Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
THE PRINCIPLES AND PRACTICE OF DEVOLUTION: REFORM OF HEALTH SERVICES IN THE PHILIPPINES

A thesis presented in partial fulfilment of the requirements for the degree of MASTER OF PHILOSOPHY IN RESOURCE AND ENVIRONMENTAL PLANNING at Massey University Palmerston North, New Zealand

ELSA A. CAILIN
1996
ABSTRACT

1992 saw radical reform to local government in the Philippines through enactment of a new Local Government Code. This provided for the devolution of powers, resources and service functions from central government to local government. The process of devolution is now in its third year. This study has been undertaken as a preliminary assessment of the factors that influenced implementation of devolution in the health services, its impacts and its effectiveness.

The study is based mainly on survey techniques. Face-to-face interviews were undertaken with policy makers to establish motivations underlying devolution, what they believe has been achieved, and what they think promote or impede implementation.

Face-to-face interviews were also undertaken with key local officials to identify the health services and functions transferred from central to municipal governments, and to identify the degree of discretion these people now have in policy formulation, implementation, monitoring, and evaluation, and in fiscal and personnel matters.

An opinion survey was administered to assess the perceptions of key players in the management of decentralised responsibility (elected officials, transferred health personnel, and advisory board members) to determine their views of the objectives, the factors that promoted or impeded devolution, and changes in the way things are done as a consequence.

It was concluded that devolution is moving towards local autonomy as intended. The necessary structural changes have been met. Local government responsibilities, resources, and authority have increased, and public participation in local government has been institutionalised. Substantial benefits have been realised particularly in terms of local self-reliance, participation, and competence development. Devolution has also been effective in changing people’s behaviour. The results indicate that the key to
successful devolution and to decentralised responsibility is the nature of local leadership and local commitment.
I gratefully acknowledge and sincerely thank a number of organisations and individuals for their support and assistance in making the conduct of this study easy and possible:

- The Philippine Government, in general, and the Department of Interior and Local Government, in particular, for their confidence in nominating me for an Overseas Development Assistance scholarships;

- The New Zealand Government, in general, and the Ministry of Foreign Affairs and Trade, in particular, through Massey University International Student Office, for providing the financial resources for this study;

- The Local Chief Executives of the study areas - Solano, Bayombong, and Bagabag - for their permission to conduct the study in their respective municipalities;

- Professor Philip McDermott, for his supervision, guidance and critical comments on the conduct of the study and the writing of this report;

- Dr. Murray Patterson, for his ready advice in the statistical analysis for this study;

- Karen Puklowski, for helping out in preparing the graphics used in this report;

- The respondents of the interviews, for finding the time to respond to the survey;

- Dr. Bonifacio V. Ramos, the personnel and staff of the Department of the Interior and Local Government, Province of Nueva Vizcaya, and colleagues at Massey University - Loloy, Luke, Connie, Gertrude, and Gemma - for finding time to review the initial copy of the questionnaire;
Alan and Lucia Dorn, Gordon and Eleanor Lindsay, for their inspiring friendship and support throughout my stay in New Zealand;

Crispin, Crissel Anne, Crissa Lei, and members of my immediate family, for their encouragement and support throughout the course of this study; and

Above all, the Almighty God, for giving me the wisdom, strength and spiritual guidance.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiv</td>
</tr>
<tr>
<td>Chapter 1</td>
<td></td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td></td>
</tr>
<tr>
<td>Background</td>
<td>1</td>
</tr>
<tr>
<td>Thesis Goals and Objectives</td>
<td>2</td>
</tr>
<tr>
<td>Research Design</td>
<td>2</td>
</tr>
<tr>
<td>The Policy Level</td>
<td>2</td>
</tr>
<tr>
<td>The Participants</td>
<td>6</td>
</tr>
<tr>
<td>The Municipalities</td>
<td>6</td>
</tr>
<tr>
<td>Key Local Officials</td>
<td>8</td>
</tr>
<tr>
<td>Thesis Outline</td>
<td>10</td>
</tr>
<tr>
<td><strong>Part One</strong> <strong>OVERVIEW</strong></td>
<td></td>
</tr>
<tr>
<td>Chapter 2</td>
<td></td>
</tr>
<tr>
<td>CENTRALISM AND MOVES TOWARDS DECENTRALISATION IN THE PHILIPPINES</td>
<td></td>
</tr>
<tr>
<td>Centralism in the Philippines - History and Rationale</td>
<td>11</td>
</tr>
<tr>
<td>History</td>
<td>11</td>
</tr>
<tr>
<td>Rationale</td>
<td>13</td>
</tr>
<tr>
<td>Central-Local Government Relations</td>
<td>14</td>
</tr>
<tr>
<td>Decentralisation Initiatives</td>
<td>16</td>
</tr>
<tr>
<td>Pre-Marcos Regime (1959-1965)</td>
<td>16</td>
</tr>
<tr>
<td>During Marcos Regime (1965-1986)</td>
<td>17</td>
</tr>
<tr>
<td>Decentralisation Under the Aquino Administration</td>
<td>20</td>
</tr>
<tr>
<td>Conclusion</td>
<td>27</td>
</tr>
<tr>
<td>Chapter 3</td>
<td></td>
</tr>
<tr>
<td>THE PHILIPPINES LOCAL GOVERNMENT CODE OF 1991 AND DEVOLUTION</td>
<td></td>
</tr>
<tr>
<td>The Local Government Code - Basic Provisions</td>
<td>29</td>
</tr>
<tr>
<td>Devolution of Services</td>
<td>31</td>
</tr>
<tr>
<td>Transfer of Personnel</td>
<td>32</td>
</tr>
<tr>
<td>Appointment of Personnel</td>
<td>35</td>
</tr>
<tr>
<td>Financing Devolution</td>
<td>35</td>
</tr>
<tr>
<td>Internal Revenue Allotment (IRA) Share</td>
<td>35</td>
</tr>
<tr>
<td>Local Revenues</td>
<td>36</td>
</tr>
<tr>
<td>Other Financial Transactions</td>
<td>37</td>
</tr>
</tbody>
</table>
Chapter 4
DECENTRALISATION AND DEVOLUTION PERSPECTIVES
What is Decentralisation? 40
Forms of Decentralisation 41
Deconcentration 43
Delegation 44
Devolution 44
Involvement of Nongovernment Institutions 46
Regional Autonomy 47
Federalism 47
Elements of Decentralisation 48
Why Decentralisation or Devolution? 50
Objectives of Decentralisation 52
Efficiency and Effectiveness 52
Participation 54
Local Autonomy 55
Developing Competencies 57
Other Motivations for Decentralisation 58
Criteria Used to Assess Achievement of Decentralisation Objectives 60
Certain Limitations of Decentralisation 61
Factors Affecting Implementation of Decentralisation 61
Political Factors 61
Resources 63
Psychological and Behavioural Factors 64
Administrative and Operational Factors 66
Capability Building 67
Conclusion 68

Part Two  METHODS

Chapter 5
METHODODOLOGICAL APPROACH 70
Opinion Survey Methodology 70
Objectives 70
Research Questions 71
Survey Design 72
Response Scores 75
Sample Selection 76
Questionnaire Distribution 77
Response Rate 77
The Respondents 77
Statistical Analysis 79
Analysis of Qualitative Interviews 80
Questionnaire Pilot Test 81
Methodological Limitations 81
Conclusion 82
Part Three  RESEARCH FINDINGS

Chapter 6
DEVOLUTION OBJECTIVES, OUTCOMES AND FACTORS:
THE POLICY LEVEL PERSPECTIVES 83
What were the Expectations? 83
An Enhanced Emphasis on the Government's Policy Priorities 83
Sharing Power and Local Autonomy 84
People Empowerment 85
Efficiency, Effectiveness and Equity 85
What has been Achieved? 86
What has not been Achieved? 88
What is Most Important in Achieving Devolution? 89
What is the Biggest Impediment to Achieving Devolution? 90
Conclusion 92

Chapter 7
EXTENT OF DEVOLUTION: THE LOCAL CONTEXT 94
The Municipalities 94
Bayombong 94
Bagabag 97
Solano 99
Health Functions and Services Transferred 100
DOH and Municipal Government Responsibilities 101
Personnel and Assets Transferred 102
Resources for Health Programs 103
The Devolution Process: A Local View 106
Motivations for Devolution 106
Decisions and Authorities Transferred 107
Planning and Policy Formulation 108
Policy Implementation 110
Service Delivery 111
Monitoring and Evaluation 113
Personnel Management 115
Change Management 116
Conclusion 117
Chapter 8
OUTCOMES OF DEVOLUTION

Efficiency 118
Effectiveness 124
Participation 126
Local Autonomy 129
Developing Competencies 131
Differences in Perceptions about Devolution Outcomes across
Respondent Characteristics 133
Differences by Municipality 133
Differences by Length of Service 135
Differences by Position 136
Conclusion 138

Chapter 9
FACTORS IMPORTANT IN THE PROCESS
OF DEVOLUTION 140

Five Most Important Factors 142
Leadership Quality 142
Adequate Budget 143
Funds Availability 143
Acceptance of New Responsibilities 144
Official’s Commitment to Policy 144
Differences in Perceptions about Change Factors across
Respondent Characteristics 145
Differences by Municipality 145
Differences by Position 146
Conclusion 147

Chapter 10
CHANGES AS A CONSEQUENCE OF DEVOLUTION 148

Organisational Changes 149
Behavioural Shift 154
Program Implementation and Service Delivery 156
Participation 161
Differences in Perceptions about the Consequences of Devolution
across Respondent Characteristics 162
Differences by Length of Service 162
Differences by Position 163
Conclusion 166
Part Four  SYNTHESIS AND CONCLUSION

Chapter 11  THE WAY FORWARD  168
  Extent of Devolution  170
  Motivations for Devolution  171
  Results of Devolution  172
    Local Autonomy  172
    Participation  173
    Efficiency  174
    Effectiveness  175
    Competence Development  175
    Responsiveness  176
    Public Accountability  176
  Influences on Devolution  176
  Impacts of Devolution  177
    Organisational Changes  177
    Behavioural Shift  178
    Program Implementation and Service Delivery  179
    Participation  179
  Support for Devolution  180
  Sustainability of Devolution  180
  Conclusion  181
  The Next Steps  182
  Areas for Further Research  184

BIBLIOGRAPHY  186

ACRONYMS USED  204

Appendix A
  UTILISATION OF BLOCK GRANT IN PILOT PROVINCES,
  PILOT DECENTRALISATION PROJECT  207

Appendix B
  SUMMARY OF CIRCULARS ISSUED, PILOT
  DECENTRALISATION PROJECT  208

Appendix C
  SUMMARY OF PROJECTS AND ACTIVITIES IN RESPONSE TO THE
  PREVIOUS CLAMOUR FOR DECENTRALISATION AND LOCAL
  AUTONOMY, 1985 TO 1991  209
Appendix D
SUMMARY OF MAJOR DECENTRALISATION ISSUES AND PROBLEMS IN THE PHILIPPINES, 1985 TO 1991 220

Appendix E
DEVOLVED FUNCTIONS AND SERVICES 222

Appendix F
TAXING AND REVENUE RAISING POWERS OF LOCAL GOVERNMENTS 225

Appendix G
THE QUESTIONNAIRE 226

Appendix H.
MAP OF THE PROVINCE OF NUEVA VIZCAYA 253
List of Tables

Table 1-1. The Respondents in the Qualitative Interview 9
Table 3-1. Transfer of Personnel as of December 31, 1993 33
Table 3-2. Allocation of IRA to Local Government Units 36
Table 4-1. Forms of Deconcentration 43
Table 4-2. Integrated Decentralisation Elements: Scenario 1 49
Table 4-3. Integrated Decentralisation Elements: Scenario 2 49
Table 4-4. Typical Complaints of Public Sector Bureaucracies in United Kingdom 52
Table 4-5. Guidelines for Assessing Achievement of Decentralisation Objectives 60
Table 5-1. Questionnaire Statements on Devolution Outcomes 73
Table 5-2. Questionnaire Statements About Factors Important in Devolution Process 74
Table 5-3. Questionnaire Statements About Changes in the Way Things are Done as a Consequence of Devolution 75
Table 5-4. The Respondents in Each Municipality, By Position 78
Table 7-1. Health Personnel Transferred, Per Municipality 102
Table 7-2. Budget Allocation for Health, Per Municipality 104
Table 8-1. Perceived Devolution Outcomes 119
Table 8-2. Perceived Outcomes of Devolution, Differences Across Municipality 133
Table 8-3. Perceived Devolution Outcomes, Differences by Experience with the Municipal Government 136
Table 8-4. Perceived Outcomes of Devolution, Differences by Position 137
Table 9-1. Perceived Change Factors 141
Table 9-2. Five Factors Nominated as Most Important 142
Table 9-3. Perceived Factors, Differences by Municipality 146
Table 9-4. Perceived Factors, Differences by Position 146
Table 10-1. Perceived Changes as a Result of Devolution 148
Table 10-2. Perceptions on Changes as a Consequence of Devolution, Differences According to Length of Service 162
Table 10-3. Perceptions on Changes as a Consequence of Devolution, Differences by Appointment Status 164
# List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1-1.</td>
<td>Research Design</td>
<td>3</td>
</tr>
<tr>
<td>Figure 1-2.</td>
<td>The Respondents and Their Relationship</td>
<td>5</td>
</tr>
<tr>
<td>Figure 2-1.</td>
<td>Central-Local Government Relations, Spanish Regime</td>
<td>12</td>
</tr>
<tr>
<td>Figure 4-1</td>
<td>Forms of Decentralisation</td>
<td>42</td>
</tr>
<tr>
<td>Figure 4-2.</td>
<td>Decentralisation Continuum</td>
<td>42</td>
</tr>
<tr>
<td>Figure 4-3.</td>
<td>Elements of Decentralisation</td>
<td>48</td>
</tr>
<tr>
<td>Figure 4-4.</td>
<td>Ladder of Citizen’s Participation</td>
<td>55</td>
</tr>
<tr>
<td>Figure 4-5.</td>
<td>Local Autonomy Triangle</td>
<td>56</td>
</tr>
<tr>
<td>Figure 4-6.</td>
<td>Direction of Greater Autonomy</td>
<td>57</td>
</tr>
<tr>
<td>Figure 4-7.</td>
<td>Factors Affecting Implementation of Decentralisation Process</td>
<td>62</td>
</tr>
<tr>
<td>Figure 5-1.</td>
<td>Questionnaire Distributed and Response Rate, By Municipality</td>
<td>77</td>
</tr>
<tr>
<td>Figure 7-1.</td>
<td>Internal Structure, Municipal Government of Bayombong</td>
<td>96</td>
</tr>
<tr>
<td>Figure 7-2.</td>
<td>Council Structure, Municipal Government of Bayombong</td>
<td>96</td>
</tr>
<tr>
<td>Figure 7-3.</td>
<td>Internal Structure, Municipal Government of Bagabag</td>
<td>98</td>
</tr>
<tr>
<td>Figure 7-4.</td>
<td>Council Structure, Municipal Government of Bagabag</td>
<td>98</td>
</tr>
<tr>
<td>Figure 7-5.</td>
<td>Organisational Structure, Municipal Government of Solano</td>
<td>100</td>
</tr>
<tr>
<td>Figure 7-6.</td>
<td>The Devolution Process: A Local Perspective</td>
<td>106</td>
</tr>
<tr>
<td>Figure 8-1.</td>
<td>Response to the Proposition, Cost of Health Service Delivery Been Reduced</td>
<td>121</td>
</tr>
<tr>
<td>Figure 8-2.</td>
<td>Response to the Proposition, National-Local Services Duplication Eliminated</td>
<td>122</td>
</tr>
<tr>
<td>Figure 8-3.</td>
<td>Response to the Proposition, Productivity of Health Personnel has Increased</td>
<td>123</td>
</tr>
<tr>
<td>Figure 8-4.</td>
<td>Response to the Proposition, Decisions Take More Account of Community Needs</td>
<td>124</td>
</tr>
</tbody>
</table>
Figure 8-5. Response to the Proposition, Primary Health Services for the Public has Increased

Figure 8-6. Response to the Proposition, Public Access to Health Services has Increased

Figure 8-7. Response to the Proposition, Ability of the Public in Health Service Design has Improved

Figure 8-8. Response to the Proposition, Public Influence over Health Service Delivery was Enhanced

Figure 8-9. Response to the Proposition, Municipal Officials Become Less Dependent on Central Government

Figure 8-10. Response to the Proposition, The Transfer of Health Service Delivery Function has Improved Monitoring of Health Program Implementation

Figure 10-1. Response to the Proposition, Skills Training Opportunities Become Fewer

Figure 10-2. Response to the Proposition, Administrative Supervision over Health Personnel has Improved

Figure 10-3. Response to the Proposition, Central-Local Communication Lines Impeded

Figure 10-4. Response to the Proposition, Technical Supervision over Health Programs Suffered

Figure 10-5. Response to the Proposition, Health Personnel Enjoy Their Job More

Figure 10-6. Response to the Proposition, Health Personnel Report Less to the Centre for Service Delivery Outcomes

Figure 10-7. Response to the Proposition, Implementation Dependent on Mayor

Figure 10-8. Response to the Proposition, Health Services are Less Politically Influenced

Figure 10-9. Response to the Proposition, Central-Local Competition Increased

Figure 10-10. Response to the Proposition, Municipal Government Forced to Provide Service by Central Directive
Figure 10-11. Response to the Proposition, More People Educated on Health 159
Figure 10-12. Response to the Proposition, Health in Population Improved 160
Figure 10-13. Response to the Proposition, More People Treated 161
Figure 11-1. Synthesis Towards a Conclusion 169