

The Constraints School Toward Good Local Governance: Local Governments of the Philippines Circa 2001—2010

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This paper aims to account the constraints school that emerged in the local governments of the Philippines from the period 2001-2010. The constraints school 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 toward good local governance in the Philippines. It does so by examining the national-local experience 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 that influences local governments. Second is the local government's capacity that structure local actions towards dependency. 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 national practice of decentralization throughout the nine-year period.

KEYWORDS: constraints, local governance, governance values, constraints school, governance, local governments

INTRODUCTION

A major issue confronting developing countries that are today decentralized concerns the experience of how national normative orientations, local government capacities, and the need for corporatization are used by local institutions to govern. The Philippines portrays a similar scenario in its 19 years 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. These concerns, however, are not new, but what remains far from certain is the dynamics by which these national experiences and local practices 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 assumed that the way of national tradition of governance and the dynamics of its implementation process affect local politico-administrative system thus determining the constraints school in good local governance.

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 institutional and international relations literature. It depicts how the Philippines draws understanding from three national-local case experiences 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 beneficiaries of decentralized powers, the researcher investigated the arguments of a constraints school.

ELEMENTS OF THE CONSTRAINTS SCHOOL DISCOURSE

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 on 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. Goldratt referred to his work as the theory of constraints (TOC).

Earlier, Leibig (cited in 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. Increasing only the amount of the limiting nutrient (insufficient in relation to “need”) leads to growth or improved crop. The idea of Leibig developed from Carl Sprengel (1828) and 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) stated that powers have been severely constrained or have entered the era of state denial. These constraints result from presuppositions of the state's loss of power and its perceived obsolescence as an organizing power. Weiss further contends that domestic institutions are the starting point to account for the impact of external forces like globalization. Weiss (2003) says that the constrained state powers are ultimately transformed by globalization and there is now a need to bring in the domestic institutions, such as the local government units (LGUs).

Further, Clingermayer 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 of states' performance. In this paper, the constraints school (e.g. Weiss, 2003; Lingeremayer & Feiock, 2003; and Goldratt, 1984) argues that changes in the external landscape of the LGUs and represented by national institutional indiscretion, limit the internal landscape that local actors must deal with. This national landscape of course does not exclude the global governance paradigmatic shifts pushed by supra-national institutions to which developing countries have been subservient.

However, there are constraints school theorists who would

generally assert that national governments are no longer the central focus of power. This is a consequence of loss of control due to the numerous actors already at play in governance (Held & 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 power 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.” This leads to what Gera (2008) refers to as two-track implementation scheme of decentralization.

Harry Blair wrote in his USAID report (cited by Kimura, 2011):

Historically, decentralization initiatives have not enjoyed great success, largely for two reasons: all too often, despite their rhetoric, central governments do not truly want to devolve real power to the local level; and when significant authority is devolved, a disproportionate share of the benefits is often captured by local elites. The new democratic variant of decentralization, however, may overcome these problems by introducing greater participation, accountability, and transparency in local governance, and by empowering marginal groups. It also offers more scope for local revenue generation by linking services to local payment for them. (p. vi)

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 may be transformative or dependent 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 & Sikkink, 1998; and Woods, 1995 as cited by Maignushca, 2003). This results in the shaping of new forms of national-local institutional arrangements at play, where powers are shared as a result of financial difficulties through the Internal Revenue Allotment (IRA) vis-à-vis the increasing demand for social services at the local government level.

This contention pressures poor countries to do a benchmark study of themselves with reference to 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) who 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 these values now shape what governance will be. This shaping of governance is now taught to others (whether formal or non-formal), 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 & Judge, 2006) of LGUs. The constraints school from Schein's work shows, in a more pragmatic sense, that the governing practice of LGUs emanate 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 is usually 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. This is where the local governments usually yield. This now becomes the core of the constraints school—seen as the new rules of the game in Philippine local governments, especially that despite decentralization, only about 10% of 1,696 local government units have maximized their new corporate powers (Amatong, 2005 as cited by Javier & Mendoza 2007).

From Governance to Government?

In this paper, it is assumed that through the adoption of a

decentralization policy via the Local Government Code (LGC) of 1991 (Republic Act No. 7160), the Philippines ventured into the complex world of governance. This assumption is indicative of a purposive desire for institutional change, especially in the formulation of the concept of governance. This paper was thought out from the idea of James Rosenau's (in Rosenau & Czempiel, 1992) 'governance without government' because of the perceived state governance inadequacies that shape the governance of local governments. While Rosenau generally did not qualify developing countries as having governance, he distinguished the government from governance by suggesting that the government refers to the activities that are backed by 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) 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, business, and 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), 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 on restoring democracy and eventually distributing 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, prescribed by a host of actors and stakeholders including donors, national government agencies, civil movements and the private sector shaped 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 does not preclude the idea that the Philippines ventured into decentralization because of both exogenous and endogenous pressures.²

The LGC of 1991 has changed many features of Philippine LGUs towards corporate governance. This argument emanates from the general powers and attributes that establish the political and corporate nature of local government units (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, p. xl), 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 the 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 from 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 on the good enough governance agenda. The limited capacities and gaps in governance mean there is 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. This is because as B. C. Smith wrote, "decentralization is essentially the relation between center and local governments" (1984).

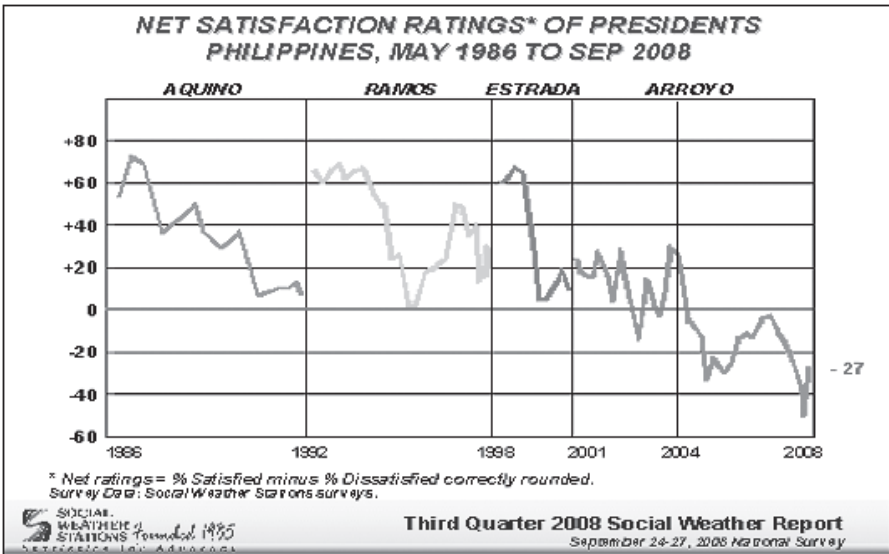
Understandably, based on the results of several studies, local resistance to national mandates that impose costs is even more severe when state oversight is weak and when the policy goals of the state government are vague (Grindle, 2004). However, in the Philippines and in most developing countries whose democracies are still young, national unfunded mandates while displacing local priorities in favor of state priorities are embraced. This is largely because of loose local development planning, 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. This 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.

From Theory to Evidence

The national government's 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. The conversation of former President Gloria Macapagal Arroyo with a Commission on Election (COMELEC) official happened at the height of the presidential elections in 2004 and has rocked and continually moves 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 and stirred up the citizens, the media, and

the political opposition to advocate for impeachment complaints—filed year in and year out since Arroyo’s assumption into office. The continuous high distrust rating of the former President in particular and her government in general went on a five-year downturn, unprecedented in Philippine history since 1986³ (Figure 1).

To move status quo, Kurt Lewin’s (1943) famous force-field analysis suggested the influence on the passive to become either negatives or positives. In the case of the Philippines, the negative far outweighs the positive through the trust ratings (Social Weather Station, 2008), making fundamental changes for reforms very difficult. This fundamental change is affecting the functions, scope, and tier of local governing. Thus, economic interventions, such as pushing for the expanded value added tax, have sounded national alarms for citizens’ concern and worry even if these meant increasing revenue bases. The initiative led to the thinking that the expanded value added tax might be used for political purposes. In fact it caused the defeat of very popular senators for their reelection bid and twenty others in the former President’s 24-strong party senatorial line-up in the national elections of 2007. This perceived weak political leadership consequently causing ineffective institutions has undermined reform efforts such as lifestyle checks, the new procurement law, and several



Source: Social Weather Station, 2008

Figure 1. Net Satisfaction Ratings of Philippine Presidents Since 1986.

national pronouncements on corruption among public officials (Llanto & Gonzales, 2007, not in the list). Pierre and Rothstein (2008) attribute to trust impartiality, accountability, and other governance qualities, which in turn become a major precondition for reforms.

However, at the local government level, the results of the elections showed that the administration candidates overwhelmingly won. The LGUs then became the support base of national government. The meeting of local officials at the Malacanang Palace with former President Arroyo incited concern from the people as the local officials were handed out envelopes containing half a million pesos (Php500,000) which up to now remains unsolved as to what purpose it would serve the local chief executives. Initially, it was justified as party funds, then, poverty alleviation funds, and nothing was heard about this 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 was distributed in known urban areas even in Metro Manila where there are no agricultural lands to speak of. There were no criteria for the distribution; the fund was distributed even during an election ban on downloading of funds. This case caused one high Philippine Department of Agriculture official to be jailed in Kenosha, Wisconsin in the United States—there allegedly to escape a Senate inquiry—creating international embarrassment. The list of irregularities that affect the LGUs as a result of national traditions of governance is 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. (The said official even ran for the highest elective post in one province in the last elections.)

A very recent blow to autonomy was the peace agreement that was supposed to be signed by the national government with the Islamic separatists. The Supreme Court of the Philippines finally ruled on the issue of the Memorandum of Agreement on Ancestral Domain (MOA-AD) and ascertained it as unconstitutional. The MOA-AD was not known among key stakeholders, specifically the local governments whose geographical areas in Mindanao were included. It was the local governments, specifically the office of then Vice Governor Emmanuel Pinol of North Cotabato in Mindanao that sought a 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 ran contrary to the basic

tenets of accountability and good governance. 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 & Manor 1998; Manor 1999; Bardhan & Mookherjee 2000 as cited by Rodriguez-Pose & Sandall, 2008), i.e. accountability, and even the credibility and capacity to govern. Local governments are likely to become captured by 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 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. These actions by national governments has been referred to as decentralization within centralization.

CASE ONE

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, Lamberto, Manasan, & Laya, 1998). These objectives of the financing framework emanate from the recognition that [1] LGUs have varying levels and records of creditworthiness and bankability, and [2] 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 achieving LGU financing needs (1996 LGU Financing Framework, DOF).

To assist LGUs in the financing scheme of their functions, the LGC of 1991 provides that approximately 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 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. Further, concrete action plans were not formulated and agreed upon by 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) (See Table 1).

A very good case in point was an experience of the Mandaluyong City local government. Mandaluyong is one of the metropolitan cities in Metro Manila that has managed a population growth rate of less than one percent. The city suffered a decrease by almost sixty million pesos in the annual share of cities and towns from the proceeds of 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% for population and 25% each for land area and equal sharing. As a result, cities with the biggest populations get the highest IRA share. Those with smaller populations receive less. Former Mayor Benjamin Abalos Jr. 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 one percent (Yap, 2008).

At the same time, many LGUs, particularly municipalities, 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 has been found that releases are not timely and appropriations

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). Further, many LGUs have avoided updating their tax codes as there is no incentive element to the IRA transfer formula. They have found it more 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 of the total LGUs have maximized their corporate powers (2005).

Scholars like Llanto et al. (1998) identified several constraints that further impede 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 objective of LGU Financing Framework of accommodating the more creditworthy LGUs to private sources of capital mainly untouched. One reason for this is the heavy dependence on the IRA and the very weak revenue generating capacity of LGUs, specifically their local economic enterprises (LEEs). In a 2007 study by Manasan, it was found that the LEEs that posted net loss were 77% in the province, 63% in the cities, and 56% in the municipalities. Another reason is the very weak enabling local policies enacted by LGUs to support local economic development (LED). The results of studies such as these weaken the argument of corporatization of LGUs.

*Table 1.**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, A.B. & Mendoza, R.R. (2007). Organizational Assistance to Local Financial Planning and Management in the Philippines.

CASE TWO

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 with membership reaching more than 15,000. Since 2004, 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 which members can avail of 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 as its focus the leadership capability of the members. The Local Government Academy (LGA-DILG), having been able to co-sponsor a training event in 2004 is supportive of this initiative. A policy development course, in cooperation with a leading university, also supported this capability building initiative in 2007.

However, the absence of a standard legislative capacity-building framework hindered the progression of the initiative. The former must be put in place to provide the necessary legislative support system with backing from the academe and full assistance 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 LGU 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 utilized results of the survey to come up with responsive policy formulation guidelines and an efficient administration proposal (see Table 2).

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 prioritized their membership from an administrative benefits standpoint stating they should be provided health, hospitalization, and scholarships and from an awards standpoint saying they must be recognized 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 legislative role perception as confused with executive roles through their oversight functions of the local bureaucracy. The data represented glaring governance constraints.

Table 2.

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 about legislative, community, and citizen 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 <hr/> Translation of policies into poverty alleviation projects with the LGU executive branch

While the continuing local legislation education program is a 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 local 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 forming an agreement such that it will be called a Local Legislators Center. The aim of the association includes contracting out research to study the establishment of a center. The establishment of the center is aimed to provide grants for training, 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. Further the center will stress the importance of a common legislative agenda such as food security.

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 such, 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.

CASE THREE

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 autonomy provided for by the law on decentralization. The citizens' participation is guaranteed under the Local Government Code (LGC) of 1991 where the LGUs are mandated to create their local development councils (LDC) to collaboratively plan and decide for the community's future. Here 25% of the LDC members should come from 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 the LGUs to be more corporate or managerial in their approach to good local governance.

The law on citizens' recall as part of the LGC of 2001 was amended through RA 9244 on February 19, 2004 (Table 3). 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.

Policy on Citizen 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 be validly initiated upon petition of at least 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% in the case of local government units with a voting population of not more than 20,000	<p>At least 20% 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</p> <hr/> <p>At least 15% 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</p> <hr/> <p>At least 10% 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</p>

Over the years, pro-decentralization scholars have pointed to citizens' engagement as a mechanism of voice and exit. It pressures the government to perform well and be accountable in 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 the problem of officials with 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).

The case of Pampanga Governor Eddie Panlilio was in the news during this period. Governor Panlilio is a Catholic priest who ran as governor in the 2007 elections. His bid for office created quite a stir in both 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 piqued the interest of the public. Pampanga is also the hometown of the then President Arroyo and one of her sons served 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 Governor Mark Lapid (210,876). Panlilio got only 33.8% of the total vote, but this was enough to give him victory by a 1,147-vote plurality over his closest rival Pineda. The total votes cast were 649,844 or about 65% of the estimated one million voting population (Pascual, 2008). Thus, followers of either Pineda or 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 who filed the citizens recall and it was the running mate, the current vice governor, Joseller Guiao who was leading the provincial government to officially fund the recall by allotting Php20,000,000 of 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 the Philippines. In 1996, barangay captains loyal to Asistio filed a recall petition against Malonzo and demanded new elections. The group stated that the mayor had lost the trust and confidence of his constituents for allegedly misusing funds meant for the city's teachers (PCIJ, 2002). The 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, 45km 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 12 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 that attested a vote of no confidence and loss of trust against the incumbent Mayor. The national COMELEC suspended the recall proceedings against the incumbent mayor.

In the three cases (the province, the city and a municipality), smart and manipulative politicians and those who have lost in the elections

have used the same voice and exit to empower citizens, maneuvering the citizens through recall elections. This has resulted in 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 supposedly ensures the participation of the people for a vote of no confidence against a public official. In order to capture elective positions that they were unable to gain through the regular electoral routes, the elite 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.

FURTHER ANALYSIS

The three cases suggest that local governments have no specific distinctiveness as they are shaped by the multiple interactions with society at various levels. However, the formal authority of how the national government performs its politico-administrative function over the local governments has to a large extent 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 influences 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. Second, party politics is not influencing voter results; thus, loyalty to persons/candidates becomes norm.

This ushers in the situation where each of the local governments have their own understanding and perceptions of how national governments influence the governance of the local governments. Rhodes & Bevir (2001) provide a very good complementary decentered analysis that states that external factors influence governance only through the ways in which they are understood by the relevant local actors. How local actors perceive the state structures local actions. Because a vast majority of the LGUs are 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 banded by a common interpretation of collective support from the national government particularly former President Arroyo

despite the national government's 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 have 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.

In the case of capacities, the local actors' association's preference for administrative benefits takes precedence over their own capacity building. Highlighting their demand for clarifications of their legislative roles vis-à-vis project development, management reflects 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 & Ribot, 2000; Ostrom, 2000; Andersson, 2003; Rodden, 2003 cited in Rodriguez-Pose & 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 43 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 ill-prepared staff, 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 are also 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 recitation, including

donor-driven methodologies as well. Even as capacity development institutions are organizing themselves into capacity development service provider networks, many providers and practitioners are still out of the loop (Briones, 2008).

On the state's side, Weiss' (1998) arguments of capacity exist in a given context only on issues that are under study; meaning they vary across areas. For example, while there may be good economic indices demonstrating good state performance, politically it is not translated into actions that create increased trust. The performance showing distintegration into self-serving interest of the national bureaucracy rather than achieving collective goals is what is influencing the local governments more; thus failing in its transformative capacity.

In addition, national normative orientations and local capacities manifest in the understanding of the politics-corporate balance at the local level. Most politicians complain that citizens pressure 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 in government expenditures as the local pork barrel, which was regarded as binding and legal.

The patterns developed as a result are the extreme point of view where the poor ask their benefit from government and the same question is asked by the middle up to the highest level. In this case, the bureaucracy which is supposed to provide the corporate balance for politics is at a status quo. This is because 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 12 years, will be hard to come by on the premise that politics might intervene with financing. This happens because budget decisions fail to identify real issues as majority of the LGUs are not doing projections and assessment of trends and growth rates (Carino, 2008, cited in Llanto et al., 1998),

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, among others) maximize their corporate powers instead of those LGUs that are in need. With this scenario, government-financing institutions become a monopoly funder of local development projects. This is why the objective even of a graduation policy, meaning good performing and creditworthy LGUs to graduate on IRA, is wishful thinking.

Table 4.

Summary of the Constraints School.

Constraints	Should Be	Actual Trend
<i>Politics From Above</i>		
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,	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.

love, equality, and peace
(Preamble, 1987 Philippines
Constitution)

Politics From Below

Normative Orientations	<p>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)</p>	<p>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.</p>
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Institutional Capacities to Respond	<p>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)</p>	<p>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.</p>
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Politics-Corporate Balance	<p>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)</p>	<p>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.</p>
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CONCLUSION

A focus on conceptual analysis like the constraints school provided the mode of understanding traditions in shaping local governance. The workings of any policy, capacity, both individual and institutional depend on the ways in which all sorts of actors internalize behavior, policies, and actions. The exposition of the constraints school requires a shift in the understanding of local governance storyline 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 local 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 does 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 and its agencies to surrender their authority in the appellation of decentralization vis-à-vis LGU performance means local governments have been re-shaped by 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 nine-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, unfortunately, again.

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END NOTES

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.

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