

Local Development Plans: Making Good on Social Commitments?

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Introduction

In 2002 Social Watch-Philippines commissioned five teams of local experts to do case studies on the extent to which commitments to social development have been reflected in local development plans in four provinces and one city.

The commitments referred to here are those pledged to by the Philippine government in the 1995 Copenhagen Social Summit,¹ the Geneva 2000 World Summit on Social Development or Copenhagen+5,² and the Millennium Development Goals (MDGs) of the 2000 Millennium Summit.³

The study sites included the four provinces of Nueva Ecija, Camarines Sur, Guimaras, and North Cotabato, and the City of Dumaguete.

The review (a) confirms what we already know about the persistence of local development planning and plans as

usual; (b) indicates what positive movements there have been in incorporating social development commitments; and, more important, (c) gives us some insights on where and how to focus efforts to sustain progress made so far.

Some words of caution

Generalizations on the findings and conclusions must be taken with a lot of qualification considering a number of obstacles and limitations that attended the study. These are explained below.

First, the method used for this study was mainly documentary review and so was heavily dependent on having the documents on hand. The key documents are the local development plan and the executive budget proposal and the annual investment plan that should come with each plan.⁴ We in Social Watch had assumed that the documents to be reviewed would be easily accessible and ready on demand since these are public documents anyway. It turned out access was much harder to come by than we thought, though some local governments proved more open and hospitable than others. In some cases our local teams could obtain the information only by ruse or sometimes they would just give up to bureaucratic attrition.

Second, information base varies widely across study sites in terms of scope and timeline. The Guimaras province had documents to the level of municipality. The province of Camarines Sur research was limited to the town of Baao. And just the opposite of Camarines Sur, documents obtained for Nueva Ecija were limited to provincial level. More, the plan documents collected were of different timelines. Four study sites referred to medium-term development plans of either five or six years. The plans of the provinces of Nueva Ecija, Guimaras and North Cotabato covered the period 1999-2004. The Nueva Ecija medium-term plan was actually dated to 1998 but the local researcher said 1999 was the effective start. The Dumaguete City study referred not only to the city's 1998-2004 Master Plan but also to the Comprehensive Land Use Plan covering a parent-lifetime of 26 years. Yet, all studies somehow alluded to or hinted at reference to annual budgets and annual investment plans in their findings and judgments.

Finally, for practical considerations the study sites were selected mainly because of the presence there of local Social Watchers. These sites may not be representative of the Philippines for what Social Watch is looking for in this research. However, it is also possible and fair to draw some common conclusions about planning and budgeting practices as



they have become uniform over time. These practices are benefited by lessons from past planning and budgeting experience and are now guided by a common format provided by central government agencies, such as the National Economic Development Authority (NEDA) and the Department of Budget Management (DBM).

Breaking a habit

Local development plans appear to have changed considerably from when they were simply a putting together of disparate projects, a practice commonly derided as 'stapler approach'. Quite literally, this means stapling together individual projects as if they were one coherent piece. There's obvious planning capacity coming into play, which may already be in place or provided by some outside technical assistance, as indicated by the use of current planning methodology. The plan would have a brief situation and assessment, vision and mission statements which are translated into goals and objectives and key result areas, followed by strategies and performance indicators.

Local development planning, whether at the city, provincial, or municipal level, are obviously well-informed and seem to have caught up with the state-of-the-art, so to speak. Though the plans reviewed by the local research teams were not as uniformly elegant there's evidence of the logical framework having already gained wide currency among local planners.

To cite an example, the 1998-2004 Medium-Term Provincial Development Plan of Nueva Ecija began with a vision and mission statement, a brief provincial profile and assessment of the situation. The rest flows along the standard plan format designed by the NEDA, as follows: plan components (infrastructure development, economic development, social development, development administration); plan monitoring, evaluation and replanning; action programs and projects providing the specifics of each plan component; and, finally, all the relevant attachments.

Although the Nueva Ecija case got a generally negative review from the local research team, the rest of the study sites appeared to share some favorable conclusions in common. Some of the salient features mentioned were as follows:

- (a) The vision, mission and goals are clear and well-formulated;
- (b) The objectives are comprehensive and address broad concerns and the targets are definite and specific; and



- (c) The programs are specific and well targeted towards the primary beneficiaries.

Gaps and weak points identified by researchers, though varying somewhat across the study sites, seem to be common in all the areas. The points cited in the case of Guimaras province, seem to resonate across the board. The following is a slightly edited version of the study's conclusions:

- (a) Identification of development goals relied on insufficient database;
- (b) The plan does not include a situationer that shows historical trends which might have indicated other less obvious but pressing concerns;
- (d) The goals though comprehensive are obviously a listing of all concerns with not much thought about their validity as no substantial data were provided to back them up;
- (e) There are no annual targets set;
- (f) The plans are gender blind;
- (g) The plan does not have a monitoring and evaluation method that will facilitate implementation and attainment of targets; and
- (h) Global development partnerships are faintly visible.

Some of these negative conclusions may contradict earlier favorable judgments. There's an air of ambivalence as to what positive movement has indeed taken place in local development planning. And doubts linger even on those things that the local government had promised to do and deliver. The rhetoric might have changed somewhat but the researchers suggest that it's only words. Implementation and action are quite another story.

Budget and spending as usual

Old habits die hard. After all the sophisticated design and articulation, the real test of any plan is the budget and actual spending. One has to look hard at how the budget peso is divided and where every cent really goes.

Budget and spending follow a matrix pattern and comes down as mandate from the top, as it were. The common budget structure covers (a) infrastructure development; (b) economic development; (c) social development; and (d) development administration. The expenditures are split up among the following items: (a) Personal Services or PS;



(b) Maintenance and Other Operating Expenses or MOOE; and (c) Capital Outlay or CO.

It has always been typically PS getting the lion's share of spending, with MOOE coming as far second and CO left with so little. PS goes to salaries and benefits of personnel, MOOE covers the costs of what the personnel do, and CO goes to new capital acquisition.

The 2003 budget allocation of Baao, Camarines Sur is not atypical: 65 percent PS; 11.8 percent MOOE; and 0.27 percent CO.

There's hardly any money left for development projects outside of those stipulated in the budgetary requirements and statutory obligations. And of these requirements and obligations the 20 percent social development fund allows more elbow room. This is a bit tricky, though, as the practice has been to liberally move the fund around a variety of expenditure items many of which have little to contribute to poverty reduction and social development. The three others—the 5 percent calamity fund, the election reserve, and aid to barangays—are somewhat restricted although one can creatively work around them to fund social development projects. Yet, taken altogether, all these would still be marginal with respect to the mainstream pattern of spending.

The common bias of budget priority has always been for infrastructure, which also happens to be a fertile ground for public corruption. Infrastructure usually includes new construction and repair and maintenance of roads and bridges, water and sanitation facilities, improvement of public buildings, parks and plazas, markets, cemetery, school ground, health stations, day care centers, wharves, drainage system, basketball courts, waiting sheds, etc. Since local governments, and the entire government, for that matter, were operating on stringent budgets, it seemed obvious that there were no outlays for building barrio roads, school buildings, irrigation and water and sanitation facilities, unless these are already covered by ODA-funded projects.

Financing comes mainly from taxes, the bulk of which is the Internal Revenue Allocation (IRA). The IRA is the share of local governments from the national tax pool, centralized first then redistributed according to a legislated formula that is now being questioned.⁵ Other tax revenues are generated from real property, business operations and consumption. The rest comes from ODA grants and loans, and local borrowing, such as loans from commercial banks and municipal bond flotation.



The case of Dumaguete City speaks of revenues from five sources: IRA; tax revenues; revenue from operation; capital revenue; and borrowing. Tax revenues are local taxes collected by the city as authorized by the Local Government Code of 1991. These include 17 items from real property tax to fines and penalties. Revenue from operations include 42 items, from registration fees to operation of cemeteries. Capital revenues include the sale of fixed assets and sale of animals. In 2000, the city recorded an IRA of P108 million, tax revenues of P41 million, revenue from operation of P13.2 million, a miniscule capital revenue of P6, 263, and a huge loan of nearly P19 million. Dumaguete City was way ahead of the other cases in generating local funding.

Local development plans are heavily dependent on Internal Revenue Allocation (IRA) for their financing, sometimes to a high of 95 percent, as in the case of Guimaras Province.

The 20 per cent development fund is mandated and dedicated. Nominally, this would suggest that the Philippines as a whole is already in keeping with the 20:20 'compact'.⁶ And more than just budgeting for social development, government could even claim that translation of social commitment at the local level means much more than what progress other countries are able to show so far.

One can even be more generous and say that the country is exceeding its social development commitments. How? Look beyond the 20 percent social development fund and into the corpus of the budget itself, then you can identify items here and there which may pass off as spending for social and environmental commitments.

If PS were a real social commitment

Here's a huge iffy thing that Social Watch can look into and address for purposes of advocating compliance with social commitments.

The local development plans reviewed by the researchers are basically public employment plans, tangentially addressing poverty and dressed up here and there with some language on social and environmental commitments. The nature of budgeting and spending bears this out. And it's but a local replication of what's happening at the national level. The story remains the same.

But we can tease out the meaning of compliance to social and environmental commitments in a different way.



We already know that, like the national government, the local government is usually the biggest employer in town. We also know that the bureaucracy is relatively bloated and composed of a mix of career civil servants and political protégés. There are many political debts to pay back for and many favors to make to sustain partisan and loyal constituencies. The practice is not going to change soon. Good or bad times, in surplus or in deficit, we know much of the revenues will go to the salaries of government employees.

But note that majority of the government workers are in units with social mandates, such as education, health, agrarian reform, agriculture, environment, social welfare, and so on, including even the police and the military. What if they were really doing the right thing and doing it right and delivering on pledged social and environmental commitments? Does it make any difference if 80 or so percent of the national budget goes to PS?

This of course is very tricky and may be stretching the analysis a bit too far. The Philippine president also claims that the national plan and the entire budget are anti-poverty plan and anti-poverty budget, which of course, is far from the truth. The program of the national government is not poverty-eradicating, and neither are its local counterparts.

A real space and voice for the poor

The researchers noted that some of the plans went through a process where people were consulted at some points. Others made no claims at all to popular consultation.

What might have these plans looked like if the poor in those areas had a real say in making them? Maybe not as elegant but probably very different. The analysis of the problem would be different. And in all likelihood the plans would be much closer to the needs and aspirations of the poor.

Planning and budgeting, as if the poor truly mattered, would have to break out of the narrow confines of current consultative mechanisms. Local governments will have to engage the poor in real way.

Which brings us to another crucial dimension of development—the issue of governance. Financing development will continue to stumble on scarce and dwindling resources. The prospects for fresh inflows dim by the day, given the declining ODA and struggling tax collection. The problem is compounded even more by corruption and waste.



And yet there's mounting evidence that government could do more with less. With participatory budgeting some governments have been able to improve governance dramatically and reduce to a minimum widespread inefficiencies and corruption in public service.

One such case is Porto Alegre,⁷ a city in the southern Brazil, now considered by many as a leading example in good governance. Its claim to success is demonstrated by dramatic improvements in basic services, such as education, health, social housing, public transport and roadbuilding and sewerage, waste management, environmental clean up, culture, law and order, and so on. Key to such performance is its noted "participatory budget" or *orcamento participativo*, as they call it in Portuguese.

The Porto Alegre city government, ruled by the Brazilian Workers' Party (PT) for 12 years now, has ensured that citizens of every neighborhood vote democratically on where and how municipal funds are to be used. The citizens decide what infrastructures they want to build or improve and are able to monitor closely how work is progressing and how the money is being spent. There's less opportunity for corruption and diversion of public funds and public investment is able to match popular demand.

We do not know if there are any and how many such cases we have in the Philippines. Whatever, our local governments should find the Porto Alegre example worthy of emulating.



WSSD or MDG regardless

Local development plans are an articulation of problem analysis, priorities, vision, goals, strategies, and performance measures. In other words, they reveal the mindset, resolve, values, approaches and method of the local leadership.

It is interesting to note that most plans were silent on WSSD or MDG. Of course, one could not expect awareness of MDG (circa 2000) for a medium-term plan that was crafted in 1998 or 1999. This is not to say, though, that the plans lacked social commitments. The plans did not mention WSSD (circa 1995) specifically but the essentials of WSSD commitments, not to mention commitments to sustainable development as a whole, were discernible in different parts.

Commitments made by the Philippine government in the cycle of UN summits in the 1990s were handed top down, to begin with. They

come as some sort of statutory obligations and budgetary requirements, or by some other guidelines, from the central authority. They are informed by big agendas, such as Philippine Agenda 21 (PA21) and Social Reform Agenda (SRA). They also come in specific nomenclatures with predetermined and dedicated budget allocations, such as gender and development (GAD), population and development (POPDEV), Comprehensive and Integrated Development and Social Services (CIDSS), solid waste ecological management (SWEM), and the like.

Awareness of the WSSD or MDG does not guarantee delivery on promised outcomes. We know about the failure of PA 21 and SRA to inspire a real shift to the path of sustainability and how they are conveniently used by politicians to paper over reality on the ground nationwide and their own responsibility for it.

It could happen that an MDG illiterate might perform better in human development.

An advocacy agenda for Social Watch

The biggest challenge for Social Watch is how to make local development plans a real anti-poverty and social development agenda. There's no lack of good intention among local authorities and local planners. As this study shows, local governments do plan, budget and spend for social services up to standard. The problem is not so much social provisioning, as the whole local bureaucracy is like an army of social welfare providers responding to everyday demands of local constituents. What seems to be missing is capacity to strategize an effective way out of the poverty trap. Not an easy thing to do even if you have the commitment.

It's worth investing in a continuing promotion of WSSD and MDG. Social Watch needs to press harder to motivate local governments to translate growing awareness of WSSD and MDG into action. We would like to see the commitments to WSSD and MDG used as one of the main guides in local development planning, budgeting and spending. In doing such promotion, we must be mindful not to reduce development goals to WSSD and MDG or to hype poverty at the expense of the more basic issue of inequality.

For the time being, not much is expected to change in budgeting and spending patterns. Personal Services (PS) and infrastructure will always get the biggest share of taxpayers' money in the years to come. This suggests that Social Watch should pay more attention on improving



governance and strive to redirect PS to become a genuine expression public service and social commitment.

For this to happen, Social Watch must be able to engage local authorities and decision makers in ways that would make participatory planning and budgeting a common principle and practice.

P R R M - C B I S
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Footnotes

- 1 The 1995 World Summit on Social Development in Copenhagen made 10 commitments to address world poverty, unemployment and social breakdown. In this research Social Watch-Philippines focused on commitments to education and health as key to poverty reduction.
- 2 The Geneva 2000 World Summit on Social Development or Copenhagen+5 was convened to review progress from 1995 and to agree on further initiatives, emphasizing the role of broad partnerships.
- 3 In the Millennium Summit in 2000 at the UN in New York governments pledged to achieve 8 millennium development goals (MDGs) by 2015 reckoned from the 1990 baseline: (1) eradication of extreme poverty and hunger; (2) universal primary education; (3) gender equality and women empowerment; (4) reduction of child mortality; (5) reduction of maternal mortality; (6) combating HIV/AIDS, malaria, and other diseases; (7) ensuring environmental sustainability; and, (8) global partnership.
- 4 Annual local development planning/budgeting usually starts in July with deliberations and approval stretching up to as late as December. The local Executive Budget Proposal, prepared around July 15 and submitted to the local legislature for consideration and decision by October 15, contains a statement of income and expenditure, financing sources, and itemized budget. The Annual Investment Plan (AIP), approved by the Local Development Council, is the plan for the 20% dedicated allocation for social development itemized under social, economic, and administrative services.
- 5 The IRA share of each province, city, and municipality is based on a distribution formula: population (50%); land area (25%), and equal sharing (25%). Critics are taking issue on the fairness of this formula, asserting that the IRA has failed to redress regional inequalities, as proven by over ten years of experience in the implementation of the Local Government Code of 1991.
- 6 The 20:20 initiative or 'compact', as it is sometimes called, was a brainchild of the United Nations Development Program (UNDP) brought into the agenda of the 1995 Copenhagen Social Summit. The Philippine government was an eager supporter of the idea and has in fact a pending bill on it, with the Development Academy of the Philippines (DAP) and others assisting in the bill drafting. In this Social Watch study the basic social services under the 20:20 initiative were limited to (a) basic education; (b) primary health care; (c) food and nutrition; and (d) safe water and sanitation.
- 7 The Porto Alegre case was used by this author to illustrate effective partnership in governance in the paper "Cross-sectoral Collaboration for Sustainable Change" which was commissioned for the 4th World Assembly of CIVICUS in August 2001 in Vancouver.





About the author

Isagani R. Serrano is Senior Vice President and Board Member of the Philippine Rural Reconstruction Movement (PRRM). He's written for CIVICUS the following: *Civil Society in the Asia-Pacific*, 1994; *Humanity In Trouble But Hopeful* in CITIZENS, 1995; *Profile: Philippines* for CIVIC INDEX, 1997; *Coming Apart, Coming Together* in Civil Society at the Turn of the Millennium, 1999; *A Global Citizens' Commitment*, 1999. A community organizer, educator, writer, guitarist, 'farmer', and political prisoner for seven years during martial law in the Philippines. Trained in education and literature, community organization and development management. Holds a Master of Science in Environment & Development Education (MSc in EE/DE) from the South Bank University-London.

