

## **Time to Reconfigure: Decentralization in a Changing Environment**

Time: 11<sup>th</sup> and 12<sup>th</sup> February 2015  
Location: The Peninsula Manila

The conference, "Time to Reconfigure: Decentralization in a Changing Environment," organized by Konrad-Adenauer-Stiftung (KAS) and its partner the Local Government Development Foundation (LOGODEF) served as an arena of exchange for officials from the national and local levels to discuss current issues of decentralization in the Philippines.

### **Welcome Dinner**

11<sup>th</sup> February, 2015, 7:30 PM  
The Garcia Villa, The Peninsula Manila

The event started on the evening of the 11<sup>th</sup> of February 2015 with a Welcome Dinner with around 45 guests---most of them prominent officials from the political and academe world. Guests of honor during this event were Mr. Bernhard Kaster, Member of the German parliament and Whip of the CDU/CSU faction and the Vice-President of the Philippines and strong presidential candidate for the national elections in 2016, the Honorable Jejomar Binay. After the welcome remarks of Prof. Edmund Tayao, Executive Director of LOGODEF, Mr. Kaster gave an inspirational message. He talked about his connection to local government and stressed that the Vice-President and himself are strongly connected, as they were both former mayors. Mr. Kaster explained that, "If you have been once a mayor, you will always stay a mayor." However, Vice-President Binay remembered a conference concerning national government about 40 years ago, also organized by KAS. He promoted decentralization and emphasized to "push forward to reforms" in his message. Mr. Benedikt Seemann, KAS Country Representative of the Philippines, completed the official program of that evening, extending a warm welcome to everyone and expressing his anticipation and expectations on the conference proper.

### **Conference Proper**

12<sup>th</sup> February 2015  
The Conservatory, The Peninsula Manila  
Moderator: Ms. Cherie Mercado-Santos (News Anchor and Broadcast Journalist)

### **Welcome Remarks**

9:45 AM

Mr. Benedikt Seemann

Benedikt Seemann highlighted the 20<sup>th</sup> anniversary of the partnership with LOGODEF, as decentralization is a core issue for KAS. Furthermore, he stated that Filipinos are often afraid of decentralization since they often link it with autonomy. Instead, it should work as an opportunity to represent the different regions of the Philippines and their culture.

Prof. Edmund Tayao

Edmund Tayao gave the welcome remarks on behalf of LOGODEF. "More pushing for reforms" was one of his hopes for the conference.

### **Keynote Address on "Empowering Local Government: A Comparative Perspective on Decentralization"**

10:00 AM

Mr. Bernhard Kaster

By explaining his political career, Mr. Kaster showed his strong link to local governance. He stressed the importance of information exchange between states, even though every country has its own way. Regarding this exchange, he exemplified how local governance works in Germany. He explained the history of local governance, the principle of subsidiarity, the legislative process, and its inclusion of local agencies, the tasks of the administration and the funding in Germany to the participants. Moreover, he claimed that one reason for the German success is that local self-governance from political recruitment takes place on the local level. He promised to support future exchanges between the two countries especially on the local level, which the audience applauded.

### **First Session: Review of the State of Decentralization**

10:40 AM

Ms. Mary Jane Ortega

The former mayor of San Fernando City, La Union described her way of governing as mayor. Ms. Mary Jane Ortega governed her city using only limited resources provided. She sought assistance in the international arena, by participating in a program of the World Bank. Ms. Ortega stressed the importance of network organizations that connect different cities with common goals and promote decentralization such as CityNet, which links urban stakeholders to ensure a sustainable environment as well as ICLEI-Local Governments for sustainability. She criticized the current Local Government Code (LGC) and that no local governance bills were passed into law, emphasizing that the national government wants a dependent local government that refuses decentralization. However, Mary Jane Ortega claimed that local stakeholders need dreams and visions with the result that they use other opportunities than just the ones the code offers. She concluded her speech by reminding everyone that the well-being of the people, which is the most important, can be reached with the cooperation of the national and local governments.

11:05 AM

Hon. Edgar Chatto

The Provincial Governor of Bohol reported also about his experiences of governing at the local level. He identifies the four gains of decentralization. First, there is a gain of creativity, since more independence promotes engagement even with limited resources. For instance, the province of Bohol created its own Investment Board to solve some of their financial problems. As a second gain, he traces the shifting role of the director. The third benefit of decentralization is the active involvement in the development process. Chatto considers that good governance can be achieved with the active support and collaboration of all stakeholders. Hence, the non-governmental

organizations located in Bohol meet every year with the government to coordinate tasks and challenges. The last gain is the continuing maturity of local officials, since they obtain important leadership skills. Chatto emphasized the importance of cooperation between the government, the business sector, and civil society to accomplish good local governance.

11.45 AM

Dr. Milwida Guevara

The expert of public finance and taxation remembered in her speech, Jesse Robredo, the former Secretary of the Department of the Interior and Local Government. She called him a local governance champion and based her arguments on his ideas. Two goals should be achieved by the local government to work efficiently: the Seal of Good Housekeeping and strengthening basic education. Robredo introduced the Seal of Good Housekeeping to award local government units (LGUs) with good performance in internal housekeeping, which ensures transparency. Since there is a link between lack of education and poverty, mayors should also strengthen elementary schools. Although, the power and resources of local governance concerning education are limited, the local government has to be creative. There has to be a "revolution in basic education" with the mayor and governor as leaders.

12:00 PM

Dr. Gaudioso Sosmeña, Jr.

Dr. Sosmeña, the Founding Executive Director and Chairman of the Board of Trustees of LOGODEF compared the state of decentralization of neighboring countries with the Philippines. For instance, Thailand used pilot provinces in establishing devolution and is fully decentralized by now. He believes that the Philippines need reforms as the LGC from 1991 is outdated and ineffective. First of all, there has to be a greater understanding on what political parties are, as they can play an important role in strengthening local governance. His second core argument was to use decentralization as a development equalizer. Development starts in the municipalities, especially as they could serve as motivators for other provinces.

12:00 PM

Open Forum

In the open forum, all participants had the chance to ask the resource persons of the first session and Mr. Kaster questions. Many of questions were directed to Mr. Kaster and how the German government handles local governance issues. For instance, some important results from the discussion was that success does not depend only in the practices but also on leaders who have vision and passion for his or her work. Furthermore, there are several indicators that have to be taken into account when talking about the success or failure of a province, like accountability, extend management, and service standard. There are already capacity-building seminars for the local governance level. However, there are no such seminars for the national level. This is a problem, as they do not follow the same agenda, especially as the budget of the national government is increasing. Nevertheless, the resource persons were confident about getting financial support if the local administration performs well, because there is also the international arena available for support.

## Second Session: Moving Forward

2:10 PM

Prof. Edmund Tayao

Prof. Tayao presented the LOGODEF Common Paper: "Sustaining Democracy is Sustaining Decentralization." He identified decentralization as a political reform, a strategy that leads to development and the future of the Philippines. In the past, there were several chances to impose reforms on the LGC, although no government took this chance. Therefore, it is necessary to do a review of the Code, to determine the state of decentralization and to show the need for revision. This review should give an overview about the national and local system as a whole and implement analysis of the different services, whether they are devolved and also about the funding of the LGUs. In 1991, when the LGC was enacted, there was a direct decentralization and no period of transition, which could have served as a period of training, monitoring, and evaluation. The review should solve the problem of overlapping functions, by defining which level has which responsibility. However, there has to be cooperation and coordination between the national and local levels and they should establish a common database system. Hence, it is easier to identify the regions that still have to develop and those that have been performing well. Tayao also mentioned that decentralization and autonomy is often seen as independency but stressed as well that it is the "recognition of what level of government is in a better position to undertake particular tasks." This brings it back to the initial point: decentralization is a system. "Politics is the problem, politics is the answer" is the topic of that common paper. Although many problems exist because of politics, it will also offer the solution. First, they have to start with an intensive and comprehensive review; second, systematize intergovernmental relations; third, undertake difficult political reforms and finally, reconfigure local revenues. Imposing reforms will be a difficult challenge, as many leaders have failed. Fundamental for this task will be political will and capital.

Discussion

2:55 PM

Dr. Gilberto Llanto

The President of the Philippine Institute for Development Studies was the first one to discuss the common paper of LOGODEF, with focus on local fiscal reforms. He imposed some limitations on the efficiency of decentralization since it only works with two assumptions. Decentralization is only reasonable in cases when preferences among areas differ and if the political system works. Thus, he claims a specific strategy and specific reforms to ensure effective change in local governance. Reforms have to be defined more precisely.

3:10 PM

Gov. Daisy Avance-Fuentes

The Governor of South Cotabato focused on political reforms and emphasized the importance of institutionalization. By enacting the reforms, services that are provided on a personal basis should be institutionalized. She agrees with Tayao that there is a need for a specific system in the government, as there is a lot of money wasted for bureaucracy instead of spending it for development issues. Fuentes added as a requirement for the reforms, to expand the legislature period of the officials. In those three years, they only care about vote gathering. They would not spend money on institutionalization or reforms because it would not help them win an election.

Moreover, cabinet members do not like the idea of decentralization, because the power is more distributed. Thus, the only person who can ensure reforms is the President.

3:25 PM

Prof. Abhoud Syed Lingga

Prof. Lingga is the Executive Director of the Institute of Bangsamoro Studies. He explained the new political entity of the future regional autonomy of Bangsamoro. There is a new relationship between the national government and the local one---the new Bangsamoro government. The Philippine government accepts the concept of devolution, while granting the Bangsamoro government exclusive powers. In return, the Bangsamoro administration respects some reserved powers of the national government. Similarly, the Bangsamoro Government is divided into different units. "Issues have to be resolved through intergovernmental relations." There will also be a fiscal autonomy: 75% of the income of Bangsamoro will derive from taxes in the region. All in all, the devolution in the autonomous region will mean "positive steps towards the realization of decentralization."

3:40 PM

Open Forum

The participants were allowed to ask questions or give comments. One of the guests, a wife of a mayor in the Visayas region, presented her experience of fiscal devolution and the national government. In that region, they have a mining operation. Thus, their income would have been more independent of the national government and internal revenue allotment, since they collected additional taxes. However, the national government retracted the taxes, even if the local government had the right to collect the tax. Unfortunately, the officials of the national government refused to give a comment on this case. Ms. Fuentes also mentioned that the local level lost its influence on the national government. The national officials only visit their provinces if there is an upcoming election.

Synthesis

4:45 PM

Dr. Nestor Pilar

The Member of the Board of Trustees of LOGODEF summarized the previous progress of the conference. He stressed that there are options to perform good governance as the cases in San Fernando, Bohol and in the case of the late Secretary Robredo. Regarding the recent incident in Bangsamoro and its impact on the Bangsamoro Basic Law, people have to wait for the settling down of emotions. He also expressed his hopes to influence the national government with the ideas that arose in this conference.

### **Third Session: Impact of ASEAN Integration to Local Governance and Decentralization**

5:00 PM

The third session served as a discussion between the resource persons themselves, though participants were invited to ask questions and give comments as well. Initially, the discussants were asked to present their personal views on the ASEAN integration concerning local governance.  
Mr. Donald Dee

The Honorary Chairman of the Philippine Chamber of Commerce and Industry identified advantages and disadvantages of the ASEAN integration. It is good to have a bigger market and indeed, there will be more competition. The local government is responsible for ensuring that their region is more attractive than others. They have to improve education, infrastructure, and the environment (for example fast business registration). In his opinion, the regions have to focus on regional products to compete with neighboring countries.

Dr. Cielito Habito

Dr. Habito is an Economist and head of the USAID trade-related Assistance for Development Project. In his opinion, the Philippines perform economically quiet, as the data of recent years have shown. Thus, the Philippines has a good position at the ASEAN. Still, there is the fear of an Asian tsunami, flooding the markets this year. Habito gave the assurance that he does not expect any change, as there is already trade already before the start of the ASEAN integration. Indeed, he sees a lot of options thanks to the ASEAN Economic Community that forces the national government towards the right economic reforms. However, local governments have to initiate more actions, such as ensuring an attractive environment, clustering of small-scale business of the region to actually take advantage of the cooperation with the ASEAN and to be competitive.

Usec. Austere Panadero

Austere Panadero is the Undersecretary of Local Government at the Department of the Interior and Local Government. In his view, the main task of local governments should be to stay competitive. He added to the previous discussants already mentioned technological facilities as a competitive advantage. Moreover, the regions that do not work efficiently and do not provide an attractive environment have to leave. Thus, there is not only competition within the ASEAN countries, the regions in the Philippines have to compete as well. Good performance on the local level is critical.

Usec. Zenaida Cuison-Maglaya

Since Usec. Cuison-Maglaya could not make it to the event, she was represented by an Assistant Secretary of the Regional Operations Group of the Department of Trade and Industry. She stressed national responsibility, as the Philippine government signed the international agreement. If there is a lack of local support, it is the government on the national level that has to suffer. Thus, it is dependent on local government units, as they can provide better support for small and medium enterprises (SMEs). She indicated the important role of SMEs and required also assistance from the private and public sectors and the academe, to make them competitive. She also underscored the importance of the business environment of LGUs in the Philippines, referring to improved business registration time in some regions.

Mr. Daniel Espiritu

Mr. Espiritu currently serves as the Director for ASEAN political Security Community of the Department of Foreign Affairs. He compared the situation of the ASEAN to the fears about the EU, prior to their integration. Admittedly, ASEAN is still far from the process of the EU and their harmonization of national policies. In 2015, the LGUs get integrated in the ASEAN process. He called this process a "regional version of globalization" and whether people like it or not, it will happen. He agreed with Habito on the fact that ASEAN is pushing the Philippines to do the right things.

Discussion

One question was about the right strategy under ASEAN Integration for the LGUs, as organizations such as DELGOSEA are already trying to coordinate the work of local governments within Southeast Asia. Dee suggested to go into the region to do some research regarding this issue while ensuring to follow the right direction.

Synthesis

6:05 PM

Dr. Mariano Guillermo

The member of the Board of Trustees of LOGODEF summarized by pointing out most of the issues of the day and identified that the Philippines has a problem with bureaucracy that needs to be solved.

### **Inspirational Message**

6:20 PM

Hon. Antonio "Sonny" Trillanes IV

The current Vice-Chairperson of the Senate Committee on Local Government emphasized the problems of decentralization. He supported the LGC, as it offers developing options to LGUs. Furthermore, more decentralization would provide more options of corruption on the local level. He pushed for reforms on the bureaucratic level, like a system to avoid the familiarization of one office or the establishment of a monitoring system of the local agencies. He refused the salary of some officials at the local level, as it is sometimes higher than the President. Another point he made was about Philippines nurse and the unequal employment rate within the country. He promoted a centralization of the hospital as well. In the end, he promised to push for the bureaucratic reforms he mentioned that evening.

### **Closing Remarks**

6:40 PM

Usec. Austere Panadero

Panadero tried to give a review of over 20 years of the LGC. He compared the state with a glass that one can see half full or empty. "It is not a resounding success, not a complete failure." Today, the LGUs are better off than five years ago. There is a clear path, "everyone sees the future" and

there has to be intergovernmental corporation to achieve it. Thus, the national and local governments have to follow the same agenda. Even though LGUs can get there, systems have to be in place, which means the Philippines needs certain reforms on the local level.

## **Concluding Dinner**

7:00 PM

The Garcia Villa and Balagtas, The Peninsula Manila

Following the conference proper, the Conclusion Dinner took place as an ideal end to the conference proper. All of the participants of the conference were invited to join. Before the main dinner, Mr. Seemann and Prof. Tayao gave a toast to the 26<sup>th</sup> anniversary of the partnership of KAS and LOGODEF. They thanked everyone who was involved in the organization of the conference and called the event a great success.