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## **Decentralization: A Reform Strategy to Improve Public Service**

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**APEC**  
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# Decentralization: A Reform Strategy to Improve Public Service

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On Secondment as

Commissioner, Commission on Higher Education

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## Overview of Presentation

- Decentralization Strategy in the Region
- Notion of Decentralization
- Reasons for Decentralization
- Decentralization in the Philippines
- Good and Best Practices
- Decentralization Issues and Concerns in the Philippines
- Framework for Reform

## Decentralization as a Trend in Governance in the Region



COUNTRY	DECENTRALIZATION LAW	YEAR ENACTED
THAILAND	Ambon Council and Tambon Administrative Authority Act BE 2537 & Constitution of 1997 Constitution being Drafted (2015)	1994
INDONESIA	REVISION OF THE LAW OF LOCAL GOVERNMENT - LAW NO. 34/2004 & LAW NO. 23/2014 LAW OF VILLAGE - LAW NO. 6/2014	2004
		2014
		2014
CAMBODIA	ORGANIC LAW on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans (2008)	2008
KOREA	Article 117, The Constitution of the Republic of Korea; Local Autonomy Act in 1988	1998
JAPAN	Local Autonomy Law, 1947 last amendment: 1999	1947 1999
PHILIPPINES	Local Government Code of 1991, Republic Act No. 7160	1991

## THAILAND

NO. OF LOCAL GOVERNMENT UNITS: - PROVINCES - TAMBONS (DISTRICTS)	76 7,255
DECENTRALIZATION LAW	Ambon Council and Tambon Administrative Authority Act BE 2537 & Constitution of 1997 <b>Currently Constitution Being Drafted – 2015</b>
YEAR	1994

## INDONESIA

LOCAL GOVERNMENT CLASSIFICATION	NUMBER
PROVINCES (AUTONOMOUS REGIONS)	34
DISTRICT/CITY - DISTRICTS - CITIES	491 (AUTONOMOUS) 398 93
SUB-DISTRICT	6,694 (ADMINISTRATIVE REGIONS)
VILLAGES	69,429
DECENTRALIZATION LAW	REVISION OF THE LAW OF LOCAL GOVERNMENT - LAW NO. 34/2004 & LAW NO. 23/2014 LAW OF VILLAGE - LAW NO. 6/2014

## CAMBODIA

LOCAL GOVERNMENT CLASSIFICATION	NUMBER
PROVINCES	25
DISTRICTS	159
MUNICIPALITIES	26
DECENTRALIZATION LAW	ORGANIC LAW on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans (2008)

## KOREA

LOCAL GOVERNMENT CLASSIFICATION	NUMBER
<b>UPPER LEVEL LOCAL AUTONOMY:</b>	
-PROVINCES	8
- SPECIAL AUTONOMOUS PROVINCE	1
- SPECIAL CITY	1
- METROPOLITAN CITIES	6

## KOREA

LOWER LEVEL LOCAL AUTONOMY	NUMBER
-CITIES	41
- COUNTIES	83
- DISTRICTS	69
DECENTRALIZATION LAW	Article 117, The Constitution of the Republic of Korea; Local Autonomy Act in 1988

## JAPAN

LOCAL GOVERNMENT CLASSIFICATION	NUMBER
PREFECTURE	47
MUNICIPALITIES	3,200
DECENTRALIZATION LAW	Local Autonomy Law, 1947 last amendment: 1999

## PHILIPPINES

Ct No.	NUMBER
-PROVINCES	81
- CITIES	144
- MUNICIPALITIES	1,490
- BARANGAYS	42,028
DECENTRALIZATION LAW	Local Government Code of 1991, Republic Act No. 7160

## Notion of Decentralization

In general, decentralization means the dispersal and transfer of functions, powers, authority, responsibility to lower levels (sub-national)

### Subsidiarity

Where possible, services would be most responsive - and most efficient - if delivered at lowest level possible

## Why Decentralize?

- In general:
  - Democratize and enable people participation
  - Improve Public Service and Enhance Quality of Life of People
- In particular
  - Management: Quicker decisions (Efficiency)
  - Public Administration: Access
  - Governance: More responsive and accountable
- Local governments
  - Frontliners
  - “Where the rubber hits the road”



## Why Decentralize?

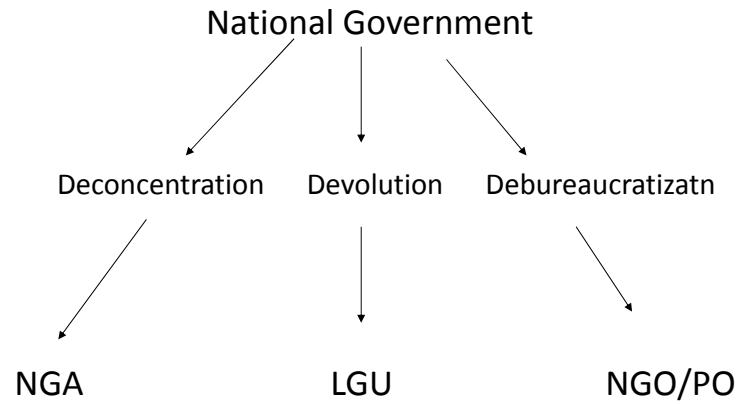
- Efficiency: The improvement of administrative and economic efficiency in the allocation of scarce resources as there is a better understanding of local needs.
- Transparency: There is a clear link between payments made by local tax-payers and the level of services provided at the local level.
- Subsidiarity: There are efficiencies gained by ensuring that democratically elected officials are accountable to the electorate.
- Mobilization: Greater community participation of local citizens within local institutions should enhance decision-making and the democratic process.

## Types of Decentralization

- Deconcentration (administrative)
- Devolution (political)
- Debureaucratization (getting out of government)

## Types of Decentralization

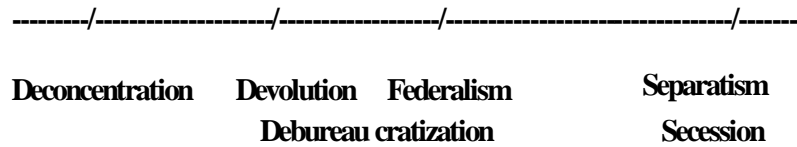
A Stylized Presentation  
Brillantes 1990



## Decentralization Continuum

(Brillantes 2000)

**Figure Two**  
**A Decentralization Continuum**



## Variations of Decentralization Have been adopted by countries in the Region

- Thailand
- Indonesia
- Cambodia
- Philippines
- Korea
- Japan

## Decentralization, Devolution and Local Autonomy in the Philippines: Context

- Centralized set up unable to respond to the demands
- Decentralization within the context of overall efforts to democratize the polity
- Dispersal of power and autonomy from center to local
- Dispersal of power and autonomy from center to local
- Access to government institutions
- Less government – engage private sector and civil society in governance
- Recognize the key role of LGU in poverty reduction and service delivery and the attainment of the MDGs
- Local Government Code of 1991 brought about massive changes at the local government level

## 1986 Philippine Constitution

### Article X Section 3

*The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative, referendum, allocate among the different local government units their powers, responsibilities and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of local units.*

## Local Government Code of 1991

### Major Features

Devolved to local government units the responsibility for the delivery of various aspects of basic services that earlier were the responsibility of the national government: health, social services, environment, public works, education, tourism, telecommunications services, housing projects, investment support

### Major Features

Devolved to local governments the responsibility for the enforcement of certain regulatory powers, such as the reclassification of agricultural lands; enforcement of environmental laws; inspection of food products and quarantine; enforcement of national building code; operation of tricycles; processing and approval of subdivision plans; and establishment of cockpits and holding of cockfights.

### Major Features

Institution of the legal and institutional infrastructure for expanded participation of civil society in local governance.

Increased financial resources available to local governments by (1) broadening their taxing powers; (2) providing them with a specific share from the national wealth exploited in their area, and (3) increasing their share from the national taxes

### Major Features

Provision for the foundation for the development and evolution of more entrepreneurial-oriented local governments (e.g. build-operate-transfer (BOT) arrangements with the private sector, bond floatation, obtain loans from local private institutions

### *Galing Pook*: Good and Best Practices in Improving Public Service

- Health services
- Environmental management
- Public finance
- Peace initiatives
- Integrated approach to development
- Socio-cultural development
- Employment generation / livelihood
- Productivity improvement

*Galing Pook* and Improving Public Service: Some examples of Good and Best Practices over the years

- Taking Care of People and Environment - Negros Oriental
- Saving the Marikina River
- The Mandaluyong Public Market
- Acquiring a Complete Equipment Pool in Muñoz, Nueva Ecija
- Floating Bonds for Low Cost Housing in Victorias, Negros Occidental

*Galing Pook* and Improving Public Service: Some examples of Good and Best Practices Over the Years

- Improving the Productivity in Naga City
- *Lote Para sa Mahirap*: Land Banking in San Carlos City
- Eco-Walk for the Environment in Baguio City
- Health Insurance Project of Guimaras Province
- Carabao and Tractor Pool in Puerto Princesa
- *Talahib* Handicraft in Jones, Isabela

And More!

## Innovations in Indonesia

(Drawn from Eko Prasajo, former Vice Minister for Administrative Reform)

- Indonesia's One Agency One Innovation
- One Stop Service in many local governments
- Government Resource Management System in Surabaya
- Drive Through Service for Vehicle ID Extension in Surabaya
- Electronic Voting System for Village Heads in Jembrana Bali
- Complaint handling System (UPIK) in a City Yogyakarta
- Health Insurance, Free cost of Education in Jakarta
- Mayor Jokowi of Solo City (later became Governor of Jakarta and now President)
  - Relocated street vendors
- Fadel Muhamad of Gorontalo (wrote Reinventing Government)
  - Topped up salaries of government workers

## Issues and Concerns of Devolution

(Brillantes 2002)

1. Decentralization is not meaningful unless there is financial decentralization
2. Capacity building should be high in the priority of the agenda for local governance
3. Local governments have become more assertive and effective in articulating LGU concerns
4. Recognize the value of inter-Local Cooperation and Collaboration
5. Enter into partnerships and collaboration with civil society
6. Governance and local governance has generated high interest among the international donor agencies operating in the Philippines



## Issues and Concerns of Devolution

7. Awards programs have been instruments in successfully disseminating and encouraging good, and best practices, at the local level
8. Address urbanization at the local level
9. Globalization issues and concerns that are being increasingly addressed by local governments
10. Performance indicators and benchmarks for good governance
11. Search for appropriate institutional reforms for more responsive and appropriate forms of governance
12. Leadership Matters
13. Implications to ARMM

Brillantes 2006

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## DILG Study of Decentralization (supported by ADB TA)

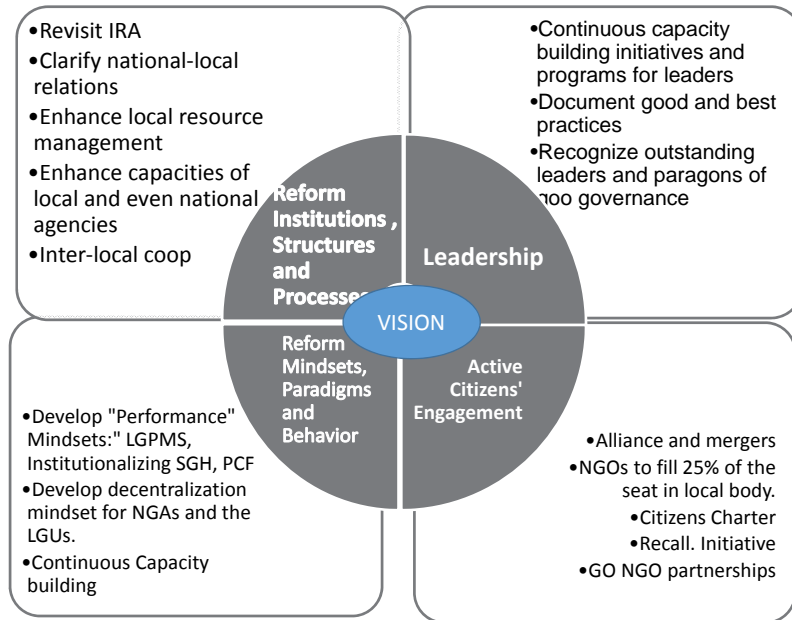
- *On balance:* The effects of decentralization since 1991 are positive, due to:
  - An Enabling Policy Framework
  - Strong Leadership at the Local Level
  - Improved Access to Financial Resources
  - Stronger Inter-local Government Partnerships
  - Wider Participation and Engagement with Civil Society Institutions
  - A Broader Role for the Leagues of Local Governments
- *But:* There have been emerging questions/issues:
  - Inadequate Local Finance
  - Weak Local – and National – Capacity
  - Unclear and Inadequate Corporate and Taxing Powers of Local Governments
- *So:* These involve some “Next Steps”



## Framework for Governance and Reform

(Brillantes, Fernandez & Perante-Calina, 2013)





Thank you!