

Comments on Senate Bill Nos. 1137 and 2105 on AN ACT PROVIDING FOR THE INSTITUTIONALIZATION OF THE CONDITIONAL MATCHING GRANT TO PROVINCES FOR ROAD AND BRIDGE REPAIR, REHABILITATION AND IMPROVEMENT by Senator Joel Villanueva and Senator Imee Marcos, respectively.

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1. The objective of the bill to increase the resources and capacity of the LGUs for the improvement of the quality of Philippine local road network is consistent with the overall efforts to strengthen decentralization and the local delivery of public services.
2. As shown in several studies, the lack of resources and capacity at the local level have prevented the LGUs to fulfill their devolved functions and to remain dependent on the National Government (World Bank 2020). While the Mandanas Ruling is a strategic step towards addressing these issues, LGUs face difficulties in implementation especially for projects involving maintenance and capital outlays. Also, the Mandanas Ruling, itself did not fix the current inequalities across LGUs such that some LGUs will have more and larger budgets than others.
3. Moreover, the various sectoral concerns of the LGUs imply that prioritization will differ across LGUs and as such certain sectors or economic services may be given less attention. Prioritization can also be subject to political pressures and personal advocacies.
4. The institutionalization of a Conditional Matching Grant for Provinces (CMGP) Program for local roads and bridges repair, rehabilitation and improvement will ensure that critical government assets such as roads and bridges are in good condition and are given priority. Moreover, the proposed accountability given to Provinces in the maintenance and improvement of the local road network including that of municipalities and barangays will assure that poorer LGUs will have access to additional funds and are included in the Provincial road planning network that will be subject to improvement and rehabilitation.
5. A conditional matching grant for roads is already in place through the DILG KALSADA (Konkreto at Ayos na LanSangan ang DAan Tungo sa Pangkalahatang Kaunlaran)

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Program. The proposed bill will guarantee the regular support of the National Government for this program. However, it is important to assess the learnings from the KALSADA Program as well as other conditional matching grant programs of the DILG to improve on the implementation of the CMGP Program.

6. A critical aspect to a conditional matching grant is the implementation process itself. For instance, LGUs experience in the DILG Performance Challenge Fund noted the cumbersome process to gain access to the Fund (Diokno-Sicat et al 2022). The same study also reported the strict criteria and repeated changing of criteria such that LGUs are unable to cope with the requirements. The criteria set by conditional matching program can aggravate inequities among richer and poorer Provinces or LGUs as well as discourage participation of LGUs. The table below provides some reasons on how LGUs view criteria set on conditional funds based on the Seal of Good Local Governance (SGLG) Performance Challenge Fund. Aside from the criteria, it is also important to strengthen the DILG Regional Offices in terms of human resources and technical capacity to implement the Program (Diokno-Sicat, et al 2022).

Reasons that LGUs are not affected by the SGLG criteria

Category	Number of responses	Percentage of responses
The criteria are already aligned with the priorities and plans and/or are consistent with the LGU’s vision, mission, and PPAs	115	32%
LGUs set their own standards and/or follow other criteria and guidelines	74	21%
Cannot comply with the requirements; nonrecipient of the award/grant	43	12%
LGU responds to the needs of its constituents/communities and provides the required funds	30	8%
More on compliance; the SGLG is just for guidance	24	7%
The criteria are not relevant; the LGU is not interested	15	4%

The criteria keep on changing and are too strict and/or structured	9	2%
No comment/not aware or have limited knowledge about the SGLG	7	2%
Others	25	7%
No comprehensive development plan and/or comprehensive land use plan	18	5%

Source : DILG (n.d)

7. Senate Bill 1137 and 2105 are similar in most of its provision in terms of Fund management and creation of the Project Committee. In terms of Powers and Functions of the DILG, we recommended to include in its function the assessment and provision of capacity building for local road planning (in addition to local road management) to ensure that lower income LGUs are included in the core local road network. We also recommend that for Provincial Governments to include in their powers and functions the implementation of road works on component cities.

References:

World Bank (2020) *Mandanas Ruling: An Opportunity for Effective Decentralization*. Macroeconomics, Trade and Investment Group, The World Bank.

Diokno-Sicat, Charlotte Justine; Maria Alma P. Mariano, Angel Faye G. Castillo, and Ricxie B. Maddawin (2022) Local Government Conditional Grants in the Philippines: The Seal of Good Local Governance and the Performance Challenge Fund . *Philippine Journal of Development*, 46 (1): 1-18 PIDS.