summary of Local Capacities as a Constraints School

Local Government Roles	Needs Perspectives	Demand Perspectives
As League Members	Provision of benefits to family dependents	Prioritization of administrative benefits and recognition over capacity building
As Politicians	Primacy of political roles over legislative roles	Exposure and orientation on about the legislative, community and citizens engagement
As Legislator Leaders	Legislative function as councilors	Political role perception as councilors versus policy development and enforcement vis-à-vis the bureaucracy
	Knowledge and background in legislative governance	Research and policy knowledge on new laws
		Translation of policies into poverty alleviation projects with the LGU executive branch

The initiative is also aimed to progress and incorporate a policy think tank that provides a nationwide policy service to its members and the community at large. As a think-tank, it is envisioned to transform the current association and provide an influence in policy formulation at the national and local levels. The Legislators Center can dispense policy advice, lobby for, and provide assistance as their key services on top of the capacity building program.

Politics-Corporate Balance as a Constraints School: The case of the Participatory Policy on Recall

In the Philippines, the law on decentralization provides both a systems theory and a network of societal actors assumptions in the decision making process as part of the new autonomy provided for by the law on decentralization. The citizen's participation is guaranteed under the LGC of 1991 where the LGUs are mandated to create their local development councils to plan and decide. Here twenty-five percent (25%) of the LDC members should come from the civil society. Citizens' participation is likewise guaranteed to recall publicly elected officials as a policy of the state. This is to ensure accountability of public officials through recall mechanisms (LGC 2001 Chapter 1 Section 2b) by the citizens or network of citizens. Recall is a process that allows citizens to remove and replace a public official before the end of a specific term, thus creating a balance tilted towards corporate governing or managerialism.

On a more corporate note, the spirit of the law is within the advocacy of governance premised on the systems theory (March and Olsen, 1984). This provides for the interaction with the other actors and elements of the institution within a system, which ultimately transforms and influences each other. On another note, the governance premised on inter-organizational networks provides for the local government institution to become a collection of various societal actors where the key challenge is for the government to steer (Rhodes, 1996; Osborne and Gaebler 1992).

The law on citizens recall as part of the LGC of 2001 was amended through RA 9244 in February 19, 2004. The amendment generally provided each LGU an opportunity to classify the total number of registered voters to allow the petition for local officials to commence.

Table 3 provides the comparison.

Over the years, pro-decentralization scholars have pointed to citizen's engagement as a mechanism of voice and exit. It pressures the government to perform well and be accountable to its responsibilities. These mechanisms extend even within the bounds of removing public officials through the instrument of recall. The recall of public officials by the citizens is aimed at an effective and speedy solution to remove officials who give unsatisfactory performance. Recall is a power granted to the people who, in concert, desire to change their leaders for reasons only they, as a collective, can justify (Angobung vs. COMELEC, 269 SCRA 245, 1997).

Table 3. Policy on Citizens Recall of Elective LGU Officials

Local Government Code of 1991	RA 9244 amendment approved on Feb. 19, 2004:
Recall of any elective provincial, city, municipal, or barangay official may also be validly initiated upon petition of at least twenty-five percent (25%) of the total number of registered voters in the local government unit concerned during the election in which the local official sought to be recalled was elected.	At least 25 percent in the case of local government units with a voting population of not more than 20,000
	At least 20 percent in the case of local government units with a voting population of at least 20,000 but not more than 75,000: Provided, That in no case shall the required petitioners be less than 5,000
	At least 15 percent in the case of local government units with a voting population of at least 75,000 but not more than 300,000: Provided, however, that in no case shall the required number of petitioners be less than 15,000
	At least 10 percent in the case of local government units with a voting population of over 300,000: Provided, however, that in no case shall the required petitioners be less than 45,000

Recently, the case of Pampanga Governor Eddie Panlilio was in the news. Governor Panlilio is a Catholic priest who ran as governor in the 2007 elections. His bid for office created quite a stir in both the local and national government circles. It has been a public secret that Pampanga has become a haven for the illegal numbers game, popularly known as “jueteng”. Thus, a priest running for the highest local position set up an interest from the public. Pampanga is also the hometown of the President and one of his sons, serves as a representative. Election polls presented six candidates whose votes were as follows: Eddie Panlilio (219,706), then Board Member Lilia Pineda (218,559), and then Gov. Mark Lapid (210,876). Panlilio got only 219,706 votes (or 33.8 percent of the total), but this was enough to give him victory by a 1,147-vote plurality over his closest rival Pineda who garnered 218,559 votes. The total votes cast are 649,844 or about 65 percent of the estimated one million voting population (Pascual, 2008). Thus followers of either the Pineda’s or the Lapid by virtue of the logic of applying RA9244, of at least ten percent of total votes cast, can mobilize those who voted for them and initiate the recall against the incumbent, in this case, Governor Panlilio. In fact, it was a campaign staff of Ms Pineda, which filed the citizens recall and it was the running mate, the current vice governor, Joseller Guiao who is leading the provincial government to officially fund the recall by allotting twenty million pesos (Php20,000,000) through the provincial coffers.

Earlier, in 1997 in Caloocan City in Metro Manila, then incumbent Mayor Reynaldo Malonzo, won over former Mayor Macario Asistio Jr, a member of the moneyed and well-entrenched political family that has ruled the city for decades. Malonzo’s recall was the first heavily publicized practice of recall. In 1996, barangay captains loyal to the Asistio filed a recall petition against Malonzo and demanded new elections. The group advocated that the mayor had lost the trust and confidence of his constituents for allegedly misusing

funds, which are meant for the city's teachers (PCIJ, 2002). 1,057 village officials, constituting a majority of the members of the Preparatory Recall Assembly of the City of Caloocan, met, and upon deliberation and election, voted for the approval of recall, expressing loss of confidence in Mayor Malonzo.

The same is true for an economic zone local government, the municipality of Cabuyao in the province of Laguna, 45 kilometers south of Manila. Mayor Isidro L. Hemedes, Jr. ran on a platform of change against a husband and wife team occupying the town hall for a combined twelve years. Mayor Hemedes won with close to 7,000 more votes cast for him against the losing mayoralty candidate. The wide winning margin notwithstanding, a recall petition is still possible given the number of votes by the losing party. The same scenario happened as in the first two cases where it was a party mate of the losing mayoralty candidate who lodged the citizen's recall. Hearsays abound regarding the authenticity of the signatures, which attested a vote of no confidence and lost of trust against the incumbent Mayor. Recently, the COMELEC have suspended the recall proceedings against the incumbent mayor.

In the three cases (the province, the city and a municipality), smart politicians and those who have lost the elections have used the same voice and exit to empower citizens and tilt towards corporate governing, have maneuvered the citizens themselves, through recall elections. This has resulted to the use of citizens' engagement to launch a massive campaign against a political opponent outside the regular schedule of an election. This happens within the bounds of law that ensures supposedly the participation of the people for a vote of no confidence against a public official. The elite to capture elective positions, which they were not able to gain through the regular electoral routes, now use this same mechanism. This situation leaves out corporate efficiency as a major priority in the local government as almost all politicians are on the lookout for political survival.

4. Further Analysis

This paper presented an analysis of the shaping of local governance. It accrues that changes may not be the expectations of what governance is. The three cases suggest that local governments have no specific distinctiveness as they are shaped by the multiple interactions with the society at various levels. However, the formal authority of how the national government performs its politico-administrative function over the local governments to large extent has shaped what the LGUs are today. This is because the LGUs autonomy provides them the leeway to move vertically and horizontally within and outside the bureaucracy. Vertically, the national government still controls and influence the local governments, as majority of the LGUs are not into sustainable revenue generation programs, creating a culture of "holding on to power and authority" by the national government and the "yielding in" by the local government.

This brings in to the situation where each of the local governments has their own understanding and perceptions of how national governments govern the local governments. Rhodes (2001) provides a very good

complementary decentered analysis that is external factors influence networks and governance only through the ways in which they are understood by the relevant actors. How local actors perceived the state, structure local actions. Since a vast majority of the LGUs is not into the practice of their new corporate functions, they are opting for the safest structuring of governance, which is state dependence. This explains why the LGUs are branded by a common interpretation of collective support from the national government particularly the President despite the national government shortcomings and low trust ratings in recent history, that even limit local autonomous governance. On a parallel note, the impeachment cases filed at the national level has also been adopted or mimicked at the local level. The three cases on recall validate these, and have created their own local adoption of impeachment procedure, as the recall for election becomes an alternative. This explains the national normative orientation that shapes local governance.

Second, in the case of capacities, the local actors' association preference of administrative benefits takes precedence over their own capacity building instead. Highlighting their demand for clarifications of their legislative roles vis-à-vis project development management speaks otherwise of the high level of political and technical understanding required for their elective position. For decentralization to work, it requires the existence of democratically functioning local governments to keep politicians accountable (Agrawal and Ribot 2000; Ostrom 2000; Andersson 2003; Rodden 2003 as cited by Rodriguez Posse and Sandall, 2008) including a capacitated workforce.

In this case, three variables stand out, i.e. demand, supply and content which have influenced or shaped local institutions. While, the Philippine government invested in local capacity development forty-three years ago, way ahead in the region, certain practices have eroded its usefulness and urgency (Briones, 2008). There are many reasons why the need for local capacity development is not translated into demand. Oftentimes, heads of LGUs and policymakers do not appreciate the relationship between recognized demand for reform and capacity development. They can be preoccupied with demands for more education, health and infrastructure but do not see the link with capacity development. Further, many elected local officials treat capacity development as junkets by either, sending a wrong set or ill-prepared staffs defeating capacity development objectives. Second, the ability as supplier of capacity development is also a big question at whatever levels. It can be noted that a large number of capacity development institutions are concentrated in the National Capital Region while the need and demand for capacity development is obviously greater in the countryside⁶. The LGUs also are seeking various providers aside from the DILG Local Government Academy. Lastly, the content of capacity development interventions throughout the Philippines is very uneven. These would range from innovative, cutting-edge tools and programs to the age-old practice of lectures and recitations, include donor-driven methodologies as well. Even as capacity development institutions are organizing themselves into capacity development service providers networks, many providers and practitioners are still out of the loop (Briones, 2008).

On the state's side, Weiss (1998) arguments of capacity exists in a given context only on issues that are under study, meaning it varies across areas. For example, while there maybe good economic indices demonstrating

good state performance, politically is not translated into higher trust. The performance showing disintegration into self-serving interest of the national bureaucracy rather than achieve collective goals is what is influencing more the local governments, thus failing in its transformative capacity.

Third, national normative orientations and local capacities manifest in the understanding of the politics-corporate balance at the local level. Most politicians complained that citizens pressured them for personal favors whether legitimate or not because of the nature of being a public servant. The idea they say presupposes that citizens might as well get a slice of the pie of government services. Thus, services outside the bureaucratic mandates became the norm. These services are reflected into the government expenditures as the local pork barrel, which was regarded as binding and legal.

The patterns developed as a result from the extreme point of view where the lowest in the governance ladder—the poor asks their benefit from government and the same question is asked by the middle up to the highest level. In this case, the bureaucracy who is supposed to provide the corporate balance for politics are in status quo as politics is gaining the upper hand. The politician who is the chief executive controls it. This validates institutional economics literature, where, institutional actors such as politicians behave in accordance with what helps them to advance their political careers, while bureaucrats respond to rules that provide rewards and punishment in their organizations. In other words, bureaucrats pursue their own agenda, which does not necessarily coincide with the interest of the politician. Therefore, nothing has been done to respond to the needs of the communities (Pagaran, 2001).

Thus, corporate functioning marked by private financing under the 1996 local financing framework, even after twelve years, will be hard to come by on the premise that politics might intervene with financing. This happens because budget decisions fails to identify real issues as majority of the LGUs are not doing projections, assessment of trends and growth rates (Carino, 2008 as cited by Llanto, 2008), virtually making the annual investments plan largely discretionary rather than corporate. There is a regressive trend where richer LGUs (e.g. Quezon City, Makati and Manila and others) maximize their corporate powers rather those LGUs who are in need. With this scenario, government-financing institutions become a monopoly funder of local development projects. This is why the objectives even of a graduation policy, meaning, good performing and creditworthy LGUs to graduate on IRA is wishful thinking.

Table 4 provides the summary of the constraints school.

Table 4. Summary of the Constraints School

Constraints	Should Be	Actual Trend
Politics from Above		
Normative orientations	A decentralized system where more power, authority and responsibilities are provided (Sec 2a, Ch.1, LGC 1991)	Decentralization happens within a centralized bureaucracy with LGU national support due largely to hard budget constraints.
Institutional Capacities to Respond	Optimizes regulation and authority and rationale usage of authority e.g. the President shall exercise general supervision over local government units to ensure that their acts are within the scope of their prescribed powers and functions (Sec. 25, Ch. 3, LGC 1991)	The general supervision of LGUs has largely been on a rent seeking approach emanating from the high distrust rating of the President.
Politics-Corporate Balance	Establish a Government that shall embody the people's ideals and aspirations, promote the common good, conserve and develop patrimony, and provide security, independence, and democracy under the rule of law and provide for a regime of truth, justice, freedom, love, equality, and peace (Preamble, 1987 Philippines Constitution)	The pork barrel system or grants from the President's Office that are distributed through political patronage are regressive and are inconsistent with devolution (Guevara, 2005). This system has been adopted as a practice at the local government level.
Politics from Below		
Normative Orientations	The operative principles of decentralization which includes effective allocation of powers, function and responsibilities; accountable, efficient and dynamic organizational structures; just share in revenues; inter-local cooperation; upgrading of local leadership qualities; participation of all sectors; and continuing LGU improvement and quality of lives of the community (Sec. 3 Ch.1 LGC 1991)	Local leadership stemming from a politicized bureaucracy both national and local is hierarchical. Local bureaucracy and legislatures yield in to national leadership in the hope of self-seeking windfall.
Institutional Capacities to Respond	The capabilities of LGUs, especially the municipalities and barangays, shall be enhanced by providing them with opportunities to participate actively in the implementation of national programs and projects and continuing mechanisms by legislative enabling acts and administrative and organizational reforms (Sec. 3g-h, Ch.1 LGC 1991)	Capacity building has been a continual prioritization of supra national, national and civil movements to assist the LGUs. However, there is a shift in focus from individual to institutional capacity development where the linkage between and among capacity development and budget is still a big issue.
Politics-Corporate Balance	Every local government unit is a body politic and corporate endowed with powers to be exercised by it in conformity with law. As such, it shall exercise powers as a political subdivision of the national government and as a corporate entity representing the inhabitants of its territory (Sec 15, Ch.2, LGCC 1991)	Majority of LGUs depend on the national government. The corporate powers have not been fully optimized. The citizens in general have been disengaged with civil movements, each institution creating their own spaces for local governance.

5. Conclusion

A focus on conceptual meanings like the constraints school provided the mode of understanding traditions in shaping governance. The workings of any policy, capacity, both individual and institution depend on the ways in which all sorts of actors internally integrate them into their behavior, policies, and actions. The exposition of the constraints school requires a shift in the understanding of local governance storyline machinery to introduce the basics of the new concepts involved in the balance between politics and corporate as political institutions. This means that the balance of the political versus the corporate becomes a homogenous concern for all governance actors.

The governance approach gives the state a prominent feature of being a model for local governments where it will be able to generate the needed structure for the local actors to adapt, solve their problems and conduct themselves professionally and display characteristics associated with good governance. Regrettably, the nature of institutional improvement adhered to by the Philippines is biased. It is partial to a best practice managerial model and do not produce the politics-corporate balance needed from a political organization such as the local governments. This is due largely to national and local capacities to govern, consequently alienating them.

Lastly, the reluctance of the national government to surrender its authority in the appellation of decentralization vis-à-vis LGU performance means local governments has been re-shaped by the national traditions of governance. This complements Goldratt's earlier argument that there is one aspect in the institution that constrains its ability to achieve the goal, which is considered as its weakest link. This evolution of the constraints school implicitly establishes the outcomes of the current local governance in the Philippines as an unintended consequence of the practice of decentralization through the seventeen-year experience. Further, this denotes how Rosenau has defined the government on its activities backed by formal authorities—these have become the rules of the game, again.

Acknowledgements

The author is grateful to Dr. Hirotsune Kimura of Nagoya University for the professional comments on an earlier draft and to Ms. Maria Estela Facundo for editing work. The author is indebted to the Graduate School of International Development, Nagoya University, Japan for making the research possible through a Visiting Research Fellowship grant.

References

- Amatong, Juanita D. 2005. Local Government Fiscal and Financial Management, Best Practices. Manila, Philippines: Department of Finance.
- Andres Rodriguez-Pose and Richard Sandall. 2008. From identity to the economy: analyzing the evolution of the decentralization discourse. *Environment and Planning C: Government and Policy*. Volume 26, p. 54-72. Great Britain.
- Ann O'M Bowman and Richard C. Kearney. 1999. State and Local Government. Wilmington, Massachusetts, U.S.A. <http://www.amazon.com/State-Local-Government-Ann-Bowman/dp/0618429476>
- Arnstein, Sherry R. 1969. A Ladder of Citizen Participation. JAIP, Volume 35, Number 4. pp. 216-224.
- Bevir, Mark. 2007. Public Governance. Volume 1. Sage Library of Political Science. Sage Publications.
- Briones, Leonor, Magtolis. Local Capacity Development for MDG Localization. UNDP. SNV.
- C.A. Brown. 1942. "Justus von Liebig--Man and teacher." and "Liebig and the Law of the Minimum" *in: Liebig and After Liebig: A century of progress in agricultural chemistry*. Am. Assoc. Adv. Sci. The Science Press Printing Co., Lancaster, PA.
- Clingermayer James C. and Richard C. Feiock. 2001. An Analysis of Political and Administrative Adaptations Institutional Constraints and Policy Choice: An Exploration of Local Governance. SUNY Press, ISBN 0791449130, 9780791449134.
- Gera, Weena Jade. 2008. Institutionalization in Political Decentralization: The Influence of Devolution Architecture in Bureaucratic Quality. Doctoral Research Presentation Seminar. Graduate School of International Development. Nagoya University.
- Guevarra, Milwida. 2000. Decentralization and Economic Development: The Philippines Experience. Hitotsubashi Journal of Economics, 41(2): 97-109.
- Goldratt, Eliyahu M. 1984. Theory of Constraints. [Great Barrington, MA]: North River Press. ISBN 0-88427-166-8.
- Grindle, Merilee S. 2004. Good Enough Governance: Poverty Reduction and Reform in Developing Countries. *Governance: An International Journal of Policy, Administration and Institutions*. Volume 17. Issue 4, pages 525-548.
- Local Government Association. The Future is Local. New Visions for Local Governments.
- Llanto, Gilberto M. et.al. 1998. Local Government Units' Access to the Private Capital Markets. Makati City: Philippine Institute for Development Studies.
- Javier, Aser B. 2002. Public Entrepreneurship as a Local Governance Strategy in Decentralizing Polity: Exemplary Initiatives from the Philippines. *Forum of International Development Studies*. Vol. 21: 17-42. ISSN 1341-3732.
- Javier, Aser B. and Rufo R. Mendoza. 2007. Institutional Mapping of Governance Assistance to Local Financial Planning and Management in the Philippines. *DANYAG: Journal of Humanities and Social Science University of the Philippines in the Visayas*. Vol.12:1.ISSN 0118-4644.
- J. March & J. Olsen. 1984. "The New Institutionalism: Organizational Factors in Political Life", *American Political Science Review* 78.

- Jessop, Bob. 2004. *Hollowing out the Nation-state and Multilevel Governance: A Handbook of Comparative Social Policy*. Edward Elgar Publishing, Cheltenham, pp. 11-25. ISBN 1 84064 886 4
- Jeong, Hong-sang and Ralph Brower 2008. Extending the Present Understanding of Organizational Sense making: Three Stages and Three Contexts. *Administration and Society in a process* Volume 40 Number 3 May 2008 223-252. <http://online.sagepub.com>.
- Kooiman, Jan. 1993. *Modern Governance: New Government Society Interactions*. Sage Publications.
- Lewin Kurt. 1943. Defining the "Field at a Given Time." *Psychological Review*. 50: 292-310. Republished in *Resolving Social Conflicts & Field Theory in Social Science*, Washington, D.C.
- Manasan, Rosario. 2007. IRA Design Issues. Paper presented to the National Conference on Strengthening Local Government Finance in the Philippines. Department of Finance and World Bank Institute. Heritage Hotel Manila.
- Maignashca, Bice. 2003. Governance and resistance in world politics. *Review of International Studies*, 29, 3–28 Copyright © British International Studies Association DOI: 10.1017/S0260210503005989.
- North, Douglass. 1990. *Institutions, Institutional Change and Economic Performance*. By, Cambridge: Cambridge University Press.
- Osborne, David and Ted Gaebler. *Reinventing Government: How the Entrepreneurial Spirit is Transforming Government*. Plume
- Pagaran, Lourdes N 2001. *Making Decentralization Work: Building Local Institutions in Cambodia*. PhD Dissertation. Massachusetts Institute of Technology. USA.
- Pascual, Federico. 2008. Law on recalling officials is illogical, unfair, absurd. *POSTSCRIPT*. Philippine Daily Inquirer. October 5, 2008
- PCIJ. 2002. Star-studded Politics. <http://www.pcij.org/imag/PublicEye/starstudded3.html>
- Pelligrini, Anthony J. 2006. *Issues in LGU Financing in the Philippines*. Department of Finance. Republic of the Philippines.
- Philippine Daily Inquirer. 2008. The Policy of Secrecy. Editorial. October 28, 2008.
- Pierre, Jon and Bo Rothstein. 2008. How Should the State Behave: The New Public Management and The New Weberianism. Working Paper presented at the conference on “New Public Management and the Quality of Government” at the University of Gothenburg.
- R.A.W. Rhodes and Mark Bevir. 2001. *A Decentered Theory of Governance: Rational Choice, Institutionalism, and Interpretation*. Institute of Governmental Studies. University of California.
- Rodrick, Dani. 2008. *Thinking About Governance*.
ksghome.harvard.edu/~drodrick/thinking%20about%20governance.doc - iv.
- Rhodes. 2001. *A Decentered Theory of Governance: Rational Choice, Institutionalism, and Interpretation*. Institute of Governmental Studies.
- Robbins, Stephen P. and Tim A. Judge. 2006. *Organizational Behavior*, 12th Edition. Prentice Hall.
- Rosenau James N. and Ernst-Otto Czempiel 1992. *Governance without Government: Order and Change in World Politics*. Cambridge Studies in International Relations

- Rhys Jones, Mark Goodwin, Martin Jones, Kevin Pett. 2005. 'Filling in' the State: Economic Governance and the Evolution of Devolution in Wales. *Environment and Planning C: Government and Policy* 2005, volume 23, pages 337-360.
- Angobung vs. COMELEC, 269 SCRA 245, 1997. Dissenting Opinion: Recall of Governor Ed Panlilio. <http://tokpisparkplug.blogspot.com/2007/12/recall-of-gov-ed-panlilio.html>
- Schein, Edgar. 1985. *Organizational Culture and Leadership*. <http://www.tnellen.com/ted/tc/schein.html>
- Social Weather Station. 2008. Third Quarter 2008 Social Weather Survey: PGMA's rating improves to net -27. <http://www.sws.org.ph/>
- Yap, DJ. 2008. No reward for LGUs with less people
Downloaded <http://newsinfo.inquirer.net/inquirerheadlines/metro/view/20081011-165846/No-reward-for-LGUs-with-less-people>.
- Weiss, Linda, eds.. 2003. *States in the Global Economy: Bringing Domestic Institutions Back In*. Cambridge Studies in International relations:86. Cambridge University Press. United Kingdom.
- Weiss, Linda. 2003. *The Myth of the Powerless State*. Cornell University Press. USA.

Endnotes

¹ The World Bank defines governance as the management of the country's economic and social resources for development and it refers to the exercise of political, economic, and administrative authority to manage a nation's affairs. The United Nations defines governance, as the complex mechanisms, process, relationships, and institutions through which citizens articulate their interest, exercise their rights and obligations and mediate their differences, respectively.

² See Javier, Aser B. (2002) where he argued that decentralization in the Philippines emerged because of global pressures (exogenous) and desire for changes in politics and management (endogenous).

³ The Social Weather Station (SWS) net satisfaction ratings for President Gloria Macapagal Arroyo have been consistently low in the last five years.

⁴ The long lists include the North Rail Project whose costs have lately ballooned from \$503 million to \$900 million. Another classic case is the \$329-million national broadband network (NBN) project with China's ZTE Corp. and various incidents that implicate national governments.

⁵ The proposal of the Department of Agriculture is to strengthen the present Agricultural Training Institute and transform it into the Philippines Agriculture and Fishery Extension Agency (PAFEA) where the province is the operational core.

⁶ See Mendoza and Javier 2006. *Institutional Mapping of Assistance in Local Financial Planning and Management in the Philippines*. EPRA-Ateneo de Manila University for detailed capacity development programs.