



# **Rapid Field Appraisal of Decentralization**

*Bicol*

**Region 5**

This study is made possible by the generous support of the American people through the United States Agency for International Development (USAID) through Cooperative Agreement Number AID 492-A-00-09-00031-00. The contents are the responsibility of The Asia Foundation and do not necessarily reflect the views of USAID or the United States Government.



# Improving Local Resources & Management Capacity of LGUs

Cristina Lim

## EXECUTIVE SUMMARY

**D**ecentralization has resulted in an improvement in the local resources (both human and non-human) and management capacity of the local governments, including in the areas of leadership, establishment of linkages and networking, and systems and procedures. And while there has been localization of national laws, many of the legislative measures passed have been responses to the needs of the local economy.

Some local government units (LGUs) have demonstrated a certain degree of transparency as indicated by the use of websites, radio programs, media releases, information bulletin boards, and publication of contracts. In high-income LGUs like Naga, bidding, annual budget, jobs, ordinances, accomplishment reports, among others are uploaded on the LGU websites for easy access and wider dissemination. Some of the LGUs' ability to tap the websites is constrained by the needed telecommunication infrastructure and skills in information technology. Despite this, though, access to public documents in some low-income LGUs with progressive leadership and well-informed staff has not been a problem. With decentralization, there has also been an increase in community participation with the creation of local special bodies and implementation of projects with multi-stakeholders.

While it is true that decentralization challenges the local government to be resourceful and innovative, the rest of the LGUs have shown limited resource generation and higher reliance on the Internal Revenue Allocation (IRA). The exceptions to this have been Naga and more recently Camarines Sur. Computerizing the real property tax system, innovating tax collection system, broadening one's linkages and engaging in economic enterprises partly explain the declining ratio of IRA to total income of Naga and Camarines Sur. For sure, low-income LGUs have also exerted efforts to generate more local revenues through engagement in economic activities and improvement in tax collection systems. But their initiatives seemed to be insufficient in relation to the cost of responding to the needs of the local government and the community.

Five-year average expenditure performance relative to the total budget of Naga, Sorsogon and Virac indicated efficiency in tax collection, wiser spending, and accumulation of savings. Among the expenditure items, general services accounted for the bulk of the expenses. For the provinces of Camarines Sur and Catanduanes, Naga

City, and Virac, next were expenses on economic services. Expenses for other purposes (calamity, gender, aid to barangay, and others) ranked second place among the lower-income municipalities. Expenditure performance also showed that, of the LGUs, only Sorsogon showed greater attention to health, nutrition, and population. The very low, if not nil, debt-service ratio among most of the LGUs is reflective of their risk aversion to accessing credit for income generation and probably, their limited know-how on stimulating the local economy.

Resource utilization showed that expenses on personnel services were beyond the percentage ceiling. The limited budget in the municipalities resulted in the misplacement and demoralization of some of the personnel due to low salary and qualification standard and down-rating of some hospitals. And while it is true that customer service has somehow improved with the assignment of a public assistance desk and the posting of the Citizens' Charter in conspicuous places within the LGUs, much has yet to be done to provide quality service.

Although most of the LGUs engaged in a lot of agricultural and non-agricultural development projects or economic enterprises, the outcome did not translate in alleviating poverty in the respective provinces as evidenced by increased poverty incidence.

Decentralization has also improved the delivery of basic services as indicated by the greater number of indigent families enrolled in PhilHealth or in Naga's Socialized Medical Care Program (SOMECAP), functional *Botika sa Barangay*, declining malnutrition rate in Camarines Sur, disease-free zone in the province of Sorsogon, increased number of scholarships, creation of a disaster office in a province, increased access to schools, and engagement in housing. Naga's "*Kaantabay sa Kauswagan*" and Camarines Sur's Designer Province are good examples of response to housing.

In terms of environmental management, only a few LGUs have complied with the solid waste management law. Noteworthy are Camarines Sur, which instituted the Basic Solid Waste Management (SWM) Training program; Sorsogon, which has drafted an Environment Code and created a Provincial Public Safety and Disaster Management Office; and Irosin, which has converted a dumpsite into an ecological park. The Prieto Diaz story also offers an exemplary practice of community-based resource management that emphasizes the importance of the environment along with economic concerns.

Still, the LGUs in the region continue to be challenged by the issues of transparency, local resource generation, computerization of real property tax system, facilitation of online business transaction, promotion of a business-friendly environment, participatory development planning, aggressive implementation of human resource management, provision of quality and efficient customer service, effective delivery of basic services and substantial poverty reduction. Maximizing the advantage of decentralization necessitates technical assistance in terms of capacity building, improvement in infrastructure and facilities, and amendment in qualification standard.

## Introduction

Region V or the Bicol Region is a peninsula at the southeastern end of Luzon, one of the three major islands of the Philippines. It is composed of six provinces: Albay, Camarines Sur, Camarines Norte, Sorsogon, Catanduanes, and Masbate.

The region has a total land area of roughly 18,130.4 square kilometers (km<sup>2</sup>), or six percent of the country's total land area. In 2007, Bicol's population reached 5,109,798 (Table 1). From 2000 to 2007, its average annual growth rate was estimated at 1.23 percent. Of the provinces, Camarines Norte's population growth rate of 1.57 percent was the highest, relatively higher than the regional figure of 1.23 percent. Next to Camarines Norte were Albay and Camarines Sur, which both had rates of 1.22 percent, followed by Sorsogon (1.21 percent), Masbate (1.15 percent), and Catanduanes (1.08 percent). In terms of land area, Camarines Sur has the highest land area, with 5,266.8 sq.km., followed by Masbate (4,047.7 sq.km.), Albay (2,552.6 sq.km.), Sorsogon (2,141.4 sq.km.), and Camarines Norte (2,112.5 sq.km.). The region and all its provinces showed an increase in demographic pressure as indicated by higher population densities from 2000 to 2007.

Table 1: Population, Growth Rate, Land Area and Population Density, by Province Bicol Region (2000 and 2007)

Province	Population		Growth Rate 2000-2007	Land Area (Sq. Km.)	Population Density	
	2000	2007			2000	2007
Bicol	4,674,855	5,109,798	1.23	17,632.5	265.1	289.8
Albay	1,090,907	1,190,823	1.22	2,552.6	427.4	466.5
Camarines Norte	458,840*	513,785	1.57	2,112.5	217.2	243.2
Camarines Sur	1,551,549	1,693,821	1.22	5,266.8	294.6	321.6
Catanduanes	215,356	232,757	1.08	1,511.5	142.5	154.0
Masbate	707,668	768,939	1.15	4,047.7	174.8	190.0
Sorsogon	650,535	709,673	1.21	2,141.4	303.8	331.4

Source: NSCB-RD5

The region's economy is basically agricultural, with almost half (46.3 percent) of its workforce dependent on agriculture, fishery, and forestry in 2008. Bicol's Gross Domestic Product was placed at P39.7 million at constant prices in 2008. This output registered a domestic growth rate of 4.32 percent.

There were 12 LGUs (three provinces, three cities and municipalities) covered in this study and selected based on income classification (Table 2). The three provinces represented different income classification, Camarines Sur to represent the first class province, Catanduanes, the second class and Sorsogon, the third class. From each

province, two municipalities, one representing 3<sup>rd</sup> to 4<sup>th</sup> class, and the other representing 5<sup>th</sup> to 6<sup>th</sup> class local governments and a city (a component city) or a capital town (if there is no city) to represent the 1<sup>st</sup> and 2<sup>nd</sup> class local government were selected.

Table 2: Study Sites By Province and Income Classification, Bicol Region

Provinces	Cities/Municipalities		
	1 <sup>st</sup> /2 <sup>nd</sup> class	3 <sup>rd</sup> /4 <sup>th</sup> class	5 <sup>th</sup> /6 <sup>th</sup> class
1 <sup>st</sup> class - Camarines Sur	Naga City	Sagnay	Cabusao
2 <sup>nd</sup> class - Sorsogon	Irosin	Sorsogon City	Prieto Diaz
3 <sup>rd</sup> class - Catanduanes	Virac	Viga	Baras

Table 3 shows a brief profile of the covered sites. In 2007, of the three provinces, Camarines Sur had the highest population at 1,693,821 persons, highest number of households at 288,172 (2000) and number of barangays at 1,063. It also occupied the largest land area. But, in terms of population density, Sorsogon was the highest.

Among the cities/capital town, Naga was the most crowded, having the highest population at 160,516 persons spread over 27 barangays and the smallest land area of 8,448 has. Population density registered at 1,980 persons per sq.km., higher than the Camarines Sur's 321 persons per sq. km. Sorsogon city, which had the largest number barangays distributed over 18,778 has. came second at 806 persons per sq. km. Virac had the largest land area but smallest population and number of households.

Among the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> class towns, Irosin posted the highest population at 49,868 and number of households at 8,639 and the largest land area at 15,880 has. In terms of population density, Cabusao was highest at 568 persons per sq. km, higher than the province population density.

Table 3: Basic Profile of the LGUs, Bicol Region (2004-2009)

LGU	Income Class	Pop. (2007)	No. of Households (2000)	No. of Brgy.	Total Land Area (has.)	Pop. Density (km <sup>2</sup> )
<b>Province</b>						
Camarines Sur	1 <sup>st</sup>	1,693,821	288,172	1,063	526,682	321
Sorsogon	2 <sup>nd</sup>	709,673	125,191	541	214,144	331
Catanduanes	3 <sup>rd</sup>	232,757	41,019	315	151,050	157
<b>Cities/Capital Town</b>						
Naga	2 <sup>nd</sup>	160,516	26,317	27	8,448	1980
Sorsogon	3 <sup>rd</sup>	151,454	17,911	64	18,778	806
Virac	1 <sup>st</sup>	64,554	11,202	63	31,392	205

LGU	Income Class	Pop. (2007)	No. of Households (2000)	No. of Brgy.	Total Land Area (has.)	Pop. Density (km <sup>2</sup> )
<b>3rd/4th class Town</b>						
Sagñay	4 <sup>th</sup>	29,082	4,899	19	11,819	246
Irosin	2 <sup>nd</sup>	49,868	8,639	28	15,880	317
Viga	4 <sup>th</sup>	19,266	3,431	31	15,110	128
<b>5th/6th class</b>						
Cabusao	5 <sup>th</sup>	17,599	2,999	9	3,117	568
Prieto Diaz	5 <sup>th</sup>	19,762	3,623	23	4,767	418
Baras	5 <sup>th</sup>	11,787	2,190	29	10,950	108

## RESULTS OF DECENTRALIZATION

### I. Local Governance and Administration

#### Local Legislation

A review of the legislative measures passed by the covered LGUs showed that a number of these were localization of the national laws. Most were location-specific, addressing the needs of the respective LGUs. These included the anti-rabies, anti-smoking, ecological solid waste management, and waste segregation laws, fishery codes, measures creating a Council for the Protection of Children and a PhilHealth Capitation Fund, the senior citizen act, and a measure on the prevention of avian flu.

Common in the three provinces included in the study were measures regulating fishing activities, enhancing productivity, and promoting community-based resource management. Two of these measures prohibited the use of fishing gears that destroy the marine environment and the establishment of mariculture as alternative livelihood. Specific to the provinces of Sorsogon and Catanduanes were measures on abaca production and protection. Of the LGUs, only the province of Sorsogon has an ecotourism code, which is being adopted by lower LGUs under its administration.

In cities like Naga and Sorsogon, most of the legislative measures concerned public health and safety, environment and land use, the investment code, and government revenues, fees and taxes. In lower income LGUs like Baras, Sagnay, and Cabusao, many of the measures concerned financial assistance for the construction of farm-to-market roads, bridges, and buildings, and the purchase of computers for the Real Property Tax Assessment (RPTA) and dumptrucks. For coastal municipalities like Baras, Cabusao, Sorsogon, construction of fish ports and seawall were important measures.

One of the issues raised during the FGD in terms of legislative initiatives was the questionable qualification of the members of the *Sangguniang Bayan* (SB). It has been observed that some SB members were unfamiliar with the LGC and were not knowledgeable about drafting resolutions/ordinances, resulting in an inability to respond to the needs of the community through legislation.

### **Transparency**

Two of the three covered provinces showed a certain degree of transparency as indicated by the use of websites, radio programs, media releases, information bulletin boards, and publication of contracts. In cities like Naga, items such as bidding, annual budget, jobs, ordinances, awards and recognitions, state of the city address, and others are some of the features in the website. In the province of Sorsogon, a weekly radio program dubbed “*Sa Kapitolyo*,” a State of the Province Address, an annual accomplishment report, and a three-year accomplishment report have been conducted by the current governor as part of the administration’s information dissemination and education campaign. In the province of Camarines Sur, the multimedia education center takes the central stage in information dissemination, using press releases and website publication. However, access to other socio-economic indicators or public documents such as the budget, accomplishments report, tax-collection performance, remains difficult, even with a letter of request. Accomplishment reports can only be accessed within the premises of the capitol building. Photocopying it is not allowed.

In the Province of Catanduanes, an annual accomplishment report seemed to be the sole source of information dissemination. Both the number of copies and their circulation were limited.

Among the LGUs, the city of Naga has the most extensive and varied forms of information dissemination - magazine, website, radio, TV, bulletin boards, and State of the city address – which make data-gathering a lot easier. In the municipality of Virac, due to the lack of medium of information dissemination, access to information was relatively difficult. One had to request the assistance of the municipal development officer who was most familiar with municipality-related information to be able to obtain the needed information.

For municipalities like Sagnay, access to information was most difficult, not only because of the very limited form of information dissemination (i.e. an annual report), but also because of the tendency for the LGU to pass the request from one person to another and to withhold information from the public.

In 5<sup>th</sup> class municipalities like Prieto Diaz, Cabusao, and Baras, access to information was relatively easier because of the openness of the local chief executives and the personnel’s familiarity with the requested information. The absence of a telecommunication system in these municipalities and the lack of financial resources, however, prevented

them from using the website and production of newsletter or magazine for information dissemination. The annual report appeared to be the main source of information.

## **Participation and Development Planning**

Almost all of the LGUs exhibited a certain degree of participation in policy-making as indicated by the presence of local special bodies. All of the 12 LGUs have the mandated local special bodies. Of the LGUs considered, Naga and Camarines Sur had the most number of local special bodies created and convened once a year and as needed, followed by Camarines Sur and Sorsogon; Viga and Prieto Diaz had the least number. The Local Development Council (LDC), Local Health Board (LHB), and Local Special Bodies (LSB) were active in all sites, except in Prieto Diaz and Virac, where the LHBs were inactive.

Among the cities and the capital town, Naga stood out as the one exhibiting the highest degree of stakeholders' participation. It initiated a system of partnership through the Naga City People's Council (NCPC), a local federation of close to 100 non-government organizations (NGOs) and people's organizations (POs) in the city. The NCPC engages in deliberation, conceptualization, implementation, and evaluation of the city government's projects, activities, and programs.

Naga also has an "i-governance" program that provides greater participation of individual citizens in all governance matters. This program has an online component, NetServe, which provides an extensive catalog of the services provided by the city – including procedures, response time, and responsible personnel for each type of service, information of city finance, posting of biddings and public offerings, etc. In addition, the "i-governance" program has TextServe, which allows the citizen to send queries and feedback to the city government at a cost of P2 per message. Text messages are responded to within the day.

In the crafting of the development plans, most of the LGUs showed limited citizen participation. In Camarines Sur, the first step in formulating the provincial development plan is to have linkage with the national government for the national agenda. Consultation at the barangay level is done through barangay visitation by the local executive or the conduct of needs survey. The plan is then crafted and submitted to the Provincial Development Council – which is composed of non-government organizations (NGOs), POs, and others – for approval and then ratified by the *Sangguniang Panlalawigan* for adoption. A similar procedure is adopted in the other provinces.

Among the lower income class municipalities, the process has all department heads submitting their plans to the municipal planning and development center (MPDC). Then the MPDC collates and consolidates these plans for submission to the Municipal Development Council (MDC), composed of NGOs, POs, and others, for deliberation and approval. In Naga, the process starts with a review of the socio-economic or

ecological profile of the city to come up with sectoral studies. At this stage, concerned NGOs are consulted for data-gathering purposes. The crafted ecological profile is then presented to a sectoral consultation for direction-setting and project-program identification. The output is integrated in the city's development plan.

To encourage citizen participation in the development process and to bring the government to the people, the LGU in Cabusao engages in a monthly mobile session that has regular meetings in barangays. Each of the barangay takes its turn in hosting the meeting, during which local issues are discussed and clarified.

### Internal Revenue Allocation and Resource Generation

Key informants contended that one of the impacts of the decentralization is that it challenges the local government to be resourceful and innovative. While some engaged in economic enterprises, others sourced funding from local and international organizations and politicians, while a few intensified their tax collection system.

A five-year average of the LGUs' financial performance is shown in Table 4. The data show that Camarines Sur, Naga, and Irosin consistently ranked high among the provinces, cities/capital town, and 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> class municipalities, respectively, in terms of percent of local source to local income, percent of tax revenue to total income, and percent of non-tax revenue to total income. Among the covered LGUs, Naga ranked highest, implying better local revenue collection effort and lower dependency from external revenue sources. In terms of percent share from national tax collections to total income, Catanduanes, Virac, and Sagnay had higher shares at 95.2 percent, 74.7 percent and 97.1 percent respectively.

Table 4: Percent of Local Source, Tax Revenue, Non-Tax Revenue and Share from National Tax Collections to Total Income, Bicol Region (2004-2008)

Indicators	Provinces			Cities/Capital Town		
	Cam. Sur	Sorsogon	Catanduanes	Naga City	Sorsogon City	Virac
% of Local Source to Local Income	9.1	5.2	4.8	49.7	8.5	24.0
% of Tax Revenue to Total Local Income	5.7	2.5	1.9	33.7	6.1	11.0
% of Non-Tax Revenue to Total Income	3.4	2.7	2.9	16.0	2.4	13.0
% Share from National Tax Collections to Total Income	87.0	87.8	95.2	47.6	69.3	74.7

	Municipalities					
	Sagnay	Irosin	Viga	Cabusao	Prieto Diaz	Baras
% of Local Source to Local Income	2.9	9.2	4.0	7.0	6.0	3.9
% of Tax Revenue to Total Local Income	1.7	4.7	2.2	2.7	1.8	1.9
% of Non-Tax Revenue to Total Income	1.2	4.4	1.8	4.3	4.2	2.0
% Share from National Tax Collections to Total Income	97.1	82.8	96.0	93.0	94.0	96.1

Data on the proportion of IRA to the total revenue show that from 2004 to 2009 the proportion ranged from 44.3 percent to 98.4 percent. In 2009, Naga City and Province of Camarines Sur registered the lowest proportion, posting almost equal figures of 56 percent and 56.2 percent, respectively. The highest figure is Sagnay's at 98.4 percent. Of the LGUs considered, the Province of Camarines Sur showed the most remarkable performance in terms of resource generation as indicated by the drastic decline from 76.9 percent in 2004 to 56.2 percent in 2009. Naga's performance fluctuated, but ranged from 44.3 percent to 56 percent. Other LGUs that showed a declining trend were Sorsogon City, Catanduanes, Prieto Diaz, and Cabusao.

Table 5: Proportion of IRA to total revenue by Province, Cities, Towns, Bicol Region (2004-2009)

LGUs	2004	2005	2006	2007	2008	2009
<b>Province</b>						
Camarines Sur	76.9	89.5	91.7	89.5	87.3	56.2
Catanduanes	95.8	96.1	96.6	95.8	91.5	90.7
Sorsogon	83.1	93.7	79.3	88.7	91.9	96.7
<b>Cities/capital town</b>						
Naga	51.3	48.8	44.3	46.4	47.3	56.0
Sorsogon	86.3	83.8	76.3	85.4	86.8	71.3
Virac	70.9	70.9	83.4	74.7	73.4	78.2
<b>3rd/4th class town</b>						
Sagnay	94.0	96.5	93.4	93.5	94.3	98.4
Irosin	87.8	82.5	87.9	89.6	66.6	92.4
Viga	96.0	95.9	82.2	95.9	95.7	96.4

LGUs	2004	2005	2006	2007	2008	2009
<b>5th/6th class town</b>						
Cabusao	92.1	92.1	92.8	92.8	95.3	89.5
Prieto Diaz	93.1	93.0	93.4	95.6	94.9	90.3
Baras	96.2	97.0	96.8	95.9	94.6	96.6

*Source of Basic Data: BLGF for 2004 to 2008 and LGPMS for 2009*

The recent remarkable performance of the Province of Camarines Sur could be attributed to the government's engagement in economic enterprises, such as the conversion of the governor's house into a hotel, development of 5.8 hectares of agricultural land into one for commercial purpose, development of 73.25 hectares for tourism, and establishment of schools for Nihongo, medical transcription, and computer animation. Accordingly, the revenue from these investments is being used to fund medicine procurement, repair of health facilities, procurement of health equipment and facilities, management of 13 district hospitals, salaries of personnel services, scholarships to elementary and high school students, and all the other social services programs/projects. In 2009, the province was awarded the Best Economic Enterprise of the region by the Bureau of Local Government Finance for its entrepreneurial accomplishments and achievements.

Naga meanwhile improved its tax collection system through computerization of the real property tax system, allowing it to assess fair market values every three years, and the provision of incentives and imposition of penalties. For prompt and advance payment of tax, a discount rate of 10 percent and 20 percent is given respectively. Penalty for late payment is up to 70 percent of tax due. Naga also developed its Central Business District II and allowed outside investors such as SM to compete with the local ones. At present, the city is in the process of completing the construction of the City Coliseum, which hopes to accommodate big events such as regional conventions, conferences and others, drawing tourists and thus increasing local income.

Some lower income LGUs like Prieto Diaz, Cabusao, Irosin engaged in economic enterprises such as public markets, slaughterhouses, cemeteries, and waterworks systems. They also collected rent from government-owned commercial establishments. There were a few LGUs that sourced a lot from external funding. The Province of Sorsogon in particular has generated a total of P200 million as grant from external sources in the past three years.

### **Resource Allocation and Utilization**

One main problem with decentralization is that much of the resources were not devolved. When the agencies were devolved, there were no accompanying increases in the respective agency's resources. Only the cost of personnel was devolved.

The allocation of resources to LGUs has been viewed positively, especially by those from the planning and development section. They argue that the allocation of budget, no matter how small, allows the LGUs to set their own development direction and implement their identified projects that are reflective of the local situation. Before decentralization, even if the LGU had already identified programs/projects, there was still no assurance that these would be funded. Sourcing of financial assistance from international funding agencies then was difficult because of the highly bureaucratic system. After decentralization, the LGU could source their funds directly from external sources.

Shown in Table 6 is the LGUs' five-year (2004-2009) average performance in their spending relative to their total budget. Data on percent of total expenditure to total income revealed that, of the LGUs covered, only the cities of Naga and Sorsogon and Virac showed lower proportion at 84.3 percent, 82.8 percent, and 87.5 percent, indicating efficiency in tax collection, wiser spending, and accumulation of savings.

The reverse is true in the rest of the covered LGUs, particularly in municipalities like Irosin, Cabusao, and Sagnay. The data further showed that the general services, which consisted mainly of personnel services and maintenance and operating expenses, accounted for the bulk of the expenses ranging from 20.2 percent to 59 percent of the total income. Expenses on economic services ranked second in the provinces of Camarines Sur and Catanduanes, Naga City, and Virac. In all the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> municipalities, expenditures for other purposes (calamity fund, gender and development funds, aids to barangay, and others) came next to general services. Of the LGUs, only the province of Sorsogon showed greater attention to health, nutrition and population as indicated by the relatively higher proportion of income expenditure on health and order of rank among expenditure items. Except for Sorsogon Province, cities of Naga and Sorsogon, Virac, and Cabusao, all the rest did not exercise their corporate power in accessing credit, indicating their risk aversion and probably limited know-how in stirring the local economy.

Table 6: 5-Year Average Expenditure Performance of Selected LGUs by Province, Cities, Towns, Bicol Region (2004-2009)

Indicators	Provinces			Cities/Capital Town					Municipalities				
	Camarines Sur	Sorsogon	Catanduanes	Naga	Sorsogon	Virac	Sagnay	Irosin	Viga	Cabusao	Prieto Diaz	Baras	
% of Total Expenditures to Total Income	92.9	91.6	92.2	84.3	82.8	87.5	97.7	99.8	94.0	99.5	85.9	89.8	
% of Expenditures in Gen. Services to total Budget	24.2	20.2	29.4	24.1	29.2	42.1	59.0	46.2	51.0	54.7	51.5	51.1	
% of Expenditures in Education, Culture & Sports/Manpower Development) to total income	3.3	1.2	1.1	7.6	1.5	2.2	0.4	1.0	0.6	0.4	0.6	0.2	
% of Expenditures in Health, Nutrition & Population Control to Total Income	9.7	25.2	31.3	6.8	7.5	11.1	7.5	9.3	10.7	9.7	8.6	9.2	
% of Expenditures in Labor and Employment to Total Income	0.1	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% of Expenditures in Housing and Community Development to Total Income	0.5	0.6	0.0	0.8	0.0	1.8	0.0	3.6	0.0	0.0	0.0	0.0	
% of Expenditures in Social Security/Social Services & Welfare to Total Income	0.8	2.2	0.4	5.0	0.8	2.5	2.3	2.4	1.2	3.9	8.4	1.8	
% of Expenditures in Economic Services to Total Income	12.8	15.9	35.8	21.5	14.1	15.4	6.4	10.5	11.3	8.6	6.9	5.3	
% of Expenditures in Debt Service to Total Income	0.0	8.6	0.3	8.6	0.9	0.0	0.0	0.0	0.0	10.2	0.0	0.0	
% of Expenditures in Other Purposes to Total Income	41.6	17.9	18.6	8.7	28.7	12.5	22.0	27.0	19.3	11.9	15.1	17.4	

Source: *BLGF 2004-2009*

One of the most mentioned results of decentralization was in the area of the personnel services. Accordingly, while personnel of the devolved agencies were given the opportunity for promotions that they may not have had before devolution, there was demoralization of the personnel at the municipality level because of the disparity in salaries. Salary increases of the devolved personnel were not provided but were taken from the LGUs' coffers. Salaries of the personnel in the devolved agencies stood still for a while until their salaries became at par with the LGU personnel. This is particularly evident among the health services officers and the municipal social welfare officers who, because of the Magna Carta, were earning higher salaries than those employed by the municipal/city government. Cases of a municipal officer earning higher wage than even the municipal mayors have been found. For example, in 1998, the mayor of Virac, a 1<sup>st</sup> class town, was earning P206,000 a year while a municipal health officer (MHO) was earning P257,000. It took some time before such disparity was corrected. In 2010, budget allotted for the mayor's annual salary was P398,000 while it was P351,000 for the PHO. Disparity in salary was also observed in the 5<sup>th</sup> class town of Prieto Diaz where the town mayor was earning PhP16,000-18,000 a month while the MHO's monthly salary was about P20,000.

Health workers of 5<sup>th</sup> class municipalities argued that even if there is an existing Magna Carta for them, mandated benefits are still subject to the LGU's income. And because municipalities' income, especially those of the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> classes, are low, mandated benefits are almost always not granted.

The very low salary of doctors assigned in the rural health unit or district hospital drove some of them to find work in urbanized areas. In Baras, because of the absence of a doctor, the district hospital has not been issued a license to operate. Viga's district hospital has been downrated from secondary to primary because of the lack of doctors willing to accept the low salary and work in a hospital not equipped with necessary medical facilities.

Participants in the FGD mentioned the loss of career path among health workers, lower qualification standard, misplacement of workers, and loss of training opportunities and evaluation of health program as among the negative impacts of decentralization. Cases of a registered nurse working as a sanitary inspector in a rural health clinic or a hospital administrator working as municipal planning and development officer were found in the study sites.

It was also mentioned that because of the higher number of personnel, budget allotted for personnel services went beyond the percentage ceiling (45 percent for the 1<sup>st</sup> to 3<sup>rd</sup> class LGUs and 55 percent for the 4<sup>th</sup> to 6<sup>th</sup> class LGUs). Table 7 shows the proportion of personnel service expense to total expenses. Among the provinces, Sorsogon and Catanduanes both had their respective shares of personnel services to total expenses higher than the required ceiling of 45 percent. Camarines Sur's share showed a marked decline from 58.48 percent in 2004 to 42.69 percent in 2007. The cities of Naga and

Sorsogon showed a proportion of personnel service expenses to total expenses between 43.76 percent and 50 percent in 2007.

The corresponding figures among the other municipalities were also higher than the ceiling. Cabusao, however, showed a declining percentage allocation to personnel service – from 60.09 percent in 2004 to 55.55 percent in 2007. The LGPMS report showed that the proportion of personnel service expenses to total expenses in Irosin was 60.89 percent in 2008; Prieto Diaz’s corresponding figure was 61.17 percent in 2009, while Virac’s was 67.88 percent in 2005.

Table 7: Proportion of Personnel Service Expenses to Total Expenses in Selected LGUs (2004-2007)

	2004	2005	2006	2007
Camarines Sur	58.48	56.09	47.20	42.69
Sorsogon	49.73	53.48	48.78	54.51
Catanduanes	57.96	58.94	55.71	62.0
Naga City	55.0	58.0	50.0	50.0
Sorsogon City	33.47	46.0	40.63	43.76
Cabusao	60.09	62.13	60.63	55.55

Source: COA reports 2004-2007

### Customer Service

Almost all the LGUs showed compliance with the Citizen’s Charter, copies of which could be accessed through the Internet or were posted in conspicuous areas – bulletin boards outside the respective offices, inside the offices, or the entrance of the LGU building. Sometimes flow charts were used to give directions. Public assistance desks were put up, albeit merely to guide and direct the client to the office or person they intend to visit. While these systems helped improved quality of service, they do not guarantee efficiency of service rendered. In most of the lower income LGUs visited, transacting business took time either because the staff concerned was out and no one knew his/her whereabouts, the files were missing, or the staff asked did not know whom they should refer the visitor to. As a result, one could find him/herself being sent from one office to another.

### Human Resource Management

Most of the LGUs have a resource management plan that provides details about various seminars and training for the personnel. But its realization is subject to the availability of funds. Interviews with some of the LGU officials revealed that because decentralization provides more leeway for the LGU to hire personnel, the hiring has been politicized, adversely affecting the quality of staff and the morale of many personnel. To counter this, some LGUs like Baras, the provinces of Camarines Sur and

Sorsogon, and cities of Naga and Sorsogon have each instituted a personnel selection board that takes charge of the hiring and promotion of personnel, as well as addresses personnel grievances. It should also be noted that development plans for the personnel among most of the lower income LGUs could not be aggressively pursued mainly because of the lack of budget. Access to information on development opportunities such as seminars, training, advanced studies, and others are also constrained by the lack of access to and know-how about information technology.

## **Networking and Linkaging**

All of the study sites in Bicol have developed linkages with national and international agencies, civil society organizations, and academe through projects implemented in their respective political and administrative units, though at varying degrees. Extensive linkages were observed among LGUs that are more urbanized and belong to a higher income class – Naga, Sorsogon City, and the provinces of Camarines Sur and Sorsogon. Example of these agencies/organizations were: Foundation Heetens Helpgoodcenter Philippines of Netherlands, which provided medical supplies, equipment and other vital goods; the United Nations Development Programme (UNDP), the World Bank, Intervida and Zabalketa of Spain, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Oxfam, the Korea International Cooperation Agency, the Department of Health (DOH), Department of Agrarian Reform (DAR), Department of Agriculture (DA), Department of Tourism (DOT), Department of Trade and Industry (DTI), Gawad Kalinga, and the Philippine Center for Civic Education and Democracy.

LGUs in the rural far-flung areas with lower income classification such as Cabusao, Sagnay, Viga, and Baras showed limited linkages with both national and international organizations and even with civil society and academe. Linkages with politicians, however, are quite strong and this is manifested in many infrastructure projects in the areas. Prieto Diaz, a 5<sup>th</sup> class municipality and whose linkage is also extensive, is an exception.

## **II. Health and Social Services**

Before devolution, LGUs had no access on supervision of devolved agencies, such as ENRO, agriculture, and health. After the implementation of the LGC, provincial governments have markedly improved their services and are now able to address the gap because of this new direct supervision function.

### **Health and Nutrition**

All three provinces have indigents enrolled in PhilHealth (Table 9). In 2010, the highest figure was found in Sorsogon with 27,234 indigent families, followed by Camarines Sur with 25,617, and Catanduanes, 20,651. Among the cities/municipalities, only Naga has no indigents enrolled in PhilHealth. Instead it has the so-called Socialized

Medical Care Program (SOMECAP). Under this program, the city government subsidizes indigents' contributions to PhilHealth, and beneficiaries can avail of medical insurance during confinement in PhilHealth-accredited hospitals. Instead of giving contributions to PhilHealth, the city government, through SOMECAP, directly pays for practically all the hospitalization costs of beneficiaries.

All LGUs have functional *Botika sa Barangay* and rural health units certified as Sentrong Sigla. Both Camarines Sur and Sorsogon are disease-free zones – the former from schistomiasis, malaria, and filiarisis and the latter from malaria and filaria.

Manpower to population ratios showed that most of the considered LGUs had exceeded the standard ratio of 1:20,000 for rural health physician, public health nurse, rural health inspector, and 1:5,000 for rural health midwife, indicating the need for more health workers. Naga, Sagnay, Viga, Virac, Irosin, Prieto Diaz, Sorsogon City, and Camarines Sur needed more physicians; Sagnay, Irosin, Prieto Diaz, and Camarines Sur, more nurses; and Sagnay, Virac, Irosin, Prieto Diaz, and Camarines Sur, more midwives. Of the 12 LGUs, Sagnay, Irosin, Prieto Diaz, and Camarines Sur were consistently on the list of those needing more health workers. All the provinces have their respective health investment plans.

Table 9: Health-Related Data by province, city and municipality, Bicol region (2010)

LGU	Philhealth (indigents enrolled)	Disease Free zone initiative	Sentrong Sigla certified RHU	Operational Botika sa Barangay	Physician to pop'n ratio (1:20000)	Nurse to pop'n ratio (1:20000)	Midwife to pop'n ratio (1:5000)
Camarines Sur	25617	Sisthomiasis Control; Malaria Control, Filariasis Control;	√	√	1:34655	1:22773	1:5497
Catanduanes	20651	None	√	√	1:5684	1:2692	1:3761
Sorsogon	27234	malaria free filaria free	√	√	1:38261	1:17308	1:4845
Naga	SOMECAP	polio free	√	√	1:22857	1:2894	1:179
Sorsogon City	8767	None	√	√	1:53187	1:9386	1:2751
Virac	active: 540	None	√	√	1:33323	1:16661	1:5554
Sagñay	new: 689 (previous record not available)	None	√	√	1:32198	1:32198	1:6439
Irosin	4611	None	√	√	1:55450	1:27725	1:5047
Viga	2570	None	√	√	1:21108	1:10554	1:3015
Cabusao	974	None	√	√	1:17690	No Nurse	1:3538
Pto Diaz	2200	None	√	√	1:20411	1:20411	1:5102
Baras	2595	None	√	√	1:1100	1:5500	1:2750

Nevertheless, delivery of basic services to the people has improved. In Camarines Sur, a recent Food Nutrition Research Institute study revealed that its incidence of child malnutrition fell from 49 percent in 2004 to 21 percent in 2010. This reflects the government effort in curbing malnutrition and hunger among its constituents.

The provincial health officer of Camarines Sur revealed that 25,574 underweight children in some 204 remote and coastal barangays of the province have benefited from the program LRAY Vita Kidz, which includes food and vitamin supplementations, deworming, nutrition class for parents, and distribution of assorted vegetable seeds for backyards or community gardens.

Camarines Sur has a regular “*Linaw Mata*” (clear vision) program, which has a provincial health team providing eye check-ups and free eyeglasses in the barangays. Almost every month this team goes to the municipality that has a pending request with the “*Linaw Mata*” program. Dental and medical mission is done almost every week, along with the regular visitation and consultation with the municipalities by the provincial administration.

The province of Sorsogon’s support to its health program is commendable. It has extended the PhilHealth Universal Enrollment Program to 27,234 indigent families; opened 83 barangay pharmacies under the Botika ng Barangay program to provide easy access to basic medicines; paved the way for the declaration of Sorsogon as a filaria-free and malaria-free province; established animal bite centers in Irosin, Donsol, and Sorsogon City; received hospital equipment valued at almost P18 million as one of the roll-out sites of the Formula 1 project of the DOH; rolled out the Provincial Mobile Caravan Services to virtually inaccessible areas, bringing with it surgical, medical, and dental services. The province was a recipient of the World Bank’s Women’s Health and Safe Motherhood Project, which provides for the construction of birthing facilities and the improvement of the existing health infrastructure and equipment. The province is awaiting a P44-million grant for the rehabilitation of the rural health units and hospitals and another P40 million for the construction of the Center for Wellness and Rehabilitation sourced from the Spanish government and Department of Finance (DOF).

All these contributed to the lowering of the maternal and child mortality rates, eradication of some diseases, and improvement in the nutritional status of both preschoolers and school children.

## **Education**

Camarines Sur’s provincial government has programs on Supervised Neighborhood Play and the “School-in-the-Box” where educational stations have enabled the indigenous Agta to hold classes under the shelter of trees since 2007. The provincial government now has more than 40 stations. It also continued its program on early childhood care and development by setting up mobile day care services, mainstreaming Early Childhood Care and Development (ECCD), and licensing of day care workers.

All Camarines Sur public elementary and high school students' fund drive contributions (e.g. Boy Scout of the Philippines' fee, Girl Scout of the Philippines' fee, Philippine Red Cross, Journalism, *Samahang Tagapagtaguyod ng Edukasyong Pilipino* [STEP]) are being shouldered by the provincial government. These amount to as much as P280 per student per year. The provincial government also has a wide scholarship program for high school and college students that now amount to P90 million, most of which come from the Camarines Sur Watersports Complex (CWC) and tourism income.

Among the cities in the region, only the city of Naga had gradually complied with the new ECCD tool. In 2008, 25 EduCare centers were accredited by the Department of Social Welfare and Development (DSWD) as having met the standards of the ECCD Act; this brought the total of centers with such accreditation to 67, out of 72 centers. Seed Montessori, the model center, got exemplary accreditation.

The province of Sorsogon has started the operation of the Sorsogon Community College of Midwifery, the construction of the provincial library hub with online research facilities, provincial scholarship program with 52 beneficiaries at the Sorsogon State College, and the improvement of the social studies curriculum with a P9 million grant from Spain.

### **Peace, Security and Disaster Preparedness**

Regional information showed increased crime volume, from 1,895 in 2007 to 2,224 in 2008; in terms of crime rate, the region posted rising figures as well, 35 percent to 40 percent (NSCB 5). The problem of illicit drugs continued to challenge all the covered LGUs. A report from the Philippine National Police (PNP) in Naga showed a confiscation of 469.7 grams of shabu and 25.64 gram of marijuana, and the arrest of 37 persons in 2008. In the province of Sorsogon, insurgency, hold-ups, and illegal fishing activities were some of the more common crimes.

The PNP's reports on election-related violence (December 2003 to May 15, 2004 and January 1 to May 14, 2007) showed that shooting incidents were the most reported forms of election-related violence and Masbate as the province with the most number of cases of violence. The level of violence in the covered provinces was very low, ranging from just one to four incidents. It should be noted, however, that this does not reflect the actual level of violence related to the conduct of elections in the region because not all cases are reported to the PNP – especially when victims are in fear of retaliatory attacks from the perpetrators.

In terms of disaster-management response, Camarines Sur put up a Disaster Office in 2009 and has long been practicing pre-emptive evacuation. Before the present administration, the provincial government only provided burial and transportation assistance during calamities. Now the Disaster Office procures early-warning and typhoon-tracking devices and forms rescue teams.

The provincial government built in 2009 to 2010 a typhoon-resistant school made of bamboo that can withstand 280 kms wind at Cagmanaba, Ocampo. The school's structural design was patterned after the winning-model in the Millennium School Competition.

For its disaster-preparedness effort, the province of Sorsogon through SP Res. No. 03 s.2008 created the Provincial Public Safety and Disaster Management Office (PPSDMO), which initiated the conduct of a baseline study identifying vulnerabilities at the provincial/municipal and barangay levels.

### Housing

The provincial government of Camarines Sur integrated tourism with the *Gawad Kalinga* (GK) housing project. In partnership with the GK, the province provided financial support to the construction housing units to GK sites, and development of an indigenous people's site. (See Box)

Naga's "*Kaantabay sa Kauswagan*" (Partners in Progress) is a widely known social amelioration program designed to empower the poor through the provision of home lots, basic infrastructure and services, livelihood opportunities, and mainstreaming them in the city's development. In 2008, a total of 1,890 land titles were distributed to beneficiaries, or five percent more than the previous year's figure. (Robredo 2009).

The province of Sorsogon has engaged in the Core Shelter Assistance Project, under which a total 957 housing units would be distributed to disaster-vulnerable families. It also has established housing communities in partnership with the Gawad Kalinga, constructed a permanent evacuation center in

## CAMSUR AS THE GK 1<sup>ST</sup> DESIGNER PROVINCE

### GK Sites in All Municipalities and City in CamSur

The provincial government in partnership with Gawad Kalinga launched their GK Designer Province featuring the GK Bed and Breakfast in Iriga and Libmanan, Camarines Sur. This is a world-class Gk village complete with bed-and-breakfast homes for guests, and a livelihood project run by GK's residents. The concept is a harmony of tourism and social responsibility.

As a Designer Province, it aimed to establish GK sites in all municipalities and cities in the province. This "Bed and Breakfast" was conceptualized to provide accommodation alternative to the finest hotel services available in the province and an opportunity for the tourists to have a first-hand experience of the Bicolano hospitality and warmth.

As of April 2010, there were a total of 1,205 beneficiaries of GK from 25 municipalities of the province. Aimed at empowering the poor and the marginalized to rise in dignity and self-respect through bayanihan, the project encourages partnerships with various entities. In the Libmanan Bed and Breakfast, the provincial government provided the construction of the two bed- and breakfast-units; the community organizer, the municipal government, and a local family – Dy Tiak Pon – donated the land, the church helped in evangelizing the residents and promoting organic piggery; the Shell Foundation took care of the tilapia fish farm; the GK provided some livelihood training on rice retailing, vegetable farming, slipper-making from ragiwdiw grass, and values formation. In all of these activities, the residents provided the labor.

The experience also show that given the right intervention - skills training, values formation, good housing, and land to till – peoples' lives can be transformed.

Irosin, established a resettlement area in Prieto-Diaz, provided water and electrification facilities to settlements in Juban and Casiguran, and strengthened the Provincial Risk Reduction Management Office.

### **III. Local Economic Development**

Most of the focused group participants (FGD) participants contended that with decentralization, the LGU is forced to raise resources either through submission of project proposals to international funding agencies for possible grants or engagement in economic enterprise to augment local income. They added that the local autonomy that decentralization provides, coupled with an aggressive, strong and innovative leadership of the local government, have certainly spurred the growth of local economies. For instance, when the present governor of Camarines Sur took office, he turned to investments in hotels and resorts that highlighted water sports, as well as to proposal making – tapping the European Union, UNDP, and embassies – to raise the province’s income. In 2007, Camarines Sur rose from 39<sup>th</sup> poorest to become the 10<sup>th</sup> richest among the country’s 80 provinces, in terms of net income.

#### **Agricultural and Fisheries Development**

Both the provinces of Camarines Sur and Sorsogon exhibited an aggressive stance to boost their agricultural sector. In coordination with the DA, the Camarines Sur provincial government implemented the national project FIELDS, which stands for Fertilizers, Irrigation system, Extension services, Loans, Dryers, and Seeds, and whose aim was to promote self-reliance on rice production. In partnership with the National Irrigation System, the province funded the irrigation of several hundred hectares of riceland. In 2007, Camarines Sur ranked 7<sup>th</sup> among the rice producing provinces nationwide in terms of incremental palay production. In that year, Camarines Sur produced 560,806 MT palay attaining 161 percent self-sufficiency.

In 2009, the provincial government of Camarines Sur started to maintain a nursery at the alienable and disposable lands at Libod, Tigaon. In response to climate change, it leased 94,000 hectares of idle public lands from the Department of Environment and Natural Resources (DENR) for 25 years for an abaca propagation project. It also created a plantation of *Jathropa Curcas* or Tuba-tuba as bio-diesel alternative, as well as began reforestation and other agro-forestry projects. In terms of fisheries, the province provided support to the fisheries program through provision of gillnets, stocking and dispersal of fingerlings, and mariculture.

The province of Sorsogon has focused on the rehabilitation and production of traditional crops using appropriate technologies. Some of the implemented projects included: establishment of a demonstration farm on rice, corn and high-value crops;

an organic fertilizer production facility; provision of soft loans for vegetable and root crop production; provision of fertilizer subsidy to farmers; distribution of certified and hybrid palay seeds; and allocation of funds for the Provincial Agricultural and Fishery Council. Accordingly, the province is now considered as the top producer of certified palay seeds in the entire region. In the past three years, Sorsogon has also issued orders banning the sale and consumption of mussels due to red tide.

The priority of the province of Catanduanes, meantime, has been to increased agricultural and fishery productivity. Its initiatives on fisheries development included the conduct of training and other related activities on the establishment of seaweed nursery, mariculture project, fish sanctuary, crab center, and advocacy and law enforcement. At present, the province is engaged in aqua-silviculture. These efforts could be attributed largely to the chairperson of the Provincial Agricultural and Fishery Council who has been very active in initiating projects to sustain the development of the province’s abaca industry, including the formulation of the Catanduanes Unlad Abacamasa (CUA) Development Plan, and the establishment of a seven-hectare crab center in Virac, where the fisherfolk can sell volumes of crabs that command higher prices.

Figure 1 shows the increasing palay production in Bicol and in the three provincial LGUs considered. Higher rates of increase were found in Camarines Sur. In terms of share of palay production, Camarines Sur’s production accounted for 51 percent, followed by Albay (16 percent), Sorsogon (12 percent), Masbate (10 percent), Camarines Norte (7 percent), and Catanduanes (4 percent). (See Figure 2)

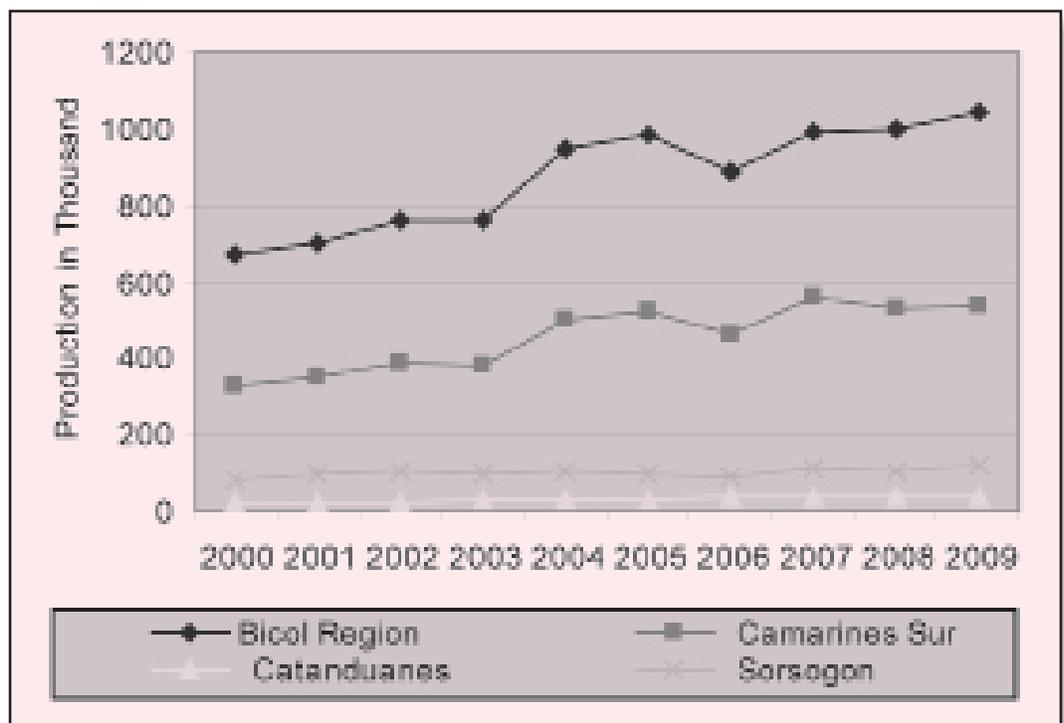


Fig. 1. Palay production in selected provinces, Bicol, 2000-2009

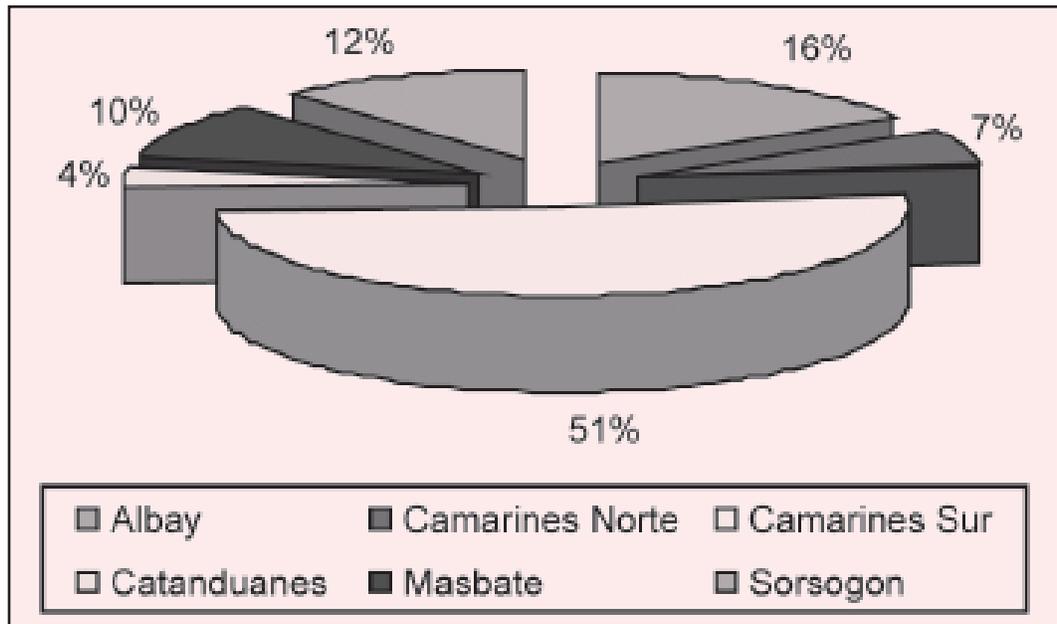


Fig. 2. Share in Palay production by province, Bicol region, 2009.

In terms of fish production, an increasing trend is also shown in all sectors from 1999 to 2009 (Figure 3). Of the three sectors, the municipal fisheries contributed the bulk of fish production, followed by aquaculture and inland fisheries (Figure 4). In 2008, by province, Masbate accounted for 28 percent of the total municipal fish production, followed by CamSur (24 percent), Sorsogon (17 percent), Camarines Norte (16 percent), Catanduanes (9 percent), and Albay (6 percent).

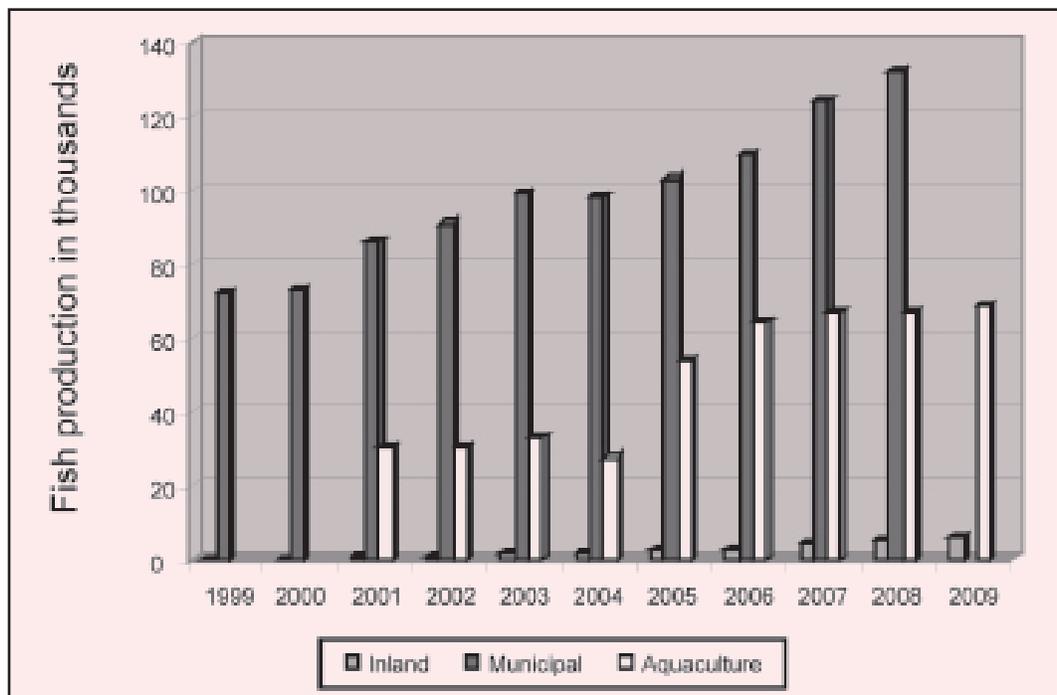


Fig. 3. Trend in Bicol fish production, 1999-2009.

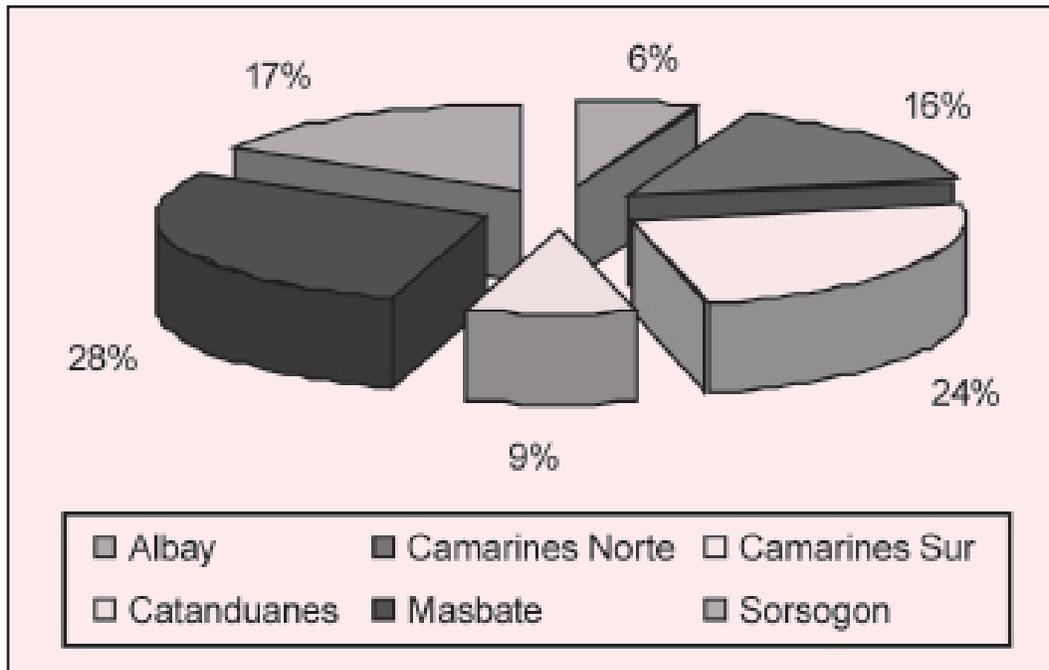


Fig. 4. Share in Municipal Fish production by province, Bicol region, 2008.

Efforts are also being exerted in the rehabilitation and increased production of abaca. In the 3<sup>rd</sup> quarter of 2009, despite the decline in abaca production in the region, Catanduanes remained the top producer with 35,074 bales, followed by Albay with 1,567 bales, and Camarines Sur with 171 bales (NSCB 5).

### Tourism

Tourism industry in Bicol is growing. Most of the high- and medium-income LGUs have tourism as part of their development agenda. Among the provinces, Camarines Sur's performance is commendable. In 2009, it registered the biggest growth in tourist arrivals, which reached 1.5 million (Figure 5). This figure is not far from the National Economic and Development Authority's (NEDA) figure of 1.29 million domestic and foreign tourist arrivals, representing 24.8 percent of the total number of 5.2 million visitors in the country. This led NEDA to declare Camarines Sur as the country's top tourism destination in the country. Camarines Sur's tourist arrival from 2004 to 2008 showed an increasing pattern (Figure 6). The province's success in tourism is largely attributed to an expanded campaign focused on local and international extreme sports – wakeboarding, dragon boat competitions, triathlon, and a host of other water sports. Camarines Sur Watersports Complex (CWC), now considered as the best cable wake park in the world, and the Gota Village Resort in Caramoan Peninsula placed the province in a prominent spot in global tourism. In fact, Camarines Sur is fast becoming Asia's sports center. The CamSur peninsula has garnered the most international TV exposure among the country's 7,107 islands (MMEC 2010).

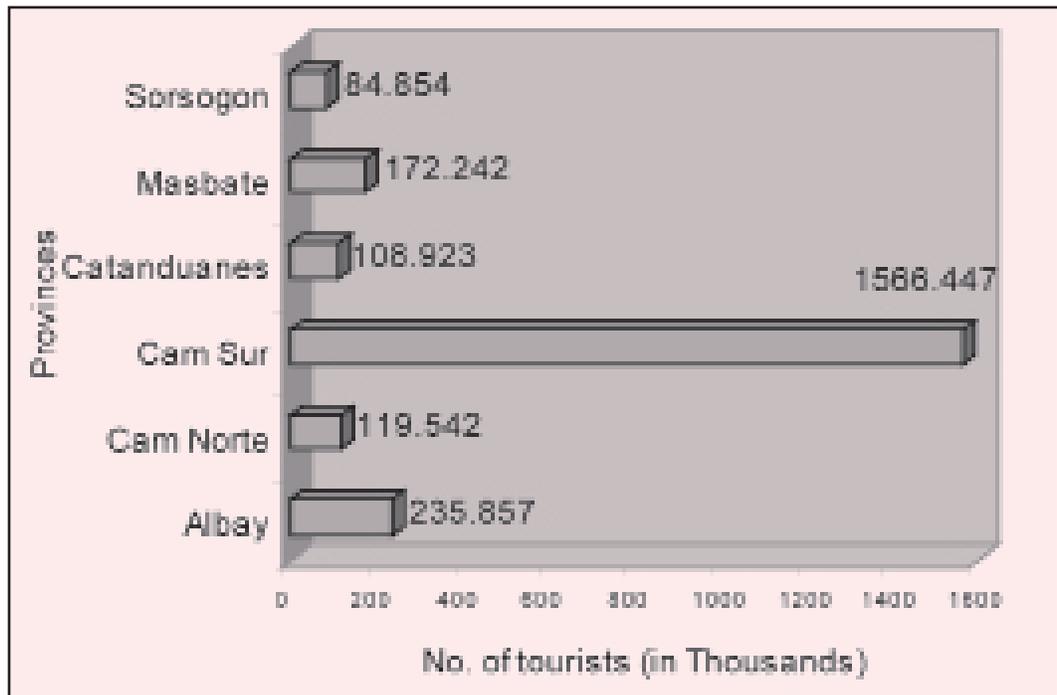


Figure 5: Tourist arrivals by province, Bicol region, 2009.

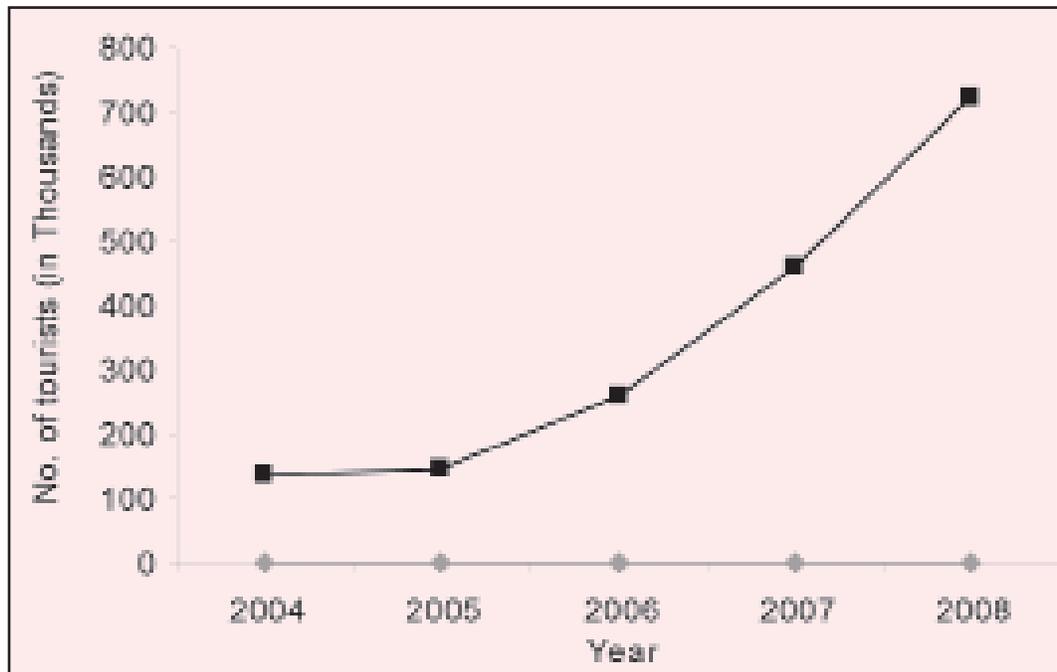


Figure 6: Tourist arrivals in Camarines Sur, 2004-2008, Bicol Region.

The designation of the 73 hectare public land at Cadlan, Pili, and Maycatmon, Milaor as a special economic zone primarily for tourism development by virtue of Presidential Proclamation No. 1932 by President Gloria Macapagal-Arroyo made Camarines Sur as the first and only LGU to establish and operate a tourism park in the country. This

proclamation is expected to further boost the local economy through investments in tourism-related economic activities and generation of more employment.

In Naga, the province's effort to boost the tourism industry is complemented by the Peñafrancia – a week-long religious festival during which thousands of devotees flock to Naga to participate, along with the Cabusao Wetland and Ecotourism and Conservation project that has received more than P3 million in financial assistance from the World Bank. The project, which is scheduled to start in 2010, has three major components: crab fattening, mangrove/nipa rehabilitation, and nursery development.

Sorsogon's tourism initiatives are anchored on the conservation and sustainable use of natural resources and the rehabilitation of degraded forest and mangrove areas. It has formulated an eco-tourism code, which alongside the environment code provides guidelines for a sustainable tourism industry that has minimum adverse impact on the environment. The government has provided financial assistance for the construction of the Sorsogon Provincial Museum and Heritage Center, the opening of the Bulusan Volcano Natural Park, the construction of the two-story Provincial Holding Center for *butanding* (whale shark) tourists, production of provincial tourism marketing and promotional materials and audio-visual presentation (Sorsogon Vision 2020), and website development. It has also started the construction of the Sorsogon Provincial Tourism Promotion and the Investment Center, which will house the tourism information center, a coffee and souvenir shop, and Gayon Bicol restrooms. The presence of the biggest fish in the world – the *butanding* in Donsol; Sorsogon's Kasanggayahan Festival, a month-long annual celebration of the province's socio-cultural heritage and great historical contributions to the greatness of the Filipino nation; Prieto Diaz's mangrove reforestation and marine sanctuary; and, Irosin's ecological park all help promote the province's tourism industry.

DOT regional office records showed that tourist arrival in Sorsogon last year improved by some 20 percent during the celebration period of the Kasanggayahan Festival. According to the tourism committee chairman of the Sangguniang Panlalawigan, around 500 foreign tourists came for the festival last year.

By comparison, the tourism industry in Catanduanes – which is known as the Land of the Howling Wind – is still in its infancy stage. Tourist-based ventures there are still few. The province's rich eco-tourism potentials – cool springs, waterfalls, the rich waters of the Pacific Ocean that surround the island province and teeming with high-value fishes such as herring, tuna, blue marlin, grouper, squid, lobster and mackerel - and the hospitality of the people remain under-utilized. Still, Catanduanes's eastern coast is a growing destination for surfers. At present, its Catandungan festival, which used to be a week-long celebration of the province's founding anniversary, a tribute to its founder, and a reminder of the people of Catanduanes of the province's independence from Albay, is an attraction. Pantomina, a beauty pageant, an agro-trade fair, sports events, guided tours, and photo exhibits form part of the celebration.

## Poverty Reduction

Whether all these efforts have actually benefited the poor is difficult to say. Bicol remains the fourth poorest region in the country in terms of poverty incidence and the second poorest in terms of number of poor families in 2006. It is also the second poorest region in the Luzon island group. From 2003 to 2006, poverty incidence among families in Bicol increased from 40.6 percent to 42 percent, or from 383,625 to 422,278 poor families (Table 8). Poverty incidence in the three provincial LGUs also rose. It can thus be deduced that while there has been growth in the local economy, the benefits have not trickled down to the poor.

Table 8: Annual Per Capita Poverty Thresholds, Poverty Incidence And Magnitude of Poor Families by Province in Region 5 (2003 and 2006)

Province	Annual Per Capita Poverty Threshold <i>a/</i> (Pesos)		Poverty Incidence Among Families <i>b/</i> (Percent)		Magnitude of Poor Families <i>c/</i>	
	2003	2006	2003	2006	2003	2006
Region V	12,379	15,015	40.6	41.8	383,625	422,278
Albay	12,915	16,128	34.4	37.8	76,200	88,676
Camarines Norte	12,727	14,854	46.1	38.4	44,874	39,421
Camarines Sur	11,873	14,634	40.1	41.2	121,936	134,599
Catanduanes	11,815	13,654	31.8	37.3	13,604	16,999
Masbate	12,504	14,248	55.9	51.0	81,804	80,512
Sorsogon	12,452	15,687	33.7	43.5	45,207	62,071

*a/ The annual per capita income required of the amount to be spent to satisfy nutritional requirements (2,000 calories) and other basis needs.*

*b/ The proportion of poor families to the total number of families.*

*c/ The number of poor families.*

## IV. Environment Management

### Urban Environmental Management

In almost all the covered municipalities, efforts to respond to urban environmental management have been focused on ecological solid waste management. In Camarines Sur, a Basic Solid Waste Management Training program – an alternative course for students taking the National Service Training Program – has been instituted, a PGSO-Ecological Solid Waste Management Office created, and a Material Recovery Facility within the vast Capitol Complex established. The office serves as the center for studying, information dissemination, and training on how to turn non-biodegradable waste materials into profitable commodities.

In the province of Sorsogon, an environment code has been drafted that includes a Solid Waste Management Program. It also turned the Irosin Controlled Dumpsite into an ecological park providing integrated services to environment, livelihood, nutrition, and tourism programs. The ecological park is aimed at sustaining the ecological balance in Irosin through the protection, conservation, and sustainable development of the community's life support system and to provide facilities for the systematic, comprehensive, and ecological management of solid waste generated in the municipality.

The park consists of landscaped grounds, a grotto for prayer and reflection, a multi-purpose hall, picnic and camping areas, children's playground, a butterfly garden, and an aviary. It has a Central Nursery with high-value commercial crops seedlings; composting facility; model garden planted to vegetables, herbal, and ornamental plants; orchidarium; a hog-breeding station; an office building that serves as rest area; record-keeping station and tool-equipment stockroom; and power supply and water system. The park has become a destination for school educational tours and "*Lakbay Aral*" of government organizations, recreational space for Irosinians, venue for LGU functions such as meetings, training workshops, and conferences, as well as for special social events such as concerts and "camporals."

In cities like Naga and Sorsogon, there are "No Smoking" ordinances. In Sorsogon City, a forestry nursery has been established for its city reforestation project conceived in response to global warming and climate change.

### **Upland Ecosystem and Coastal Management**

The province of Sorsogon embarked on the Green Philippines Reforestation, Agro Forestry Development, and Forest Protection and Management Programs. It has also started nurseries in Juban and the Bulusan Volcano Natural Park. The province has also championed its fisheries and coastal management effort through Prieto Diaz's Community-Based Coastal Resources Management, a recipient of the 1998 Best Community-Based Coastal Resources Management Program Award given by the United States Agency for International Development (USAID), as well as of the 2009 Saringaya Award and 2009 Philippine Wetland Conservation Award. The site – which showcases 114 hectares of natural mangrove forest, 267 hectares of mangrove plantation, 836 hectares of seagrass beds, 1,200 hectares of tidal/mud flats, 800 hectares of protected coral reefs, and a marine sanctuary just two kilometers from Sabang Beach, the jump-off base of the mangrove – is presently co-managed by a people's organization and the local government of Prieto Diaz.

Several ordinances were legislated in support of the LGU's coastal resources management. These include the total banning of the use of air compressor as breathing apparatus/device in fishing within the municipal waters of Prieto Diaz; establishment of a portion of the municipal waters as seagrasses bed reserve and appropriating the amount of P10,000 for its operation; the banning of the catching of crablets, locally known as *langaw-langaw* or *lawa-lawa*, in Prieto Diaz; the declaration of a portion of Prieto Diaz (Block I) as mangrove forest reserve; penalizing the use of explosives, obnoxious or poisonous substance, muro-ami and other deleterious methods of fishing and providing heavier penalties for the catching of *sabalo* and sea turtles within the municipal waters of Prieto Diaz. The LGU also engaged in demolition of fishponds constructed without a Fishpond Lease Agreement, coastal clean-up, massive mangrove plantation activity, a biodiversity program and exploring the possibilities of resources' multiplication for revenue purposes.

To respond to the city's perennial red tide problem, the City of Sorsogon has partnered with the Bureau of Fisheries and Aquatic Resources (BFAR) and other stakeholders in the conduct of water analysis and monitoring of red tide. The city has also installed a wastewater-treatment facility at the Sorsogon Public Market.

## **V. Corruption and Decentralization**

Only the FGD participants from Camarines Sur denied the positive association between corruption and decentralization. The rest made remarks such as the following:

- *Noon ang korupsiyon sa taas lang, ngayon pati baba may korupsiyon na* (Before corruption occurred only at the top, now it has trickled down).
- Before there were only 10 little fingers, now there are 50 fingers *na* (already)!
- *"Ang korupsiyon ay devolved na rin"* (corruption has also been devolved).

## VI. Technical Assistance Needs

Below is a list of the needed capability training, infrastructure and facilities identified by the FGD participants and key informant interviews (KII).

Capability Training	Infrastructure	Facilities
Technical writing, Research skills, hospitality skills for eco-tourism, how to control parasites, water potability testing, values formation, computer literacy, drafting of legislations, career pathing, updates on program on health, Case management (individuals in crisis situation) , GIS, Real Property Tax System, Information Technology (webmaster), Farmers' Information Technology Seminar, Study tour, formal training on implementation of Salary Standardization Law, Banana processing, handling of medico-legal case, conduct of autopsy	Road network-Calabanga-Cabusao link Internet connection Tourism sites (diving sites, caves, beaches, waterfalls) Drug rehabilitation center Research laboratory  Law  Amendment on qualification of a Sangguniang member to strengthen capacity of legislative body – qualification standard	sugar/cholesterol determination, urinalysis, fecalysis, beds, spotlights, sanitary toilets and potable water, laptops, water potability testing machine, plow, tractor, multi-purpose drying pavement, irrigation pump, Mechanization of Abaca, Library complete with medical books, Management Information System, monitors for ECG, Anaesthesia machine, incubators, Ct scan, shelter for VAWC, half-way house for women and children,

## CONCLUSION

In the light of the above findings, it can be deduced that the fruits of decentralization have been mixed and sporadic, indicating that the local governments have not taken full advantage of the powers and authority given them for resource generation and local development.

Challenged by the added power and functions with the implementation of the LGC, many of the progressive, high-, and medium-income LGUs learned to become resourceful and innovative. Local resources (human and non-human) and management capability were enhanced as the LGUs engaged their constituents in setting their developmental direction and finding ways to generate additional local revenue for the implementation of their development plans. LGUs that had computerized their real property tax system, did online business transactions, innovated their tax collection system, established linkages with local, national and international entities, and went into economic enterprises experienced an increase in local revenue generation. The very low, if not nil, debt service ratio indicated LGUs' reservation to access credit, which could be a reflection of their risk aversion, along with the lack of information on how to stimulate the local economy, among others.

Using various media available (radio, television, magazine, bulletin, and website), transparency among progressive LGUs has been enhanced, although at varying degrees. LGUs that have relatively stronger camaraderie with non-government organizations and people's organizations have made access to public documents including financial statements easier, with or without the use of websites. Yet while there has been much improvement in ensuring that information on local government operations are shared with the people, wider dissemination of information is constrained by the lack of budget, access to information technology infrastructure, and IT know-how.

Increased access to development training workshops on governance and community participation in development planning among higher income LGUs resulted in the crafting of development plans that included projects responsive to the needs of the community. This resulted in better delivery of basic social services as indicated by improvements in health and nutrition, housing, and education.

It must be noted, however, that decentralization has resulted in the misplacement and demoralization of health workers because of disparity in salaries, brain drain, down-rating of hospitals, and perceived rampant corruption. And while there has been much improvement in local governance with decentralization, this has not significantly translated into alleviating poverty.

Issues pertaining to transparency, local resource generation, computerization of real property tax system, facilitation of on-line business transaction, promotion of a business-friendly environment, participatory development planning, aggressive implementation of human resource management, provision of quality and efficient customer service, effective delivery of basic services and substantial poverty reduction continue to challenge the covered LGUs.

Among others, maximizing the advantage of decentralization necessitates technical assistance in terms of capacity building, improvement in infrastructure (farm-to-market roads, multi-purpose solar drying pavement, irrigation pump, etc.) and facilities (laptops, water testing machine, laboratory testing machines for urine, stool, etc.) and organizational development (setting and implementing qualification standard to local officials and office personnel, integration of service standards in the employees' performance tool). Capacity building includes project proposal-making, drafting of local legislation, strategic development planning, computer literacy including use of Geographic Information Systems (GIS), research skills, technical writing, regular sharing of good practices, leadership, training on transparency and accountability in governance, and financial management and resource generation.

## BEST PRACTICE

Province of Camarines Sur

### The Province as Tourism Park



The provincial government of Camarines Sur stood out in terms of its efforts in job and income generation. The LGU converted the governor's house into a hotel and devoted 5.8 hectares for information technology and 73.25 hectares for tourism. In 2005, it put up several schools for learning things like Nihongo, medical transcription, computer studies, and animation – all aimed

at upgrading the skills of constituents and increasing their chances of landing jobs. The LGU acquired lands for the first IT Park in the Bicol Region. CamSur's IT Park sits on 12.25 hectares of land and houses four big investors that provide jobs to the local folk. Several training packages are given for free and trainees are provided with transportation allowance. The province has also put up its Camarines Sur Watersports Complex, the best cable wake park in the world, and the Gota Village Resort in Caramoan Peninsula, both of which put the province on the tourism map and generated the biggest growth in tourist arrivals the country in 2009.

**Enabling Factors.** The province's aggressiveness, strong leadership, entrepreneurial spirit, the presence of a pool of young professionals, the availability of land, and strong domestic and international linkages enabled the province to embark on such high-risk investments.



**Lessons Learned.** One needs a visionary, aggressive, strong, entrepreneurial, and focused leader to make a significant difference during a single term of that LCE. The lack of budget did not prevent CamSur's governor from pursuing his vision. Instead, the governor aggressively exerted efforts to generate income to support his flagship "Tourism." At the same time, the income generated from the LGU's established economic enterprises has been used to finance other various projects related to education (scholarships), health (eyeglasses, wheelchairs, medicines, etc), and nutrition.



## BEST PRACTICE

Province of Camarines Sur

### “Bahay May Dangal”

This is a socialized housing project for people affected by natural calamities and disasters. An example of this was the “Tarabang GK Village” in Barangay Quidolog, constructed with the support of Gawad Kalinga and other sponsors like the Presidential Management Staff, Couples for Christ Singapore, and the Family of Ms. Janet Ellard of Canada.

Unlike other housing projects, the Bahay May Dangal program also engaged in providing livelihood opportunities to its beneficiaries. For improved productivity and income as well as for better land utilization and management, agroforestry has been introduced and piloted at GK Village in Barangay Quidolog by the LGU in partnership with the DENR-Ecosystem Research and Development Service (ERDS). The site has become a showcase of improved technologies in vegetable production and promotion of sustainable production of high-value commercial crops.

**Enabling Factors.** These would include the all-out support and commitment of the LCE, the financial assistance from the GK, the enthusiasm of the Municipal Agricultural officers to impart their knowledge and skills on high-value commercial crops, and the cooperation and willingness of the GK beneficiaries to learn farming aside from fishing.



**Lessons Learned.** The story of the Tarabang GK Village is a success story that features the ever supportive mayor who later decided to become an active member of Couples for Christ. Driven by his desire to help those who have been adversely affected by the typhoon, he sought the support of GK, mobilized his staff especially those in agriculture, and engaged the provincial government and the provincial agriculture office in providing housing and livelihood to the fisher relocatees. Seeing the potential that the land offers to the relocates and encouraged by the support of the agricultural officers and the provincial governor, he ventured into equipping the fishers with high-tech farming skills. This later resulted in the conceptualization of the production of high value commercial crops that they called “Gulayan Project.” The project became a successful self-sustaining economic undertaking. The story shows that housing and relocation need not be costly with the input of the relocatees and support of the LGU. Such a partnership is beneficial to the government, which has to respond not only to rural poor issues, but also to the increasing demand for other infrastructure and basic services.

## BEST PRACTICE

Province of Catanduanes

### The Catanduanes Crab Center

The Catanduanes Crab Center was established by virtue of Provincial Ordinance No. 2004-2008 enacted on July 9, 2008. Aimed at enhancing the productivity of the province's crab industry, the Center has the following objectives: conserve and protect the fishery resources of the province and accord its constituents food sufficiency; sustained source of income and production of export-quality crabs; stop illegal gathering, stocking, and shipment of crablets and crab larvae outside

Catanduanes; render technical assistance to promote sustainable technologies to local crab growers and fishpond operators in all aspects of crab culture and management; and initiate programs supporting the mitigation of climate change.

The Center was established at the BFAR demonstration fish farm at the Catanduanes State Colleges, Palnab, Virac and Panganiban Demonstration Fish Farm and Nursery, San Pedro, Panganiban, where crablets may be sourced from/by local fishpond players for growing and fattening, and sold to fishpond operators outside the province.

An initial amount of P3 million was appropriated for the project.



The municipality and barangay that supply the Crab Center with crablets receive 15 percent and 10 percent share respectively from the Center's monthly net profit. In 2009, the total share of the municipality was P195,159.87 and the barangay P130,109.59 from the total net income of P1,301,077.44. The Center sold crablets to the provinces of Masbate, Bulacan, Pampanga, Roxas City, Sorsogon, and Quezon.

Beneficiaries of crablet dispersal included: Sta Mesa Barangay Council for Aquasilviculture, San Pedro Barangay Council, Panganiban, and BFAR. Illegal transporters of 2,554 crablets costing P13,417.50 were also apprehended in 2009.



At present, the Crab Center has temporarily stopped its operation as it awaits the rehabilitation of the pond after it was found out that there were holes in its center, through which crablets are suspected to have escaped.

**Enabling Factors.** Among these are the support of the governor's office, the appropriation of the necessary budget, and the presence of technical assistance from BFAR and CSC. One of the mentioned constraining factors is the possible change in the provincial administration, which might result in changes in project prioritization and the lack of funds to repair the pond.

**Lessons Learned.** The Crab Center in Catanduanes has a great chance to succeed given the high demand both within and outside the province. But for it to be fully successful, it needs the full support of the local governments in terms of provision of budget, upgrading of its facilities, improving its marketing strategy and product development, and enhancing the technical skills of the people in charge of it. Linkages with the fisheries institutions, both local and international, are a must for greater comparative advantage.

## REFERENCES

- Balita-dot.com, Catanduanes pursues aggressive tourism development approach. Accessed on November 17, 2009 at 12:44 pm. <http://balita.ph/2009/11/17/catanduanes-pursues-aggressive-tourism-development-approach/>
- Department of Agriculture, Regional Field Unit No. 5. 2002. Overview of Bicol Region. [http://bicol.da.gov.ph/Statistics/regional\\_profile.html](http://bicol.da.gov.ph/Statistics/regional_profile.html). Retrieved: April 14, 2010.
- Evisnet: Eastern Visayas Information Sharing Network. 2005. Region V: Bicol Region. <http://www.evis.net.ph/subregions/subregion5.htm>. Downloaded on April 14, 2010.
- MultiMedia Education Center. CamSur not a hit in world tourism. February 24, 2010.
- National Economic Development Authority. Food production. [http://www.neda5.net/qres/food\\_prodn.htm](http://www.neda5.net/qres/food_prodn.htm)
- NSCB Regional Division 5. May 29, 2008. Did you know that Bicol population breached the 5 Million mark in 2007? Factsheet RV-FS#02, Series of 2008. <http://www.nscb.gov.ph/Ru5/products/factsheet/fs02s08.htm> Retrieved: 14 April 2010.
- Philippine National Police Regional Office, Region 5. Election-Related Violence in Bicol, December 2003 to May 15, 2004, PNP
- Robredo, Jesse. 2009. State of the City Report. [www.naga.gov.ph](http://www.naga.gov.ph). Retrieved June 4, 2010.
- Rodriguez, Rebecca C. The Philippine Star. Give them Shelter. November 14, 2008. F-2
- Wow Bicol Philippines. The Bicol Region. <http://www.wowbicol.com/profile.htm>
- \_\_\_\_\_, CamSur awarded Best Economic Enterprise. March 17, 2010.
- \_\_\_\_\_, CamSur rated by NEDA as RP's top destination. February 19, 2010.
- \_\_\_\_\_, PHO bares excellent results of CamSur nutrition program. January 6, 2010.
- \_\_\_\_\_, CamSur ups keener measures on solid waste management. January 8, 2010.

\_\_\_\_\_, CamSur's waste management initiative gets support from foreign organization. March 5, 2010.

\_\_\_\_\_, Tourism. Quarterly Regional Economic Report. [http://www.neda5.net/qres/qres\\_4q\\_09/tourism.html](http://www.neda5.net/qres/qres_4q_09/tourism.html)

\_\_\_\_\_, March 17, 2008. Did you know that Bicol Region had 38,653 additional poor families in 2006? Factsheet RV- FS#01, Series of 2008. <http://www.nscb.gov.ph/Ru5/products/factsheet/fs01s08.htm>. Retrieved: 14 April 2010.

## About the Writer

Dr. Cristina P. Lim is currently the Director of the Ateneo Social Science Research Center and an affiliate faculty member of the Department of Social Sciences and Math and Sciences of the Ateneo de Naga University, Naga City. As Director of the ASSRC, she is engaged in a wide range of research topics such as natural resources management (fisheries/forestry), socio-economic researches, child labor, gender, catholicity, young adult fertility and sexuality, local governance, housing, and poverty. She has done extensive work in local governance including the conduct of a study on local governance and citizen participation indicator measurement, satisfaction rating on LGU's performance, corruption, election-related violence, and local election preferences, the facilitation of child-friendly and gender responsive strategic development planning, and the conduct of anti-corruption training for personnel of educational and government institutions. She is an active member of the University's Social Involvement Council and Research Council. In civic and public affairs, she sits as member of the Technical Working Group of the Integrated Fisheries and Aquatic Resources Management Council, Camarines Sur, Bicol Region and the Bicol region's Regional Statistical Coordination Committee of the National Statistical Coordination Board. A fellow of the Asian Public Intellectual of the Nippon Foundation, she is also engaged in its "Human-Ecological Balance" regional project being undertaken in the Philippines, Thailand, Malaysia, Indonesia and Japan.



**USAID**  
FROM THE AMERICAN PEOPLE



**The Asia Foundation**