MAY 2023

DISCUSSION PAPER SERIES NO. 2023-09

Baseline Study on the State of Devolution in the (Pre-Mandanas) Philippines

Marianne N. Juco, Ricxie B. Maddawin, Robert Hector G. Palomar, Mark Gerald C. Ruiz, and Charlotte Justine Diokno-Sicat

CONTACT US:

RESEARCH INFORMATION DEPARTMENT
Philippine Institute for Development Studies

18th Floor, Three Cyberpod Centris - North Tower
EDSA corner Quezon Avenue, Quezon City, Philippines

publications@pids.gov.ph
(+632) 8877-4000

https://www.pids.gov.ph

Baseline Study on the State of Devolution in the (Pre-Mandanas) Philippines

Marianne N. Juco
Ricxie B. Maddawin
Robert Hector G. Palomar
Mark Gerald C. Ruiz
Charlotte Justine Diokno-Sicat

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

May 2023

Abstract

Two key recent events pushed forward the country's decentralization agenda. In 2019, the Mandanas-Garcia Supreme Court ("Mandanas") ruling increased the tax base for intergovernmental fiscal transfers in support of local governments' autonomy and revenue-raising capacity. In 2021, Executive Order No. 138 (EO 138) laid the guidelines for the effective transition of functions and responsibilities from the national to the local governments. Part of the directives in EO 138 is the design and review of devolution transition plans (DTPs).

Given the country's current state of devolution, uncertainty arises on how local government units (LGUs) will manage to fully assume all devolved functions and whether the prescribed devolution transition period is sufficient. Through an evaluation of LGU-crafted DTPs, this study aims to establish the baseline of current (pre-Mandanas) devolved functions and capacities. The results can serve as a pivotal starting point on which to evaluate performance and progress in the phased adoption of devolved functions. Key takeaways from the exercise include (i) the high variation in LGU prioritization of devolved functions and LGU capacity, (ii) complete full devolution by 2024 is not achievable based on the self-assessment of LGUs, (iii) capacity development interventions to aid in the devolution agenda is mostly centered on manpower and training requirements. Further, the study recognizes (i) the need for a mechanism for further data collection of accurate and comprehensive baseline data for devolved functions of LGUs, (ii) the need for asymmetric decentralization strategy from national government, and (iii) the need for greater coordination and guidance from national agencies, especially on disaster risk reduction and management.

Keywords: decentralization, devolution, local governance, Mandanas ruling

Table of Contents

List of Tables

List of Figures

List of Appendices

List of Acronyms

BLGF	Bureau of Local Government Finance
CDP	Comprehensive Development Plan
COE	Current operating expenditure
DBM	Department of Budget and Management
DOH	Department of Health
DTP	Devolution transition plan
GDP	Gross domestic product
GVA	Gross valued added
IRA	Internal Revenue Allotment
LGC	Local Government Code
LGU	Local Government Unit
NG	National government
NGA	National government agency
NTA	National Tax Allotment
PPA	Programs/ Projects/ Activities
PSA	Philippine Statistics Authority

Baseline Study on the State of Devolution in the (Pre-Mandanas) Philippines

Marianne N. Juco, Ricxie B. Maddawin, Robert Hector G. Palomar, Mark Gerald C. Ruiz, and Charlotte Justine Diokno-Sicat[1]

1. Introduction

There was a major shift in relation to Philippine decentralized governance in 2022 with the implementation of the Mandanas-Garcia Supreme Court ("Mandanas") ruling. This Supreme Court decision effectively increases the base on which to compute the intergovernmental fiscal transfer now known as the National Tax Allotment (NTA).[2] This shift provides an opportunity for local governments to reassert their local autonomy by fully taking charge of devolved functions and revenue-raising responsibilities to "attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals" (Local Government Code of 1991 [LGC], Sec. 2). The 38 percent increase in the overall NTA settles at a total of PHP 959 billion or almost 20 percent of the 2022 national budget of PHP 5.024 trillion and roughly 4 percent of GDP. The increase in the NTA of local government units (LGUs) gives them a more critical role in achieving development and growth targets.

To cushion the impact of the Mandanas ruling on fiscal space, the Department of Budget and Management (DBM) proposed to enforce already devolved functions and services by directing LGUs to gradually fully absorb these identified functions and services that are still currently provided by the national government (NG). The current proposed devolution transition period is three years, from fiscal year 2022 to not later than 2024 (Executive Order [EO] No. 138, Sec. 4).

Since the Mandanas ruling decision attained its finality in the year 2019, NG oversight agencies and fiscal policymakers have been contemplating how to best ensure a well-planned and smooth implementation. Executive Order No. 138 (EO 138), and its Implementing Rules and Regulations (IRR), provided the guidelines for the effective transition of functions and responsibilities. Part of the directives in EO 138 is the establishment of a Committee on Devolution (ComDev) that would oversee the efforts of LGUs and affected national government agencies (NGAs). This includes the design and review of the required devolution transition plans (DTPs). These DTPs include the devolved functions and services to the level of LGUs along with the phasing of this devolution (EO 138, Sec. 5).

1.1. Objectives

Given the current state of devolution in the country, some uncertainty arises on how LGUs will manage the devolved functions and whether the prescribed devolution transition period is sufficient. This exercise provides an opportunity to establish the baseline of current (pre-Mandanas) devolved functions and capacities as reported in their DTPs prior to the enforcement of the Mandanas ruling. The main objective of this study is to establish the current state of decentralized LGU functions/services and capacities. This will be done using the information from the DTPs or, in the absence of these, other documents that may contain relevant information (such as the Comprehensive Development Plan or Local Development Investment Programs). The results will serve as the pivotal starting point—or the baseline data—on which to evaluate LGU performance and progress in the phased adoption of devolved functions.

[1] Lead Consultant, Senior Research Specialist, Senior Research Specialist, Research Analyst II, and former Research Fellow respectively, Philippine Institute for Development Studies.
[2] Formerly Internal Revenue Allotment (IRA)

1.1.1. Specific objectives

To reach the abovementioned objective, the study plans to:

a) Examine the proposed phased assumption of devolved functions,
b) Identify gaps or assistance needed to assume the devolved functions,
c) Identify how decentralization can be deepened for LGUs to attain their fullest development as self-reliant communities, and
d) Identify how the delivery of devolved basic services can be improved to make LGUs more effective partners in the attainment of national goals.

1.2. Significance of the study

The results of this review and assessment could guide policymakers and be the basis of: (1) further examination of the needs of LGUs in the Mandanas devolution transition through primary data collection; (2) trigger the revisiting of the LGC and the provisions of EO 138; and, (3) prompt rethinking of the rational planning (CDP) process. Lastly, the results of this study could be used as the baseline in monitoring and evaluating progress in the Mandanas devolution transition in 2025 (once the devolution transition has been completed) and in the longer term 2031 (which would be the 10th year of the Mandanas implementation and 40th year of the LGC).

1.3. Scope and limitations

The scope of this paper's analysis of the DTPs is guided by relevant portions of the LGC. In particular, Section 17 of the LGC identifies the basic services and facilities that are to be devolved to the local government units. This paper analyzes the following sectors: (1) social welfare, (2) health, (3) agriculture, (4) environmental, (5) disaster risk reduction, and (6) infrastructure. These are the sectors with the most number of roles and functions for devolution, and are prioritized by this study in consideration of the expectation that the government must be able to provide needed interventions in relation to these sectors to ensure that citizens are given social and economic security.

The LGC dictates the basic services and facilities for devolution according to level of government from the barangay to the provincial level. This paper covers DTPs submitted by provinces, cities, and municipalities.Barangay DTPs are not included in the scope. In particular, the study analyzes 76 provinces and 142 cities, which correspond to provinces and cities in all Philippine regions except for those from the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and 300 municipalities. The 300 municipalities are a sample of the 1,373 municipalities in the Philippines (from all regions except for BARMM), and this sample was obtained by stratified sampling method according to income class. Table 1 below shows the summary of all DTPs reviewed while Table 2 provides the breakdown of the total municipalities and the number of samples per income class.

Table 1. Total DTPs Reviewed[3]

Total Provinces	Province DTPs Reviewed	Total Cities	City DTPs Reviewed	Total Municipalities	Municipality DTPs Reviewed
76	76	142	142	1,373	300

[3] Totals for provinces, cities, and municipalities are from all regions in the Philippines except for BARMM.

Table 2. Sampling of municipalities

Income class	Average annual income	Municipalities (population)	Municipalities (sample)
1	PHP 55M or more	320	70
2	PHP 45M or more but less than 55M	170	37
3	PHP 35M or more but less than 45M	254	56
4	PHP 25M or more but less than 35M	358	78
5	PHP15M or more but less than 25M	252	55
6	Below PHP15M	19	4

The study is limited to the contents of the DTPs submitted by these LGUs. Aside from the DTPs being the sole source of information for the paper, the quality of information that is obtained is reliant on the ability and thoroughness of the LGU representatives in accomplishing the DTP forms.

1.4. Organization of the study

The following section, Section 2 presents a review of literature on the definition and rationale behind decentralization. It is followed by an investigation of the history of the Philippine experience starting from its initial movements towards decentralization up until the present. The discussion of the current experience revolves around the LGC as well as the Mandanas ruling and EO 138 (which stood as the basis for the creation of the DTPs that this study analyzes).

The subsequent section, Section 3, discusses the framework on how the study intends to review the DTPs and Section 4 provides the details on the study's assessment on the current state of devolution through the analysis of the DTPs. Within this section, the data and scope are discussed as well as one subsection each for the assessment of provinces, cities, and municipalities. This paper finishes with the summary of the key findings and recommendations in Section 5, and the monitoring and evaluation plan where the plans of the baseline survey following this study is introduced in Section 6.

2. Concepts, definitions, and the Philippine experience

2.1. Definition of decentralization

The general understanding of decentralization is that it involves the transfer of responsibilities and authority over public functions from the central to the local governments or to autonomous or semi-autonomous organizations (Rondinelli et al. 1983). However, challenges on identifying the exact definition of decentralization remain given that it may take many forms and dimensions.

Different types of decentralization include (1) political, (2) fiscal, and (3) administrative decentralization (Litvack et al. 1998). Political decentralization refers to the increase in the capabilities allowed for citizens to be involved in public policy decisions often through their publicly elected representatives. Fiscal decentralization deals with the dispersal of powers to tax and generate revenues to other levels of government (Yuliani 2004). With administrative decentralization, administrative powers are transferred from the central to local levels of government, and it allows local governments to take further fiscal and regulatory actions through its own policy decisions (Litvack et al. 1998).

The way and level in which powers are transferred may also take different forms, and it can be distinguished by understanding the differences with deconcentration, delegation, and devolution (Litvack et al. 1998). Deconcentration refers merely to the transfer of responsibilities to lower levels of government but without the authority for decision-making. Delegation is the decentralization of decision-making and delivery of public functions to semi-autonomous organizations. For devolution, the central government transfers to lower levels of government the responsibility to deliver required functions as well as the authority for decision-making and to deal with finance and management concerns (Litvack et al. 1998). Devolution also has the distinction of having distinguished the legal geographic boundaries where the local governments can exercise their authority to perform public functions (Litvack et al. 1998).

2.2. Rationale for decentralization

2.2.1. Economic principles behind decentralization

Assigning the provision of goods and services to lower levels of government improves the overall welfare of the people in spite of the advantages of the higher level of government with the economies of scale. This is due to the gains with the more effective use of public resources given that local governments know citizens' preferences better (Oates 2008).

Bahl and Bird (2018) also indicated four economic principles that are in support of the practice of decentralizing the provision of goods and services to lower levels of government. These are (1) the combination of the subsidiarity principle, decentralization theorem, and Tiebout's "voting of the feet" (where voters will move to their preferred areas based on their preference on the combination of goods, services, and taxes offered [Stiglitz & Rosengard 2015]); (2) public goods and services (e.g., roads, water service, and hospitals) having the potential for spillover effects; (3) administrative cost advantages due to the smaller scale of government; and (4) redistributive and macroeconomic stability (Diokno-Sicat & Paqueo 2021).

2.2.2. Administrative principles behind decentralization

The administrative rationale behind decentralization includes the expectation that there is improvement of the provision of public services and government responsiveness as well as the increase in the citizen participation (Gomes 2010). The effectiveness of decentralization is reliant on (among others) the proper delegation of specific responsibilities and allowing for sufficient administrative capacity to perform these responsibilities (Hankla 2009).

This entails the importance of institutions in the design of the policies for decentralization. Institutional policies of decentralization are concerned with accountability, governance, and capacity of those that are to absorb the decentralized functions (Litvack et al. 1998). Service delivery may be improved through decentralization due to the assumption that local governments have more adequate information on the needs and preferences of the public given that it has better proximity to the people they serve (Canare & Francisco 2019). This is a similar factor with the economic principles behind decentralization, as mentioned above.

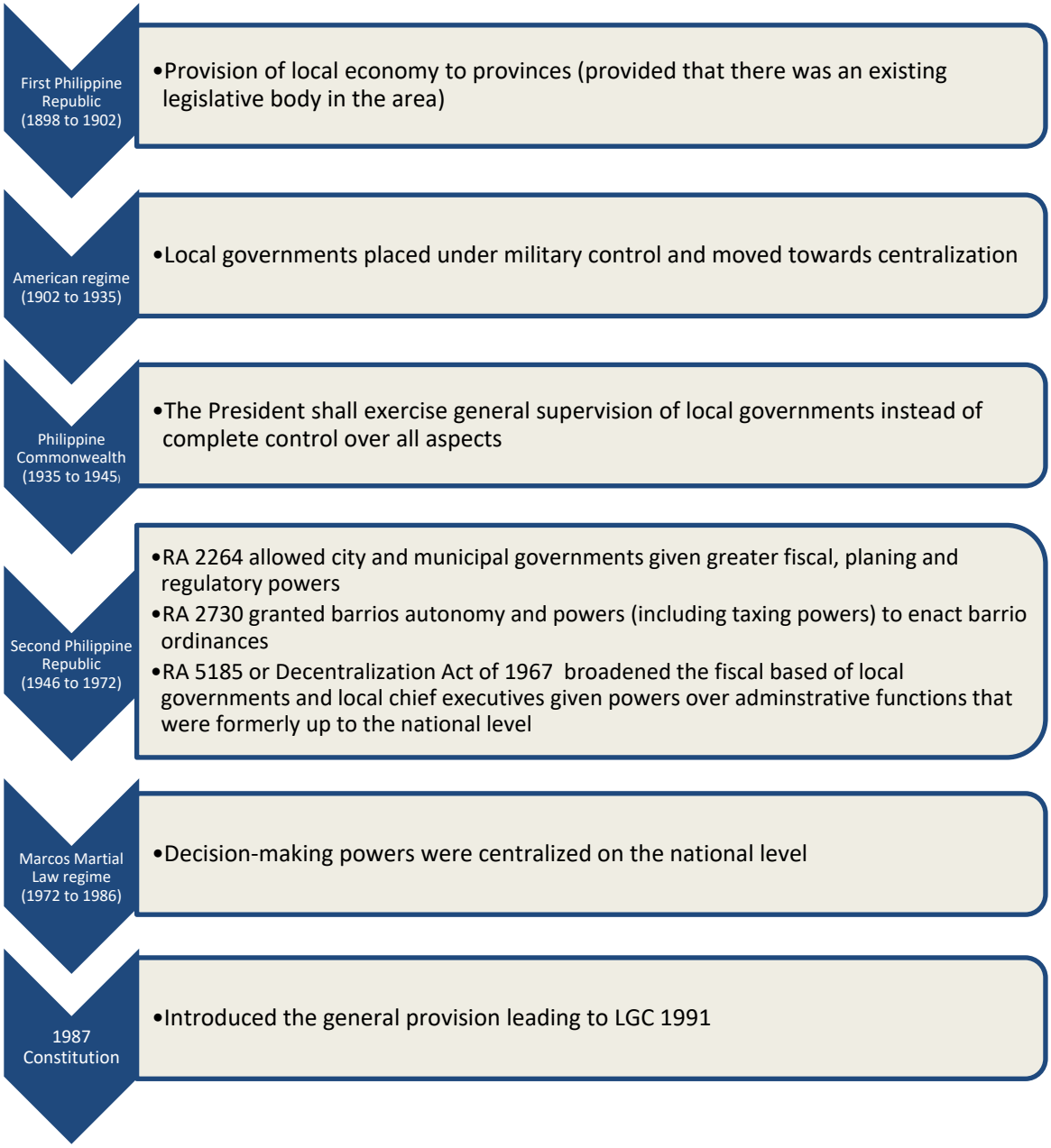
Further, devolution to the level of the local government may lead to increase in accountability and transparency which then leads to the increase in citizens' political participation and involvement, and this has been found to lead to better outcomes in public services (Hankla 2009).

2.3. Decentralization in the Philippines

2.3.1. Timeline

The Philippine government was highly centralized for more than four centuries with only sporadic efforts at decentralization for most of this period (Diokno-Sicat & Maddawin 2018). The country has a "long tradition of political-administrative centralism" before being challenged by the 1987 Constitution and the LGC (Guess 2005, p. 219).

Figure 1. Timeline of Philippine decentralization leading to the LGC of 1991



Source: Details from Brillantes (1987)

A discussion on the history of decentralization in the Philippines may be viewed periodically (Figure 1). Philippine decentralization efforts may be traced back to the First Philippine Republic (1898 to 1902) with the provision of local economy to provinces and municipalities provided that there was an existing

legislative body in the area (Brillantes 1987). However, the local governments still face restrictive regulations especially in terms of provincial and municipal taxation (Brillantes 1987). In the 1935 Constitution, Article VII Section 10 indicated that the President may exercise general supervision—as opposed to complete control—over local governments as provided by law, although this remained problematic given that it still relied on the interpretation of Congress and the President (Tapales 1992).

Following this, from the start of the Third Republic (1946) until 1986 there have been five attempts to empower the four levels of local government in terms of political and administrative authority before the 1987 Constitution and the LGC (Yap and Sator 2001 as cited in Guess 2005). The Martial Law Period from 1972 to 1986 is understood to have had played a huge role in limiting the movement toward decentralization given that the enforcement of Martial Law entails that centralization is further reinforced.

Following the Martial Law Period, the 1987 Constitution was introduced which had a general provision (under Article X, sec. 3) that indicated that the Congress shall enact a local government code. This eventually led to the LGC of 1991.

2.3.2. Local Government Code (LGC) of 1991

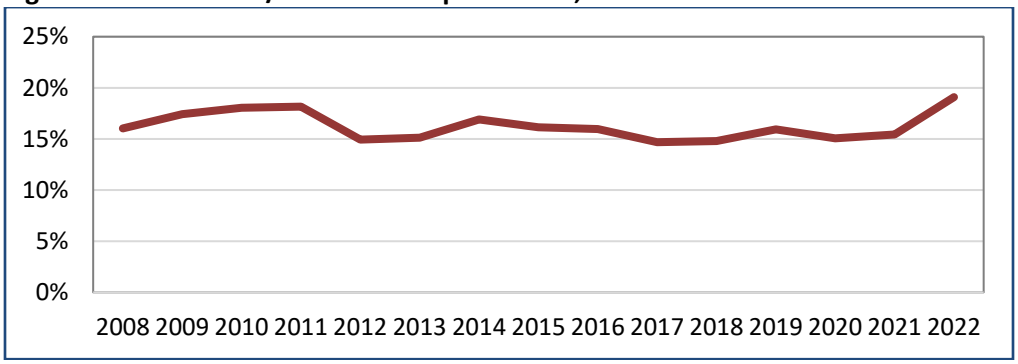
2.3.2.1. Political decentralization

The LGC established the authority and functions that are to be devolved to the LGUs. Sections 39 to 75 of the LGC provides details on citizen-elected local officials (e.g., governor, city mayor, municipal mayor, etc.) as well as their local legislative powers. Book II of the LGC provides the information on local taxation and fiscal matters, which includes details on the powers to create sources of revenue for local governments.

2.3.2.2. Mandanas ruling and fiscal decentralization

The Mandanas ruling provided the opportunity to revisit the discussion and approach on the decentralization in the country (World Bank 2021), especially regarding the structural challenges that remain and continue to have a negative effect on devolution. The implementation of the Mandanas ruling translated into a 38 percent increase in the intergovernmental fiscal transfer NTA to settle at PhP 959 billion, almost 20 percent of the PhP 5.024 trillion national budget of 2022 (Figure 2). Increases in the share of Subsidy to LGUs may be accommodated through the reduction in the shares of Education (for the social service sector) and Agriculture/Agrarian Reform/Natural Resources, communication, Roads and Transportation; Trade and Industry, and Tourism (for the economic service sector) (Diokno-Sicat & Palomar 2021).

Figure 2: Share of IRA/NTA to NG expenditures, 2008-2022



Source: DBM (various years)

2.3.2.3. Administrative decentralization

The LGC was passed in recognition of the issues with a highly centralized government on the delivery of basic services (Diaz-Manalo et al. 2021), and it contains provisions that establish the devolved functions of LGUs. Basic services and facilities for devolution to LGUs (as identified in Section 17 of the LGC), include, but are not limited to, those indicated on Table 3 below.

Table 3. Local government unit devolved basic services for municipalities and provinces[4]

Services	Specifics
For cities and municipalities	
Social Welfare	• Social welfare programs and projects on: o Child and youth welfare o Family and community welfare o Women's welfare o Welfare of women, elderly, and persons with disabilities o Rehabilitation programs for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse o Livelihood and other pro-poor projects
Health	• Health services which include programs and projects on: o Primary health care o Maternal and child care o Communicable and non-communicable disease control o Access to secondary and tertiary health services o Purchase of medicines, medical supplies, and equipment o Nutrition and family planning services
Agriculture	• Agriculture extension and on-site research services and facilities related to agriculture and fishery activities which include: o Dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farms o Improvement of local distribution channels o Inter-barangay irrigation systems o Enforcement of fishery laws o Fish ports
Environment	• Implementation of community-based forestry projects • Management and control of communal forests with an area not exceeding 50 square kilometers. • Establishment of forest development projects

[4] As per Sec. 17(b)(4), devolved functions for cities include all services and facilities of municipalities and provinces in addition to facilities for adequate communication and transportation, and support for education and police and fire services

Services	Specifics
	• Solid waste disposal system or environmental management system
Disaster risk reduction	• Disaster prevention and mitigation • Disaster preparedness • Disaster rehabilitation and recovery
Infrastructure	• Infrastructure facilities including: o Municipal roads and bridges o School buildings o Health centers and facilities o Communal irrigation o Small water impounding projects o Rainwater collectors and water supply systems o Seawalls, dikes, drainage, and sewage o Flood control o Health facilities for general hygiene and sanitation
For provinces	
Social welfare	• Social welfare programs for o Rebel returnees o Relief operations o Population development
Health	• Health services which include hospitals and other tertiary health services
Agricultural	• Agricultural extension and on-site research services and facilities • Services on credit and marketing • Assistance in the organization of farmers' and fishermen's cooperatives and other collective organizations • Transfer of appropriate technology
Environment	• Natural resource management services • Environmental services
Disaster risk reduction	• Disaster prevention and mitigation • Disaster preparedness • Disaster rehabilitation and recovery
Infrastructure	• Infrastructure support to: o Health o Agriculture o Education o Economic development

Source: LGC of 1991

2.3.3. Strengthening devolution in the Philippines

Three decades after the passing of the LGC, challenges in the delivery of devolved basic services remain (Diokno-Sicat, Adaro, et al. 2020). Despite being decentralized for 30 years, the country has yet to fully absorb the devolved functions indicated on the LGC.

The blurring of the accountability and responsibilities for both local and national governments contribute to the difficulties faced in devolution. National governments may remain involved with the delivery of services that are devolved to local governments which can be problematic because there is a chance of overlapping responsibilities due to communication or capability issues. Should a local government lack the capacity to deliver the services that are devolved to them, the national government will need to intervene. However, this intervention must only remain up until these lagging local governments are capacitated to absorb these functions. It is thus the responsibility of both the national and local governments to cooperate with each other to identify the process in which the devolution of all responsibilities will take place.

As mentioned, EO 138 was issued to strengthen decentralization in the Philippines and complement the LGC. The executive order was proposed following the Mandanas ruling and it is specified that functions, services, and facilities (FSF) should be fully devolved from the NGs to the LGUs no later than the end of FY 2024. Consistent with Sec. 17(g) of the LGC, the devolved FSF will be funded from the share of the LGUs in the national taxes and other local revenues. For a better transition and alignment between devolution plans of NGs and LGUs, both sides must prepare the DTPs that will identify and clarify the functions and services devolved to LGUs from NGAs.

Table 4 summarizes the required contents of DTPs for both NGAs and LGUs.

Table 4. Required contents of DTPs

For NGAs	For LGUs
Assignment functions, services, and facilities to each level of LGU with an implementation strategy Identification and inventory of standards for the delivery of services Framework for performance assessment and organizational effectiveness proposals	Narrative report containing: • The state of devolved functions, services, and facilities • Capacity development agenda • Organizational structure and staffing • Local revenue forecast and resource mobilization strategy • Phasing of full assumption of devolved functions and services • Performance targets

Source: EO 138; IRR of EO 138

For NGAs, the DTPs should contain: (1) assignment of functions, services, and facilities to each level of LGU with an implementation strategy; (2) identification and inventory of standards for the delivery of said services including minimum cost, scope, specifications, quality and organizational structure and manpower complement; and (3) framework for performance assessment and organizational effectiveness proposals.

For LGUs, the DTPs should contain "a narrative report containing the state of devolved functions, services and facilities; capacity development agenda; organizational structure and staffing pattern; local revenue forecast and resource mobilization strategy; phasing of full assumption of devolved functions and services, and the corresponding performance targets for such," (Sec. 15, IRR of EO No. 138, s. 2021).

3. Conceptual framework for the effective monitoring and evaluation of decentralization

3.1. Importance of monitoring and evaluation in decentralization

To effectively plan, implement, and monitor programs, available quality data is key. Unavailable or incomplete data could be a cause for poor planning, incorrect estimations in needs, resulting in a waste of government resources and efforts (Diokno-Sicat, Adaro, et al. 2020). According to the World Bank (2021), the potential of decentralization to improve service delivery in the country was not reached because the evolution was affected by the lack of clarity on specific functions that will be devolved.

Arguments for and against decentralization exist: on one hand, autonomy and local knowledge of local governments are assumed to enable for more effective service delivery; on the other, central governments are seen as having economies of scale in providing for goods and services given their better access to resources and technologies (Canare & Francisco 2019). Inequality is also of concern given the various capabilities of local governments in absorbing the functions that are devolved to them due to differences in available resources and capabilities (Canare & Francisco 2019).

These arguments point to the necessity of the monitoring and evaluation of decentralization. Monitoring and evaluation may be done on either the process of devolution (i.e., if decentralization is done effectively or if full devolution has been achieved) or its impact on development outcomes. Measuring impacts on development outcomes have been done previously in other available literature that measure the effects of different implementations of the decentralization procedure on (among others) poverty incidence (Canare & Francisco 2019), corruption and the size of informal economy (Goel & Saunoris 2016), and perceptions on good governance.

3.2. Conceptual framework for the evaluation of decentralization

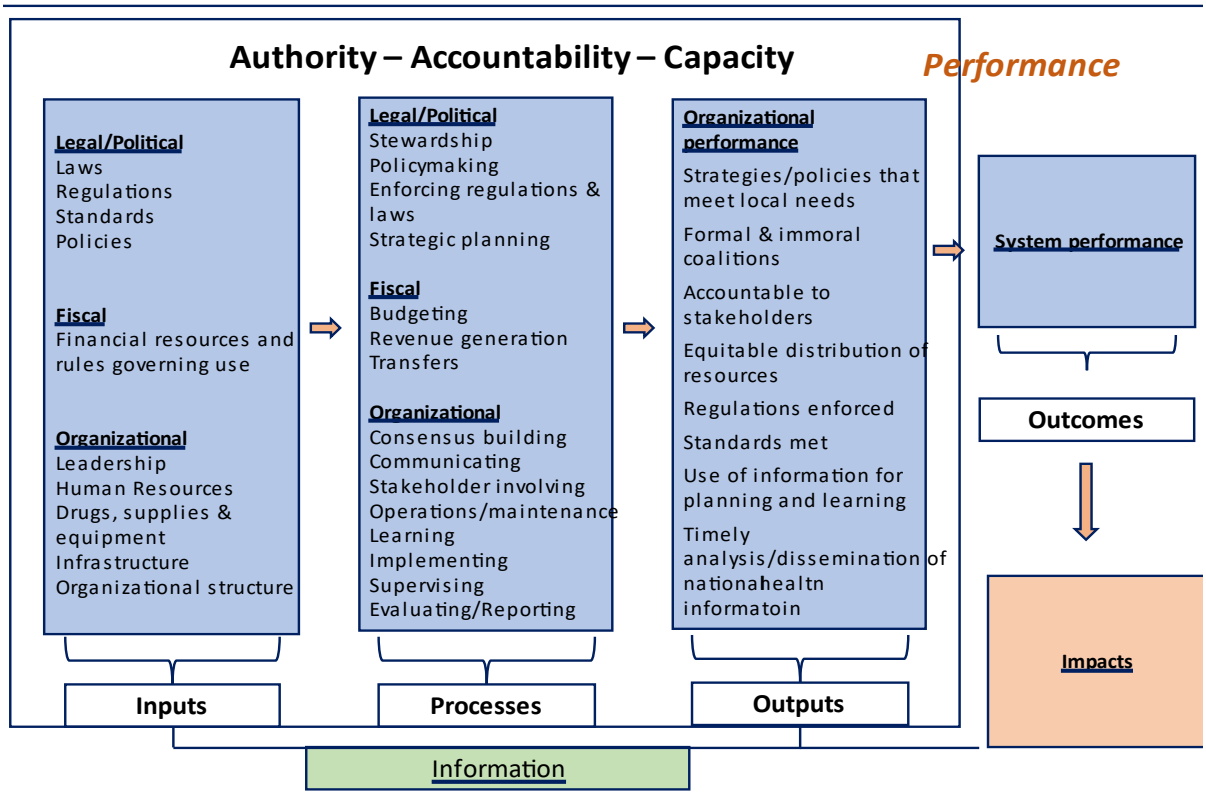
Figure 3 below presents the framework used by the study to evaluate the status of decentralization in the Philippines. This framework is adopted from the work by Hutchinson and LaFond (2004) in monitoring and evaluation of decentralization reforms in developing countries. The framework is rooted the common taxonomy used in the decentralization literature which classifies decentralization by three categories of devolved responsibilities: political, administrative, and fiscal.[5] In the Philippines, political decentralization has long been achieved as early as the First Philippine Republic (Brillantes 1987). With this in mind, the study then focuses on the administrative and fiscal decentralization which is pushed forward by the Mandanas Ruling.

The framework recognizes that devolution will affect the performance of local government service delivery through key areas of change: authority, accountability, capacity and information use of LGUs. Specifically, successful decentralization relies on the LGU's effectiveness in the following areas of change: having authority over organizational decision-making, accountability over public funds use, capacity to implement devolved functions, and access to accurate, reliable information for decision-making. Further, the conceptual framework of Hutchinson and LaFond (2004) proposes that an evaluation of the devolution process must follow a progression which begins with system inputs,

[5] Political decentralization involves providing citizens and their representatives with the power to shape local public policy and programs, particularly through elections. Administrative decentralization "is the transfer of responsibility for planning, financing, and managing certain public functions from the central government and its agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or areawide, regional, or functional authorities" (Rondinelli 1999, p.2). And fiscal decentralization refers to developing local government control over financial resources—generation, budgeting and expenditure management.

outlines key processes essential to the proper functioning of public service delivery, and identifies common outputs and intermediate system goals of decentralization and outcomes.

Figure 3. Conceptual framework for evaluating decentralization.



Source: Adopted from Hutchinson & LaFond (2004)

An effective evaluation of decentralization in the Philippines requires systematic data collection baseline information on current LGU authority, fiscal accountability, capacity, information use, as well as baseline indicators on social outcomes, especially at the LGU level (province, municipality and city). With baseline information and the proper monitoring and evaluation tools, the government can assess the progress of its decentralization program, assess the achievement of expected changes in LGU structures, institutions, and resource flows, and assess the impact on social outcomes.

4. An initial assessment of the current state of devolution based on LGU DTPs

Litvack et al. (1998) argue that the devolution of powers from a central government can only be successful if subnational governments have the fiscal, political and administrative capacity to manage this responsibility. Smoke (2015) discusses that key factors to the successful implementation of decentralization of public service delivery depends on the "substance, timing and sequencing of how new systems and processes are rolled out on the ground". As we assess the key elements of a decentralized local government system, we shift our focus on the administrative devolution. In this section, we assess the plans of local government units (LGUs) at the provincial level, identify gaps, and recommend courses of action to deepen decentralization and enable local governments to attain self-reliance and respond effectively to constituent needs.

In this section we aim to answer the following questions:

- How can decentralization be deepened for LGUs to attain their fullest development as self-reliant communities? How can the delivery of devolved basic services be improved to make

them more effective partners in the attainment of national goals?
- What is the state of devolved functions, as defined in the LGC, as reported in LGU DTPs?
- What are the trends in the identified programs, projects and activities (PPA) priorities? Which sectors have the most and least interventions?
- What is the nature of the devolved PPAs that LGUs have yet to be able to fully-assumed?
- What are the identified needed interventions?

4.1. Data, scope and timing

The assessment makes use of data gathered from devolution transition plans DTPs submitted by the LGUs. The scope for this review covers provincial DTPs for 76 provinces, 142 cities, and a sample of 300 municipalities.[6] For the initial assessment, data is consolidated for six priority sectors: health, social welfare, agriculture, environment; and in addition, disaster risk reduction and mitigation (DRRM) and infrastructure.

The data used in the study were encoded from the following annex tables of the DTPs:
- State of Devolved Functions, Services, and Facilities [Attachment 1-A (Annex E-1)]
- Phasing of Full Assumption of Devolved Functions, Services, and Facilities [Attachment 2-A (Annex F-1)], and
- Capacity Development Agenda [Attachment 3-A (Annex G-1)]

The study makes use of DTPs that were submitted by the LGUs in year 2021. The data were encoded and analyzed in year 2022. Hence, any reference in this study to year 2022 should be interpreted as a forecast or projection.

The initial assessment is done through a desk review of the data from the DTPs. This assessment may be complemented with a survey, a key informant interview, or focus group discussion as sources of qualitative information that can inform the ways in which these DTPs were accomplished and validate findings.

4.1.1 Assessment and observations on the form and content of DTPs

The Joint Memorandum Circular (JMC) No. 2021-1 of the DBM and DILG provides the guidelines on the preparation of LGU DTPs. The JMC also contains Annexes with templates to be filled out by the LGUs to construct their DTPs. This section is primarily concerned with the LGUs' efforts on filling up key templates that related to this paper's objectives (i.e., Annexes 1-A, 2-A, and 3-A).

Through the review and analysis of these Annexes, it is observed that there are inconsistencies on how the templates are filled with the needed information. Annexes 1-A to 3-A contain inconsistencies related to the accomplishment of each template. These inconsistencies may be attributed to different causes, such as with the structure of the templates where it leaves too much room for the interpretation of the LGUs (especially Annex 1-A). On the other hand, guidelines and templates may also have the tendency to be too limiting (such as with Annex 2-A). There is also no current way to ensure that there are no blanks on information requested before it is submitted by the LGUs (observed in all Annexes). However, these inconsistencies may also be due to errors that are unrelated to the templates' structure.

[6] The list of provinces, cities and municipalities is presented in Appendix 1. Details of the sampling of municipalities is discussed in Section 1.3.

For instance, there are parts of the templates that are left blank, and there are cases where there are errors in the submission of the LGU DTPs into DILG's system (e.g., missing attachments, duplicating files, etc.).

To be specific, Annex 1-A, which is for the "Inventory of LGU Functions, Services, and Facilities", requires LGUs to identify the PPAs per function and whether they have existing efforts or otherwise. There are cases where an LGU has included just the existing PPAs in one function, and therefore it can only be surmised that the LGU has fully assumed this function. The terminologies used to identify functions/ services/ facilities in the templates seem to be uniform across all DTPs of LGUs. However, there are functions identified in some LGUs that are missing for others. Also, the identification of PPAs depend on individual LGUs which adds to the difficulty of identifying which specific PPAs are possibly one and the same across the LGUs, just worded differently. In addition, certain LGUs may be quite specific and detailed in identifying every PPA, while others would be relatively broad. This may explain the large differences in the number of existing and non-existing PPAs reported across LGUs. It is also observed that there is sometimes a disconnect between some of the functions and the identified PPAs under those functions—meaning accomplishing certain PPAs will have no effect on the assumption of that function since they are seemingly unrelated. Furthermore, all listed PPAs in Annex 1 should ideally be comprehensive and standard across all LGUs, and should also be consistently listed in Annex 2-A (phasing of full assumption) as well as in Annex 3-A (CapDev agenda). However, this is generally not the case since the list of PPAs in Annex 2-A may not be the same with Annex 1-A, while CapDev in Annex 3-A is mostly done per performance area/ governance sector.

Delving more to Annex 2-A, what is asked for is information on the "Phasing of Full Assumption of Devolved Functions, Services, and Facilities." According to Section 4.4 of the aforementioned JMC, LGU DTPs shall "adopt a phased approach, from FY 2022-2024, toward full assumption of these devolved responsibilities." This directive may influence LGUs to declare that they will be able to fully assume the assumptions by 2024 since it may be understood that the function should be assumed by then (despite capacity constraints and feasibility of reaching full assumption). There are also cases where the years given are too ambiguous for the information to be substantial (e.g., 2022-onwards; 2024 onwards; etc.). In connection with Annex 1-A, certain functions that are expected to be devolved are not included with this phasing of full assumption. This gives the impression that an LGU will not be able to assume the functions that they have not indicated even if their neighboring LGUs (with similar status) have indicated that they will be assuming the functions by 2024.

Another observation on Annex 2-A is that information requested on the funding resource requirement is more likely to be left blank. The same is true for Annex 3-A (i.e., "Capacity Development Agenda") where the information for the funding requirements are either left completely blank or some LGUs may identify the funding requirements for only specific items. Similarly, just as there is difficulty in identifying if the timeline in Annex 2-A is feasible with the limited information available, it is also difficult to see if the capacity development interventions indicated in Annex 3-A will lead to the desired outcome (where LGUs have the adequate capacity to assume all functions).

4.2. Assessment of devolved functions for provincial LGUs

4.2.1. State and trends of devolved functions

The DTPs report an aggregate of around 17,000 total number of PPAs for devolution to provincial LGUs. The health sector reflected the highest number of identified PPAs for devolution, followed by the agriculture sector and social welfare sector (Tables 5 and 6). PPAs on disaster risk reduction reflected the least number of identified PPAs. With the view that health, social welfare and disaster risk

reduction and mitigation are overarching functions that are needed across the provinces, it is notable to find that DRRM had the least number of PPAs for devolution.

Across the six sectors, the provincial LGUs have indicated that the DRRM and infrastructure sectors are relatively more devolved with 91 and 79 percent of the identified PPAs, respectively, already either partially or fully assumed by the LGU (Table 5). The social welfare sector has yet devolve more than half of its identified PPAs, and the health, agriculture and environment sectors have yet to devolve 39 percent of the identified PPAs to the provincial LGU. We relay these findings with a caveat and reiterate the observation discussed in Section 4.1.1 that there are DTPs wherein the LGU only listed existing PPAs. This implies that the total number of non-existing PPAs may be understated.

Table 5. Summary table of PPA count and share per sector for provincial LGUs

Sectors	PPA count			Percent		
	Existing (partially and fully assumed)	Not existing	Total identified PPAs	Existing (partially and fully assumed)	Not existing	Total
Health	3,174	1,996	5,170	61	39	100
Agriculture	2,745	1,781	4,526	61	39	100
Social welfare	1,423	1,518	2,941	48	52	100
Infrastructure	1,234	320	1,554	79	21	100
Environment	1,055	678	1,733	61	39	100
DRRM	892	91	983	91	9	100
Total	10,523	6,384	16,907	62	38	100

Source: Raw data from the DTPs.

Table 6. Summary table of partially and fully assumed PPAs for provincial LGUs

	PPA count	Percent share
Health	3,174	30
Agriculture	2,745	26
Social welfare	1,423	14
Infrastructure	1,234	12
Environment	1,055	10
DRRM	892	8
Total	**10,523**	**100**

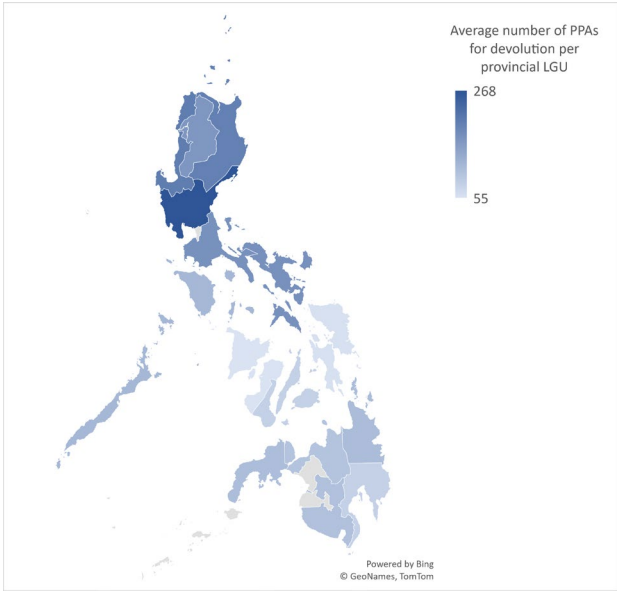
Source: Raw data from the DTPs.

We look further into whether sectors with overarching themes would have a greater share of PPAs such as those from health, social welfare, DRRM and infrastructure; while sectors with more specific PPAs such as agriculture or environment would be reflected in a higher number of PPAs in specific agricultural and ecological regions, respectively. A simple comparison across regions of the average number of identified, existing PPAs per province shows significant variation across regions (Figure 4).[7] For example, provinces found in Northern Luzon (Regions I, II and III) indicated an average of more than 200 partially and fully assumed PPAs for devolution. Meanwhile, provinces from Eastern and Western Visayas indicated the lowest average of less than 60 for the five sectors and infrastructure projects. Further, there are provinces that have identified extremely low number of partially and fully assumed PPAs. These are provinces from Eastern Visayas namely, Southern Leyte, Leyte, Northern

[7] Regions with more provinces are expected to report a higher number of PPAs in aggregate. Instead, we compare the average number of PPAs reported per province within the region.

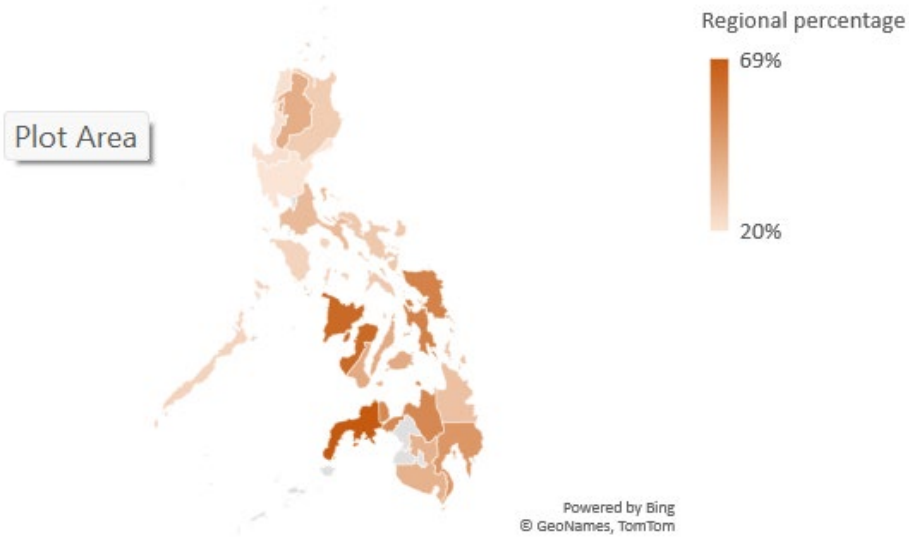
Samar, and Samar; and provinces from Western Visayas namely, Capiz and Aklan. Outliers are Surigao del Norte and Mountain Province which did not indicate any. This is also highlighted in the comparison of the shares of non-existing PPAs across regions (Figure 5). We find that provincial LGUs in the Visayas and Mindanao regions have a higher share of non-existing PPAs.

Figure 4. A comparison of the number of partially and fully assumed PPAs across Philippine regions: provinces



Source: Raw data from the DTPs. Heatmap represents partially and fully assumed PPAs.

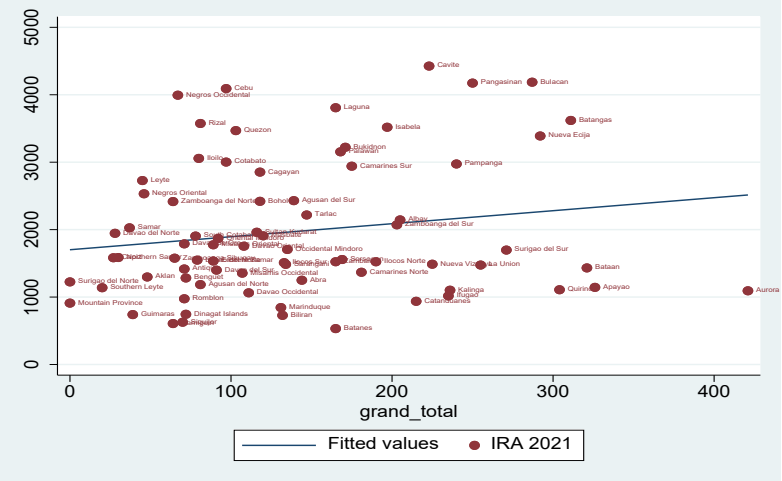
Figure 5. A comparison of the share of non-existing PPAs for devolution across regions: provinces



Source: Raw data from the DTPs.

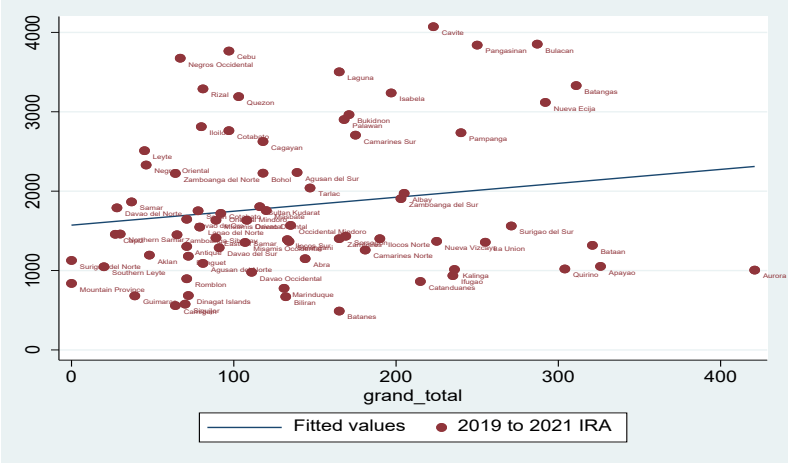
To explore possible sources of the variation in the number of devolved PPAs, we evaluate the correlations of the number of PPAs with the LGU IRA and expenditures. Based on the scatter plot (Figure 6) there is a very low (0.1692) correlation between the number of PPAs and 2021 IRAs in provinces, whilethe average IRA from 2019 to 2021 also gives a very low (0.1676) correlation between the number of PPAs (Figure 7). Moreover, the correlation between the total PPAs and the total current operating expenditures (COE) in 2020 (Figure 8) is likewise low (0.2786). We also explore correlations with the 2020 population density and find a low correlation (0.1491) (Figure 9).

Figure 6. Distribution of total province PPAs with 2021 IRA



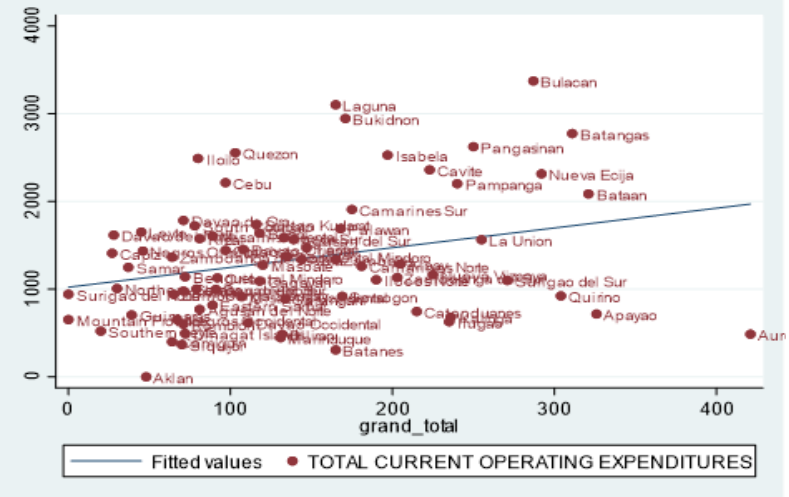
Source: Raw data from the DTPs; Bureau of Local Government Finance (BLGF) (various years)

Figure 7. Distribution of total province PPAs with 2019-2021 IRA



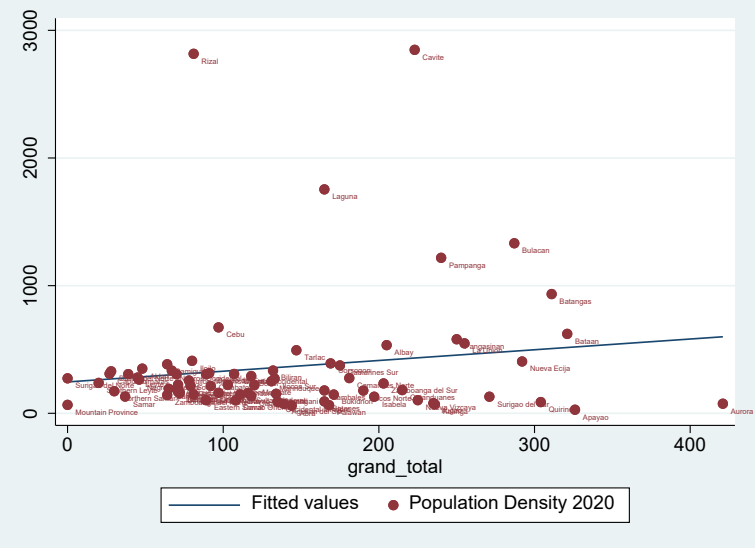
Source: Raw data from the DTPs; BLGF (various years)

Figure 8. Distribution of total province PPAs with 2020 total COE



Source: Raw data from the DTPs; BLGF (various years)

Figure 9. Distribution of total province PPAs with 2020 population density



Source: Raw data from the DTPs; PSA 2021

We also compare the average of the total number of partially and fully assumed PPAs across LGUs segmented by capacity. We find that on the average, there is little variation across the four segments (Table 7). From a sectoral perspective, we find that in general, high capacity, high performance LGUs identify a greater number of PPAs, while low performing, low capacity LGUs indicate a lower number of PPAs (Table 8). The low number of PPAs as reflected in their DTPs may then be an indication of their lack of capacity to plan and forecast services and functions, and the capacity requirements needed for them to fully assume devolved functions.

Table 7. Breakdown of partially and fully assumed PPAs based on LGU segmentation: provinces

	Number of provinces	Number of PPAs	Average
Quadrant 1 (High capacity and high performance)	34	5,131	151
Quadrant 2 (Low capacity and high performance)	11	1,661	151
Quadrant 3 (Low capacity and low performance)	20	2,367	118
Quadrant 4 (High capacity and low performance)	11	1,364	124

Source: Raw data from the DTPs.

Table 8. Breakdown of partially and fully assumed PPAs per sector based on LGU segmentation: provinces

	Social welfare	Health	Agriculture	Environment	DRRM	Infra	Total
Quadrant 1 (High capacity and high performance	724	1,636	1,382	502	308	579	5,131
Quadrant 2 (Low capacity and high performance)	293	387	418	178	203	182	1,661
Quadrant 3 (Low capacity and low performance)	266	705	630	214	200	352	2,367
Quadrant 4 (High capacity and low performance)	140	446	315	161	181	121	1,364

Source: Raw data from the DTPs.

The identified PPAs include the following specific functions per NGA (Table 9). In comparison with the list of devolved functions defined in the Annex C of the DBM-DILG Joint Circular No. 2021-1, we find that the list of devolved functions contained in the DTPs are consistent with those defined in Annex C.

Table 9. Breakdown of NGA functions for devolution: provinces

Function		Count	Share of total
Health			
i. Health services which include hospitals and other tertiary health services		**3,174**	**100**
Agriculture			
i. Plant and animal pests and diseases		1,044	38
ii. Assistance to farmers and fishermen cooperatives and other collective organizations, as well as the transfer of appropriate technology		754	27
iii. Dairy farms, livestock markets, animal breeding stations, and artificial insemination centers		643	23
iv. Credit and marketing services		304	11
	Subtotal	**2,745**	**100**
Social welfare			
i. Population development services		823	58
ii. Relief operations		385	27
iii. Programs for rebel returnees		215	15
	Subtotal	**1,423**	**100**

Function		Count	Share of total
Infrastructure			
i. Support on economic development		554	45
ii. Support to agriculture		347	28
iii. Support to health		236	19
iv. Support to education		97	8
	Subtotal	**1,234**	**100**
Environment			
i. Natural resources management services		682	65
ii. Environmental services		373	35
	Subtotal	**1,055**	**100**
DRRM			
i. Rehabilitation and recovery		339	38
ii. Preparedness		326	37
iii. Prevention and mitigation		227	25
	Subtotal	**892**	**100**

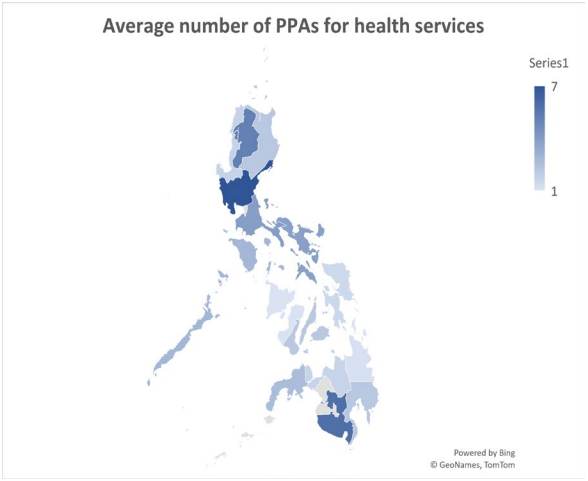
Source: Raw data from the DTPs.

4.2.2. Health sector

The sector of which the LGUs have identified the highest number of PPAs for devolution is health. High capacity LGUs have identified the greatest number of health sector PPAs. These functions are classified generally as health services which include hospitals and other tertiary health services.

Figure 10 below illustrates that while health services represent an overarching, primary public service needed across all LGUs, there is a visible variation in the number of health sector PPAs across the regions. Specifically, provinces in Central Luzon, SOCCSKARGEN and CAR, on average, have identified the highest number of existing PPAs. Meanwhile, Ilocos Region, Caraga, Northern Mindanao, and Eastern and Western Visayas regions have identified the least number of PPAs.

Figure 10. A comparison of the number of existing PPAs for health services: provinces.



Source: Raw data from the DTPs.

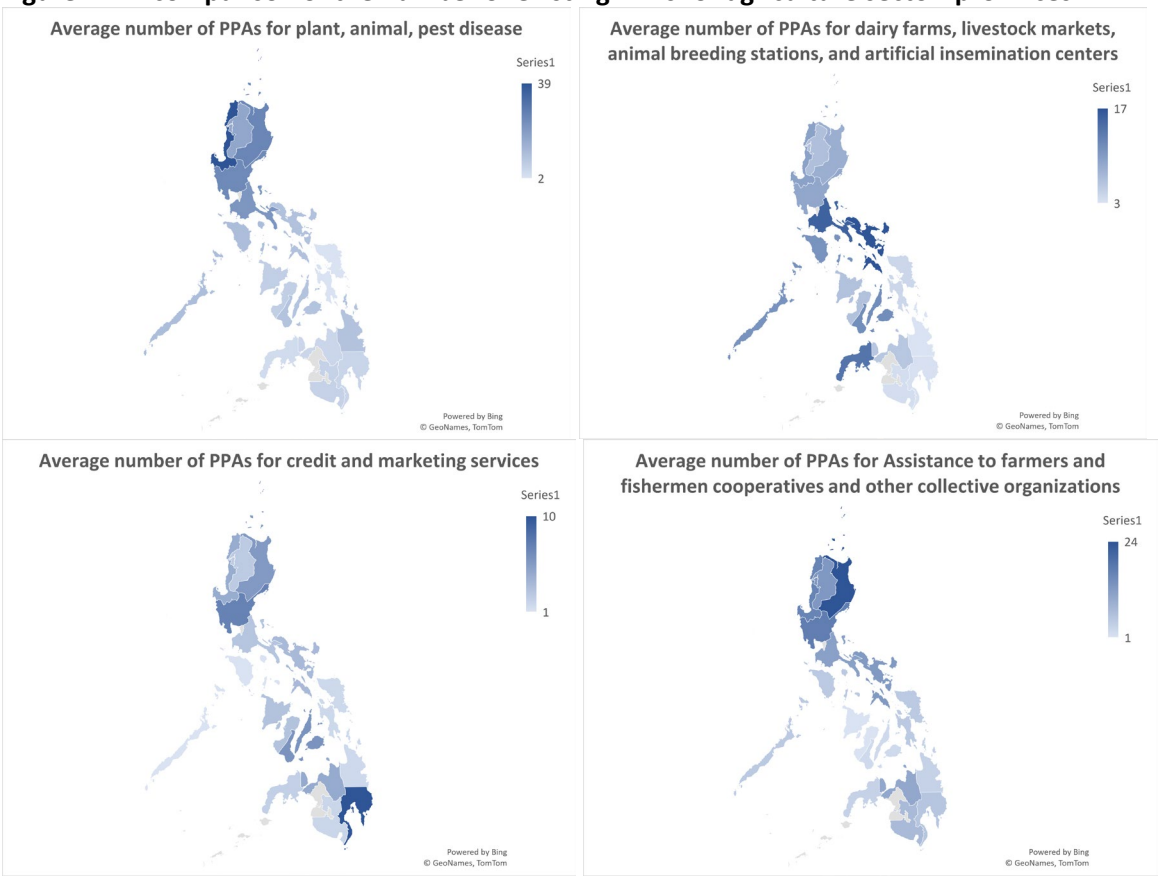
4.2.3. Agriculture sector

Agriculture has the second largest number of PPAs for devolution. These are categorized into four main functions: i) plant animal pests and disease, ii) dairy farms, livestock markets, animal breeding stations, and artificial insemination centers, iii) credit and marketing services, and iv) assistance to farmers and fishermen cooperatives and other collective organizations, as well as the transfer of appropriate technology. High performing LGUs have indicated the highest number of PPAs for devolution.

A mapping of the average number of PPAs indicate different priority areas per province with respect to the four functions across regions (Figure 11). For example, provinces in the Ilocos Region and Central Luzon identified the most PPAs for plant and animal pests and diseases; Bicol Region and CALABARZON identified the most PPAs for dairy farms, markets, breeding stations and insemination centers; Davao Region for credit and marketing services, and Cagayan Valley for assistance to farmer and fishermen cooperatives and organization.

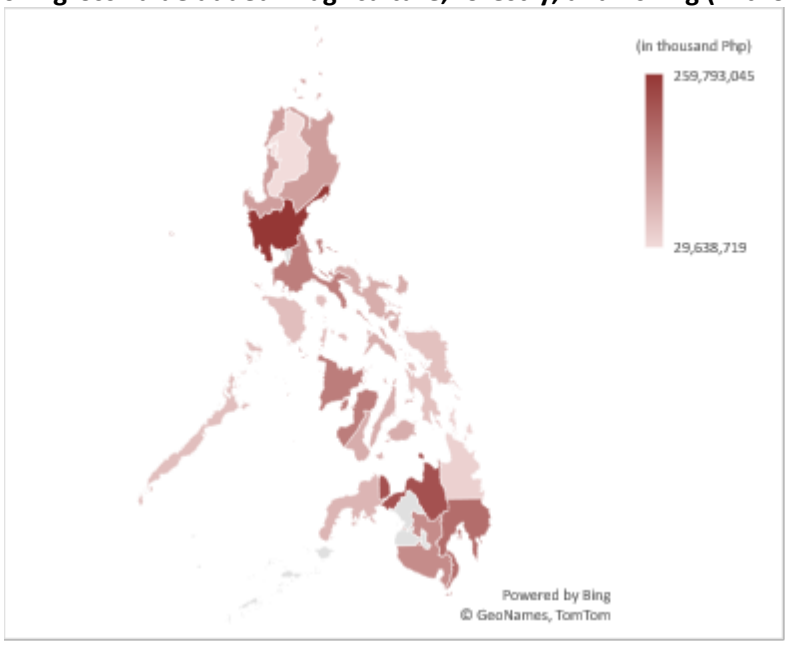
Provinces in the Eastern and Western Visayas regions have indicated the least numbers of agricultural PPAs despite having relevant agricultural sectors.

Figure 11. A comparison of the number of existing PPAs for agriculture sector: provinces.



Source: Raw data from the DTPs.

Figure 12. 2021 gross value added in agriculture, forestry, and fishing (in thousand Php).



Source: Philippine Statistics Authority (PSA)

Figure 12 above illustrates the gross value added in agriculture, forestry, and fishing across the regions. Central Luzon has the highest GVA, followed by Northern Mindanao and then Davao Region. Relatively high GVA numbers for Regions I, II, III, and IV-A may be aligned with high PPA count in agriculture as observed. Meanwhile, provincial LGUs in Northern Mindanao and the Davao Region have not identified as much PPAs (with the exception of credit and marketing services), but are able to contribute a significant amount of GVA. However, this does not necessarily imply that the high GVA may possibly be attributed to the credit and marketing services of LGUs there, as PPAs under this function are among the least identified in the DTPs. Moreover, Western Visayas seems to have a high GVA in agriculture, but provincial LGUs in this region report relatively low count of identified PPAs.

4.2.4. Social welfare sector

The social welfare functions, similar to health, are overarching functions that applies to all LGUs regardless of size, capacity and performance. These functions are categorized into three main groups: i) population development services (which comprise more than half of the total number of social welfare sector PPAs), ii) relief operations, and iii) programs for rebel returnees (Figure 13). While there may be little variation across LGU segments on rebel services and relief operations, high performing LGUs have identified a greater number of population development services PPAs compared to low performing ones (Table 10).

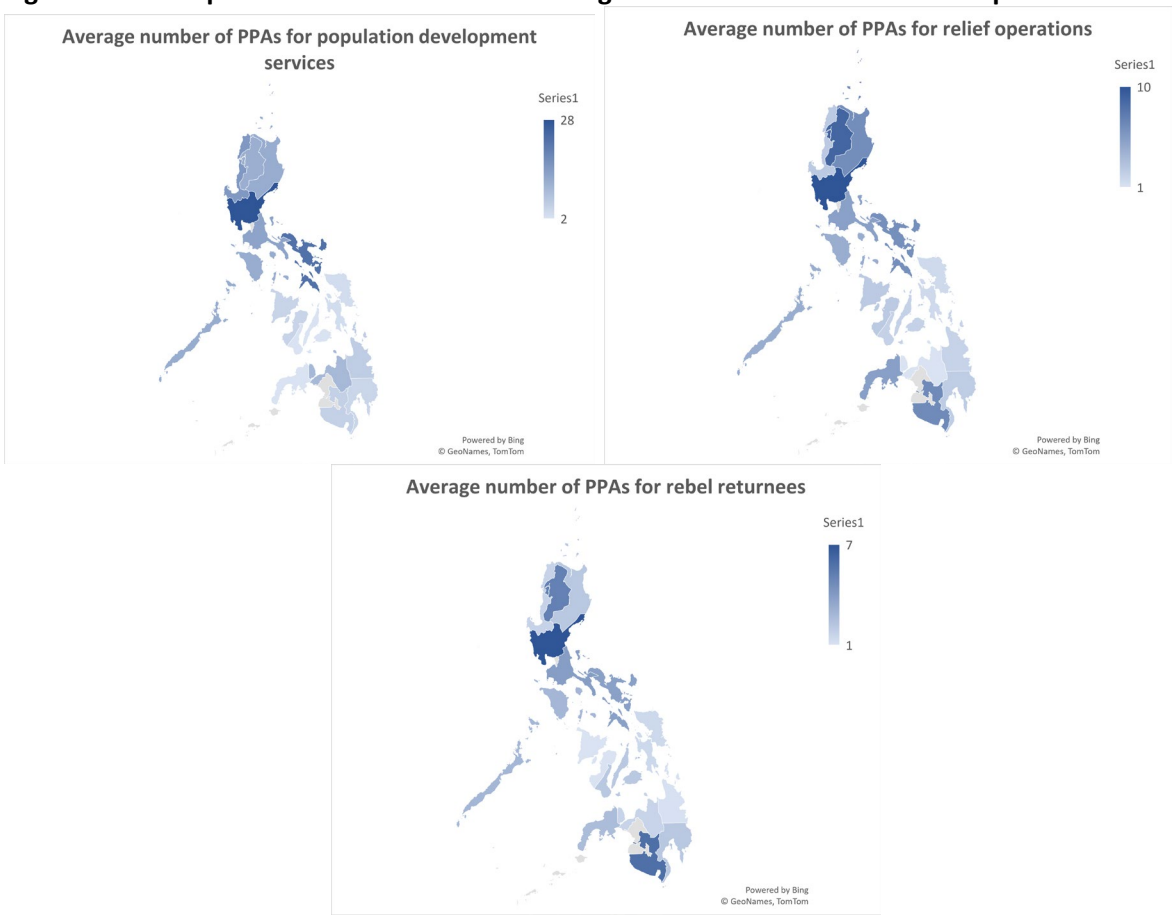
From Figure 13 below, we find that provinces in Central Luzon have consistently identified the greatest number of social welfare sectors PPAs for all functions. A greater number of PPAs for programs for rebel returnees were identified by provinces in the SOCCSKSARGEN and CAR. Meanwhile, the variation in the number of PPAs for population development and relief operations may indicate differences in priority areas and capacity constraints across the provincial LGUs.

Table 10. Breakdown of existing social welfare PPAs based on LGU segmentation: provinces

	Programs for rebel returnees	Relief operations	Population development services	Total social welfare
Quadrant 1 (High capacity and high performance	3	5	13	21
Quadrant 2 (Low capacity and high performance)	3	6	18	27
Quadrant 3 (Low capacity and low performance)	2	5	6	13
Quadrant 4 (High capacity and low performance)	3	3	6	13

Source: Raw data from the DTPs.

Figure 13. A comparison of the number of existing PPAs for social welfare sector: provinces

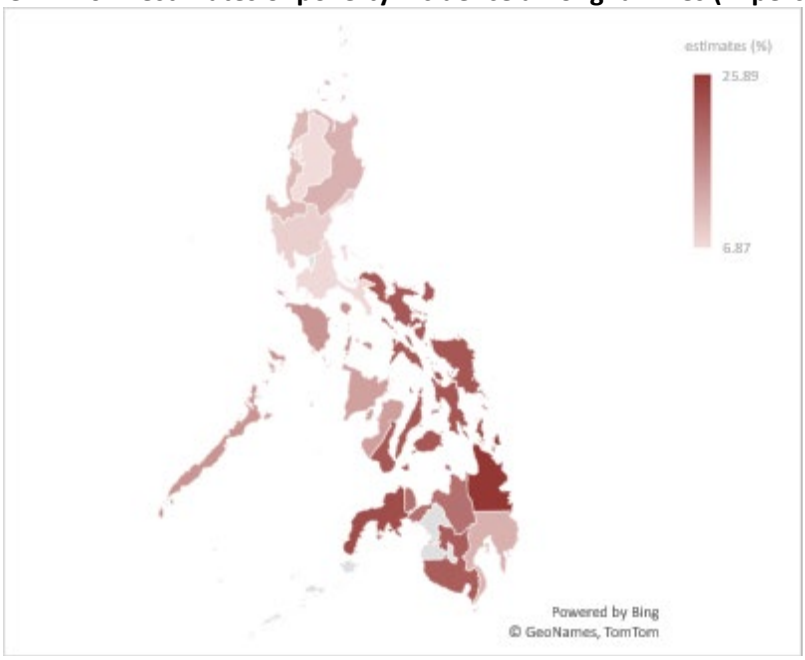


Source: Raw data from the DTPs.

The notable high number of existing PPAs identified in the social welfare sector is observed in Central Luzon, where poverty incidence is relatively low compared to other regions in the country, as shown in Figure 14 below. In constrast, poverty incidence is high in Caraga, Zamboanga Peninsula, Eastern Visayas, Central Visayas, and Bicol Region, however, provincial LGUs in Eastern Visayas and Central Visayas are among those with the the lowest number of existing PPAs in the social welfare sector. Meanwhile, poverty incidence is high in Bicol Region where identified existing PPAs in social welfare are relatively high. Based on these trends, one can argue that the high (low) number of existing social welfare PPAs are associated with lower (higher) poverty incidence. It also becomes intuitive for LGUs

with low PPA count and high poverty to increase its devolution of PPAs on social welfare in order to address the issue of poverty in their respective jurisdictions.

Figure 14. 2021 estimates of poverty incidence among families (in percent).

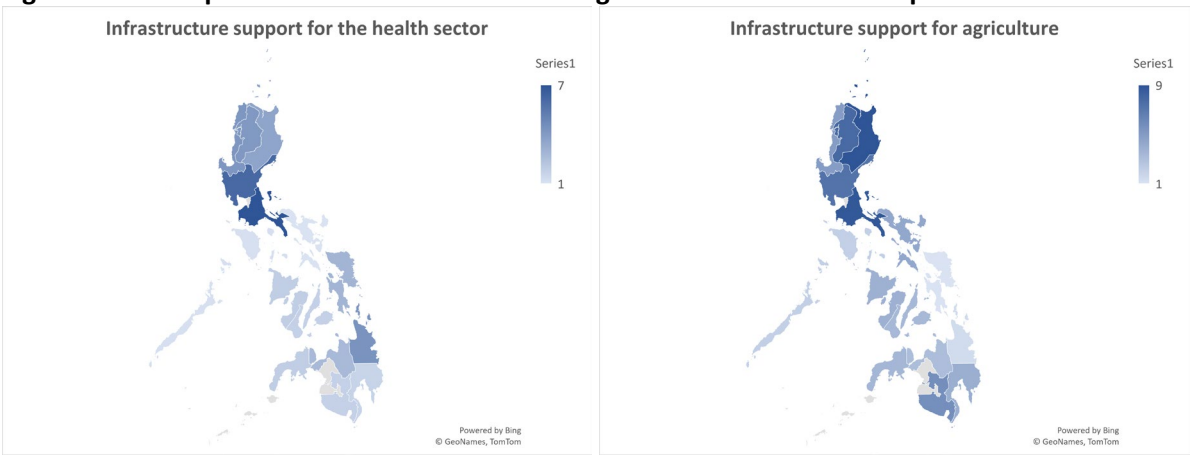


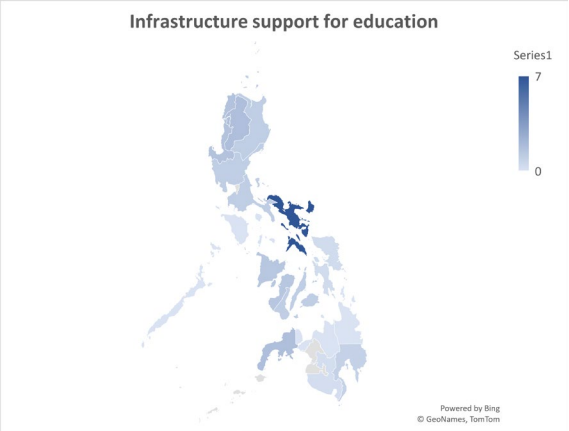
Source: Philippine Statistics Authority (PSA).

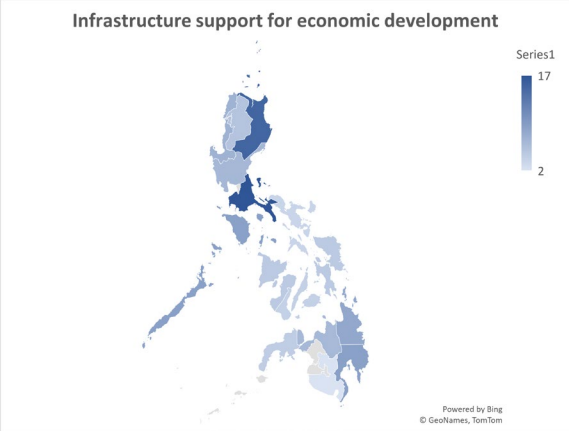
4.2.5. Infrastructure

Infrastructure PPAs are categorized into four: infrastructure in support of i) the health sector, ii) agriculture, iii) education, and iv) economic development. Once again, we find different prioritization across provinces (Figure 15). For example, a high number of infrastructure PPA support for the health sector is identified by provinces in Central Luzon and CALABARZON; infrastructure support for agriculture in Cagayan Valley, CALABARZON and CAR; infrastructure support for education in the Bicol Region; and infrastructure support for economic development in CALABRZON and Cagayan Valley. Meanwhile, minimal infrastructure support has been identified by provinces in SOCCSKSARGEN, and Central, Eastern and Western Visayas.

Figure 15. A comparison of the number of existing PPAs for infrastructure: provinces.





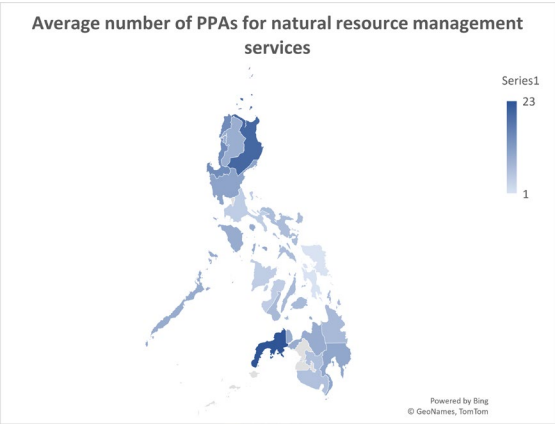


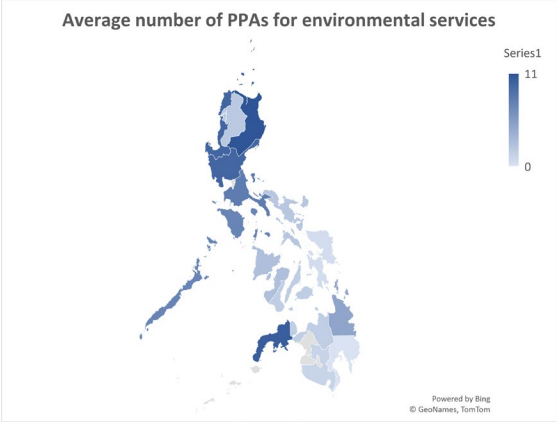
Source: Raw data from the DTPs.

4.2.6. Environment sector

Environment sector PPAs are categorized into i) natural resource management services, and ii) environmental services. Provinces in Central Luzon, Ilocos Region, Cagayan Valley and Zamboanga Peninsula identified the greatest number of existing PPAs (Figure 16). Meanwhile, provinces in the Davao Region, and Eastern and Western Visayas regions identified the least number of PPAs despite the significance of the ecological sector on many natural tourist destinations. The variation in the number of identified PPAs, again, may be an indicator of the priority areas of each provincial LGU or a capacity constraint in the failure to identify relevant functions for devolution.

Figure 16. A comparison of the number of existing PPAs for the environment sector: provinces





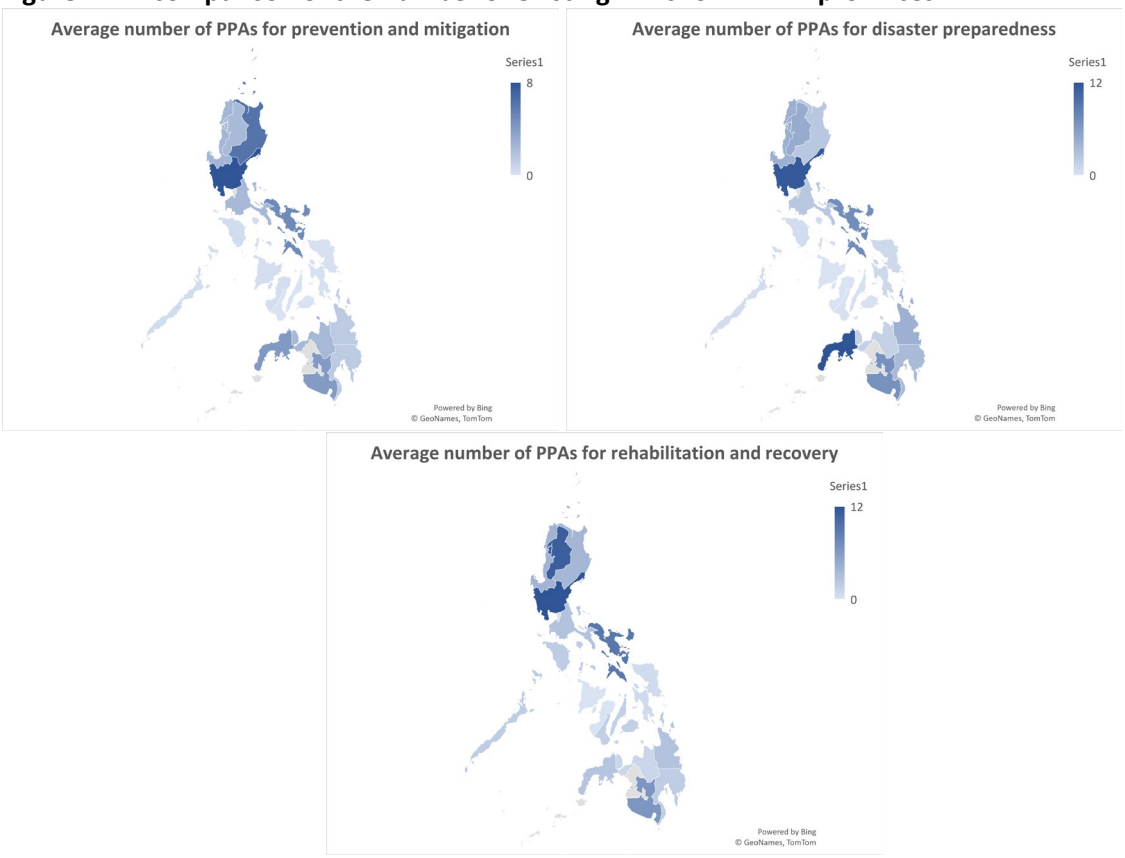
Source: Raw data from the DTPs.

4.2.7. Disaster risk reduction and monitoring

For DRRM, functions for devolution are categorized into i) prevention and mitigation, ii) disaster preparedness, and iii) rehabilitation and recovery (Figure 17). Similar to health services and social welfare, DRRM may be viewed as an overarching need, especially with the country being one of the most vulnerable countries to disasters and climate change (Amnesty International, 2021).

Figure 17 below illustrates that, similar to earlier observations, prioritization of DRRM functions is different across regions. For example, the provinces in Central Luzon, Cagayan Valley, Zamboanga Peninsula and CAR identified the greatest number of PPAs across the three functions, while provinces in MIMAROPA, and Central, Western and Eastern Visayas Regions had the least, with the latter identifying zero PPA for at least one of the DRRM functions.

Figure 17. A comparison of the number of existing PPAs for DRRM: provinces

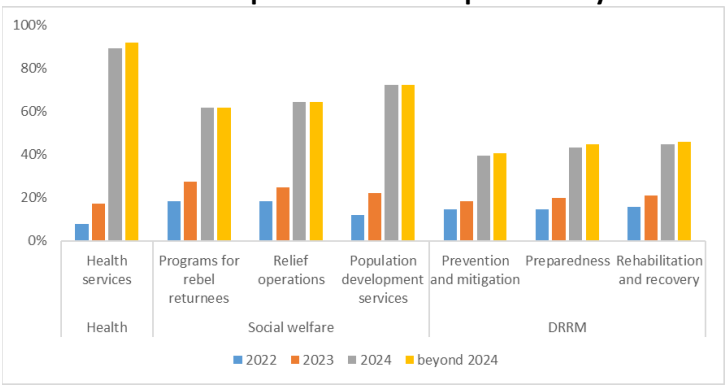


Source: Raw data from the DTPs.

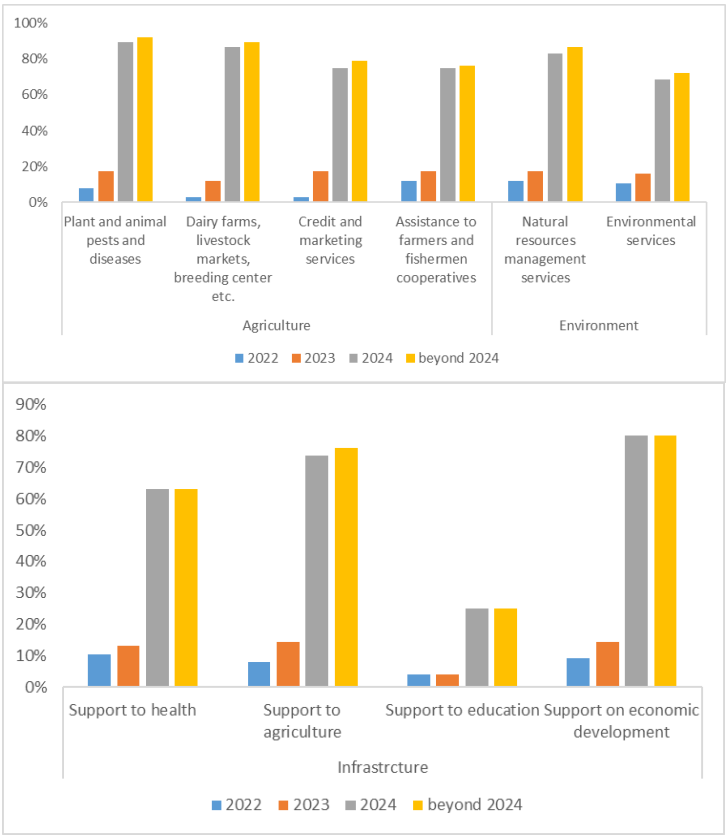
4.2.8. Phasing and nature of devolved PPAs

Provincial LGUs have indicated in their respective DTPs the projected year of completion of the full devolution of the different sectoral functions. We evaluate whether the target of full devolution in year 2024 as defined in EO 138 is achievable based on the self-assessment of the LGUs. We calculate a completion rate per sectoral function equivalent to the share in the number of provinces that have assumed full devolution of the functions in years 2022-2024 and beyond if any (Figure 18).[8] In the interpretation of data, we note that the DTPs were submitted by the LGUs in year 2021, hence, references to year 2022 are taken as a projection or forecast of the LGU.

Figure 18. Cumulative share of provinces with expected fully devolved functions.



[8] For example, a completion rate of 50% in year 2022 for function *x* would mean that half of the provincial LGUs have fully devolved its PPAs for function *x* in that year.



Source: Raw data from the DTPs.

We make the following observations. First, we note that none of the provincial LGUs reported meeting the 100 percent full devolution target by the end of 2024. Second, we note of the relatively high completion rates by year-end 2024 for health services at 89 percent; and plant animal health services, and dairy farm, livestock market facilities (agriculture) at 89 percent and 87 percent, respectively. For the social welfare sector, an average of 66 percent of provinces are expected to fully assume the devolved functions by end-2024. For the agriculture sector, about 82 percent of provinces expect full devolution by 2024. For the environment sector, it is 76 percent; 61 percent for infrastructure; and 43 percent for DRRM, also the lowest expected completion rate by end-2024.

Further, we observe that provincial LGUs failed to provide an expected completion year for the many of the devolved functions. For example, about half of provinces provided no expected target year for the DRRM functions, and about 40 percent of provinces provided no target year for the infrastructure PPAs. This also explains the low completion rate for DRRM functions and infrastructure PPAs in support of education in Figure 18.

4.2.9. Needed interventions

To fulfill its target of full devolution by 2023, LGUs identified needed interventions to boost local capacity to manage and implement reforms. The DILG defined the following capacity development pillars for 2022-24: i) structure, ii) competencies, iii) management systems, iv) enabling policies, v) knowledge management, and vi) leadership. For each pillar, the LGU identified needed interventions which we classified into the hiring of personnel, orientation or consultations with respect to guidelines/rules/ordinances, development of a monitoring and evaluation tool, acquisition or procurement of equipment and construction, trainings and technical assistance, and other interventions not classified above. The classification is based on the most common interventions identified by the

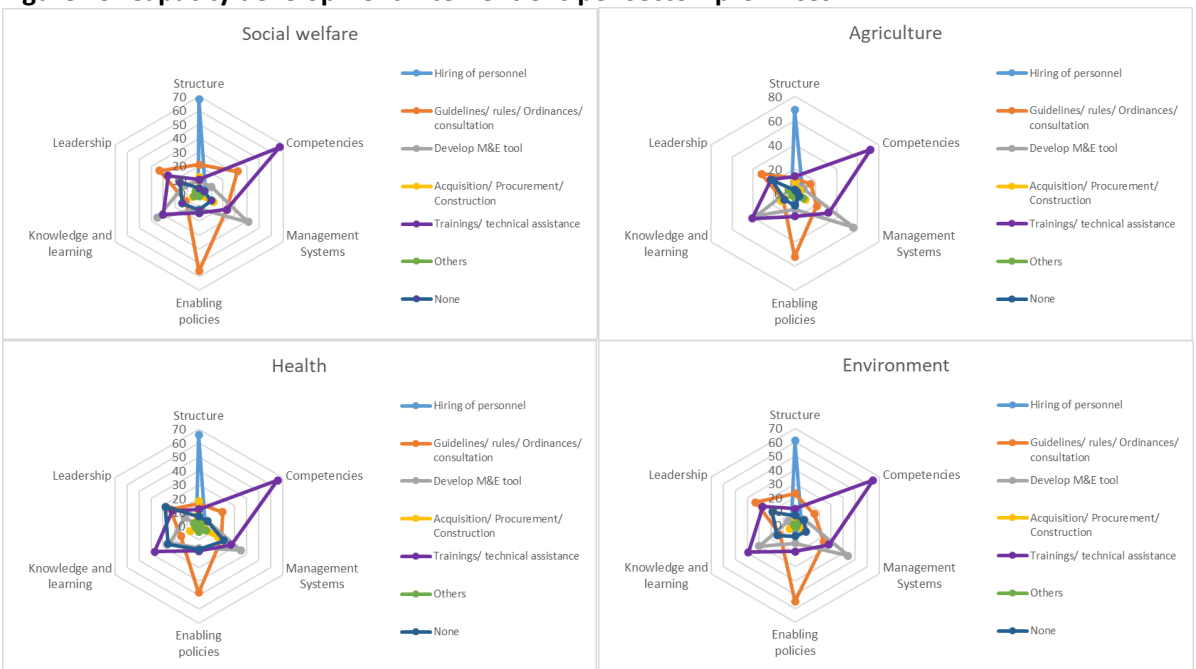
LGUs in their DTPs. It is also important to note that while such interventions were identified, there is currently no measure of the current state and progress of securing such interventions.

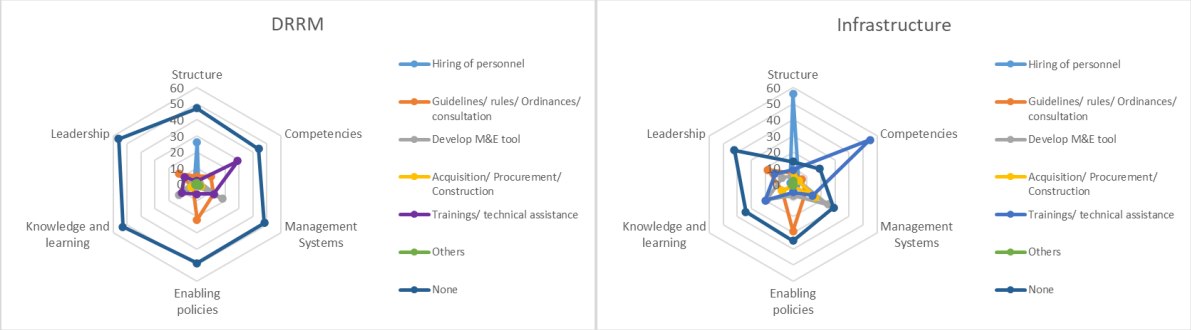
World Bank (2021) recognized how the lack of technical capacity at the local level resulted in the continued dependence of subnational governments on NGAs in the delivery of devolved public services. Smoke (2015) noted that multiple factors contributed to the failure of LGUs to successfully deliver devolved functions. He noted that these factors are "understaffing, lack of resources, insufficient capacity, a preference to rely on the central government, (and) low demand from citizens" among others. In this section we assess the needed interventions identified by the provincial LGUs in their DTPs.

Capacity development requirements appear to be the same across the six sectors and across provinces. On the structure pillar, an immediate need is for the hiring of personnel. The increase in plantilla is supported by the orientation of guidelines, resolutions, ordinances concerning the devolved functions. This also requires enabling policies that would ensure the authority of LGUs over hiring decisions. The increase in manpower goes hand in hand with the requirement of trainings and technical assistance which address LGU capacity needs under the competencies pillar and knowledge and learning pillar. The next widely identified need is the development of monitoring and evaluation tools that not only enhances management systems pillar but the knowledge and learning pillar as well (Figure 19).

A striking observation is how there appears to be less of a need for acquisition and procurement of equipment, and construction of facilities (Figure 19). Capital investments are expected complements to an increase in manpower and increase in service delivery requirements. However, the DTPs indicate that LGUs consider this as less of a need, either because there is already an existing overcapacity in equipment and facilities, or that this factor what simply not assessed properly. Further, the DTPs exhibit a limited listing of capacity development requirements for the devolution of DRRM functions. For this sector, the LGUs have indicated "None" or no needed interventions in more than 50 percent of DTPs. Similarly, there is also a relatively high share of DTPs that indicated no needed interventions for the devolution of infrastructure projects. This raises the same questions as to whether a sufficient capacity assessment was performed.

Figure 19. Capacity development interventions per sector: provinces





Source: Raw data from the DTPs.

4.3. Assessment of cities DTPs

4.3.1. State and trends of devolved functions

The DTPs report an aggregate of around 28,000 total number of PPAs for devolution to city LGUs. The social welfare sector received the highest number of identified PPAs for devolution, followed by the health sector and agriculture sector (Tables 11 and 12). Similar to what was observed with the provincial DTPs, PPAs on disaster risk reduction received the least number of identified PPAs.

Across the six sectors, the city LGUs have indicated that the DRRM sectors is relatively more devolved with 93 percent of the identified PPAs already either partially or fully assumed by the LGU (Table 11). The agriculture sector is the least devolved of the sectors with 39 percent of identified PPAs not yet existing. The environment, infrastructure, social welfare and health sectors follow suit with around 17 to 30 percent of the identified PPAs for devolution not currently existing. We reiterate the observation that there are DTPs where the LGU only listed existing PPAs, hence, the number of non-existing PPAs may be understated.

For the cities DTPs, there is an observable high variation of the number of existing and non-existing PPAs across cities, a trend that is different from the pattern observed in the province DTPs analysis presented earlier (Figure 20 and 21). This is expected as there are relevant differences in the legislated mandates and devolved functions between province and city LGUs. As per Section 17 of the LGC, unlike provinces, cities also cover the services and facilities for (a) adequate communication and transportation, and (b) support for education, police and fire services and facilities.

Table 11. Summary table of PPA count and share per sector: cities.

Sectors	PPA count			Percent		
	Existing (partially and fully assumed)	Not existing	Total identified PPAs	Existing (partially and fully assumed)	Not existing	Total
Social welfare	7,287	1,870	9,157	80	20	100
Health	6,321	1,251	7,572	83	17	100
Agriculture	3,106	2,000	5,106	61	39	100
Environment	1,912	839	2,751	70	30	100
Infrastructure	1,336	525	1,861	72	28	100
DRRM	1,207	87	1,294	93	7	100
Total	21,169	6,572	27,741	76	24	100

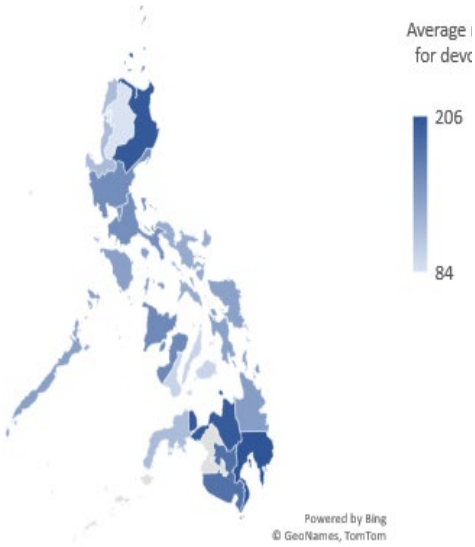
Source: Raw data from the DTPs.

Table 12. Summary table of partially and fully assumed PPAs: cities

	PPA count	Percent share
Social welfare	7,287	34
Health	6,321	30
Agriculture	3,106	15
Environment	1,912	9
DRRM	1,207	6
Infrastructure	1,336	6
Total	**21,169**	**100**

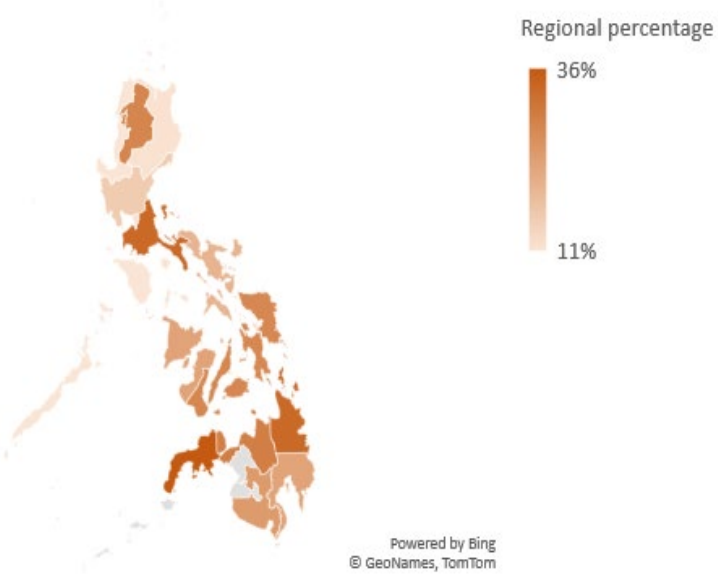
Source: Raw data from the DTPs.

Figure 20. A comparison of the number of existing PPAs across regions: cities



Source: Raw data from the DTPs. The graph represents partially and fully assumed PPAs.

Figure 21. A comparison of the share of non-existing PPAs for devolution across regions: cities



Source: Raw data from the DTPs

Figure 22. Distribution of total Cities' PPAs with 2021 IRA

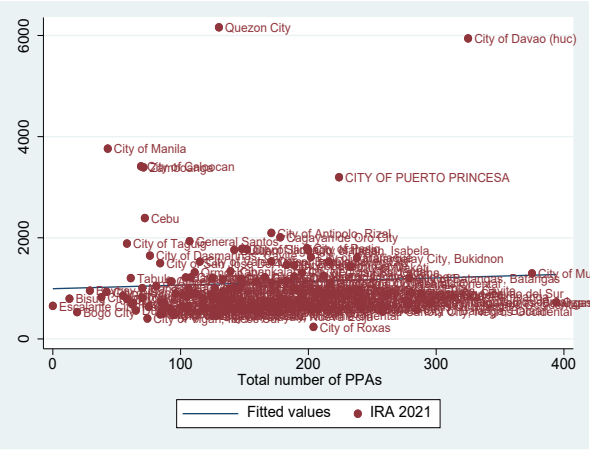
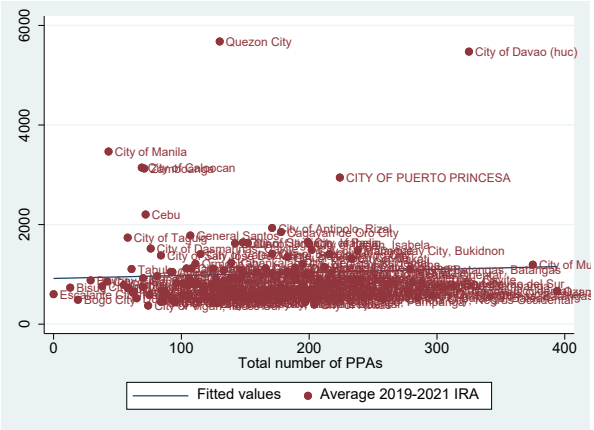


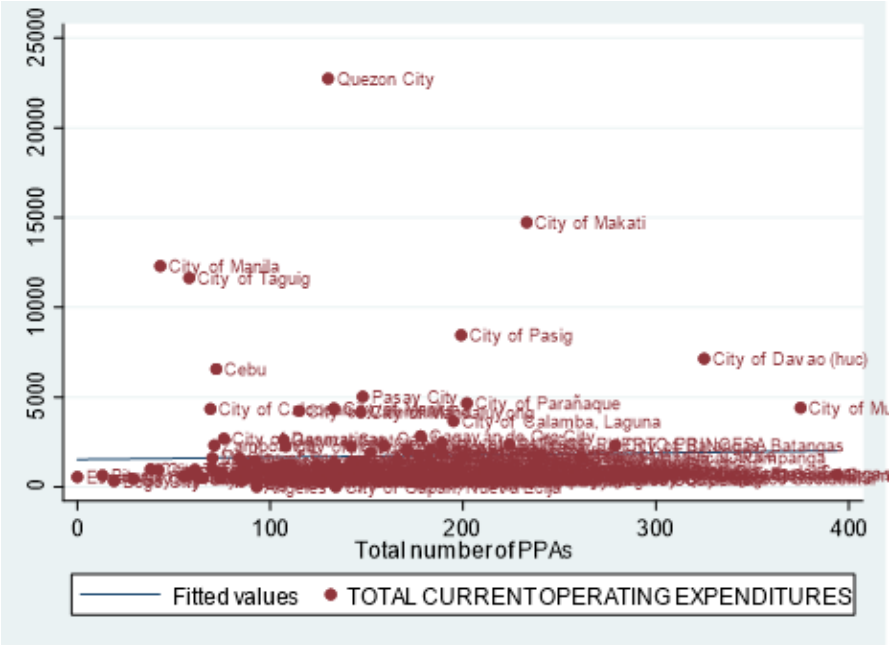
Figure 23. Distribution of total Cities' PPAs with 2019-2021 IRA



Source: Raw data from the DTPs; BLGF (various years)

Figures 22 and 23 present a comparison between the city IRA and the number of identified existing PPAs. Except for an outlier, Davao City, we find a very low correlation of 0.0617 between the number of PPAs and 2021 IRAs of cities. When using, the average IRA from 2019 to 2021, the correlation is even lower at 0.0570 (Figure 23). City IRA does not appear to be a determinant of the number of PPAs the cities identify in their DTPs. Similarly, there is a very low correlation (0.0311) between the cities' PPAs and the total COE in 2020 (Figure 24).

Figure 24. Distribution of total city PPAs with 2020 total COE



Source: Raw data from the DTPs; Bureau of Local Government Finance (BLGF) (various years)

High capacity, high performance city LGUs which comprise a little more than half of the total number of LGUs account for 58 percent of identified existing PPAs (Tables 13 and 14). On average, low capacity, low performance city LGUs reflect lower numbers of partially and fully assumed PPAs, especially for social welfare and health (Figure 25). Agriculture and environment sector functions are expected to vary according to the economic and geographical profiles of cities. Meanwhile, a lower number of existing PPAs is identified for disaster risk reduction and infrastructure across all quadrants. These trends signal different prioritization of the different sectors by the city LGUs. This implies that

devolution is not a one-size-fits-all, that the implementation or rollout can be expected to differ across the cities, and that devolution plans are more effective when these accommodate nuances across LGU capacities and prioritization.

Table 13. Breakdown of partially and fully assumed PPAs based on LGU segmentation: cities

Segment	Number of cities	Number of PPAs	Average
Quadrant 1 (High capacity and high performance)	78	12,199	156
Quadrant 2 (Low capacity and high performance)	16	2,324	145
Quadrant 3 (Low capacity and low performance)	31	4,049	131
Quadrant 4 (High capacity and low performance)	17	2,597	153
	142	**21,169**	**149**

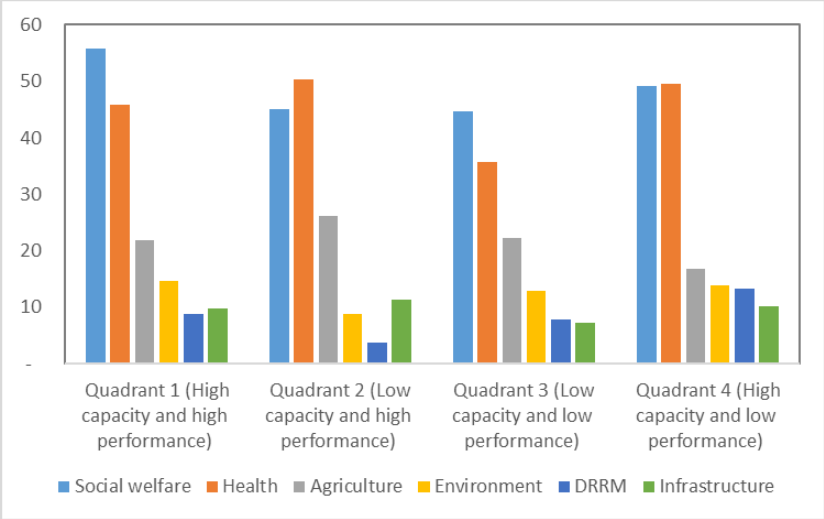
Source: Raw data from the DTPs.

Table 14. Breakdown of partially and fully assumed PPAs per sector based on LGU segmentation (count) : cities

Segment	Social welfare	Health	Agriculture	Environment	DRRM	Infrastructure	Total
Quadrant 1 (High capacity and high performance)	4,345	3,569	1,712	1,137	681	755	12,199
Quadrant 2 (Low capacity and high performance)	721	805	417	140	60	181	2,324
Quadrant 3 (Low capacity and low performance)	1,384	1,106	692	400	240	227	4,049
Quadrant 4 (High capacity and low performance)	837	841	285	235	226	173	2,597
	7,287	**6,321**	**3,106**	**1,912**	**1,207**	**1,336**	**21,169**

Source: Raw data from the DTPs.

Figure 25. Average number of existing PPAs identified per sector per city LGU segment



Source: Raw data from the DTPs.

In Table 15 below, we present the breakdown of PPAs per sectoral function. A high share of identified functions signals the prioritization of certain functions over others. For social welfare, the priority functions are services for women, elderly, and PWDs, and child and youth programs. For health, these are disease control, and nutrition and family planning. For agriculture, this is dispersal of livestock and poultry, fingerlings, and breeding stations. For environment, it is the solid waste disposal system. For DRRM, all three functions of prepardness, rehabilitation and recovery, and prevention and mitigation are equally identified. Finally, for infrastructure, the priorities are education-related infrastructure, and city roads and bridges.

A quick examination allows for an evaluation of whether the identified existing PPAs also align with i) government priorities at the national level, and ii) whether these align with the needs of counterpart consittuents. This alignment could be facilitated by a comparison with the national agenda of the NGAs and the national government, such as the Philippine Development Plan 2023-28. It would also improve the devolution implementation to have an alignment between the LGU and NGA DTPs. However, among the sectors included in this study, only DOH has an approved DTP at the time of writing this review. Finally, consultations with constituent couterparts and civil service organizations can help improve alignment of devolution priorities with needs on the ground.

Table 15. Breakdown of NGA functions for devolution: cities

Function	Count	Share of total
Social welfare		
Social welfare services including welfare programs for women, elderly, and persons with disabilities	2,316	32%
Social welfare services including child and youth programs	1,992	27%
Social welfare services including family and community programs	1,294	18%
Livelihood and other prop-poor projects	950	13%
Community based rehabilitation for vagrants, beggars, street children juvenile delinquents	735	10%
Subtotal	**7,287**	**100%**
Health		
Communicable and non-communicable disease control services	1,595	25%
Nutrition services and family planning services	1,594	25%
Primary health care	938	15%
Maternal and childcare	861	14%
Purchase of medicines, medical supplies, and equipment needed to carry out the services herein enumerated	550	9%
Access to secondary and tertiary health services	356	6%
Rehabilitation programs for victims of drug abuse	292	5%
Clinics, health centers, and other health facilities necessary to carry out health services (Infrastructure)	135	2%
Subtotal	**6,321**	**100%**
Agriculture		
Dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farm	1,911	62%
Improvement of local distribution channels	444	14%
Enforcement of fishery laws	396	13%
Inter-barangay irrigation systems	262	8%
Fish ports	93	3%
Subtotal	**3,106**	**100%**

Function	Count	Share of total
Environment		
Solid waste disposal system or environmental management system	1,243	65%
Establishment of tree parks, greenbelts, and similar forest development projects	326	17%
Implementation of community-based forestry projects which include integrated social forestry programs and similar projects which include integrated social forestry programs and similar projects	205	11%
Management and control of communal forests with an area not exceeding fifty (50) square kilometers	138	7%
Subtotal	**1,912**	**100%**
DRRM		
Preparedness	414	34%
Rehabilitation and recovery	399	33%
Prevention and mitigation	394	33%
Subtotal	**1,207**	**100%**
Infrastructure		
Education-related infrastructure	396	30%
Municipal/City roads and bridges	366	27%
Seawall, dikes, drainage and sewerage	149	11%
Rainwater collectors and water supply system	147	11%
Facilities related to general hygiene and sanitation	104	8%
Small water impounding and other similar projects	89	7%
Flood control	85	6%
Subtotal	**1,336**	**100%**

Source: Raw data from the DTPs. Count refers to the number of existing PPAs identified by the LGUs for each function.

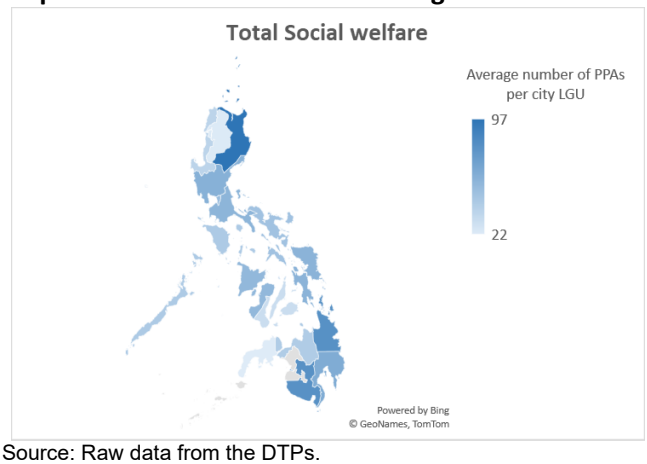
We observe a different trend from the cities DTPs compared to the province DTPs in terms of variation and sectoral priorities. In the succeeding sections, we present a mapping of the regional average of the number of PPAs per city, per sector. We show that on average, there are large variations across regions, attributable to unique regional characteristics and priorities. Recall that in the mapping of the province DTP PPAs, one contant observation is the over-identification of functions by provincial LGUs in Ilocos Region, Cagayan Valley and Central Luzon across the different sectors. In the cities analysis, this is not an observable trend.

4.3.2. Social welfare sector

The social welfare sector has the largest number of exisiting PPAs based on city LGU DTPs. Identified PPAs are categorized into the following main social welfare services: i) child and youth programs, ii)

family and community programs, iii) welfare programs for women, elderly, and persons with disabilities(PWDs), iv) community-based rehabilitation for vagrants, beggars, street children and juvenile delinquents, and v) livelihood and other pro-poor projects. City LGUs from Cagayan Valley, SOCCSKSARGEN, and Caraga have identified the most PPAs for devolution, while Zamboanga and Cordillera Administrative Region have the least.

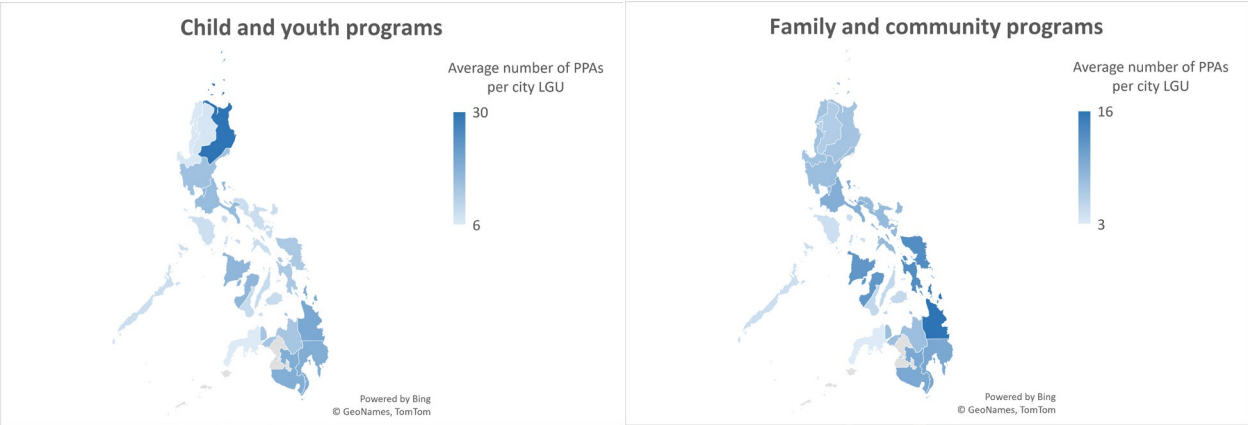
Figure 26. A comparison of the number of existing PPAs for social services: cities.

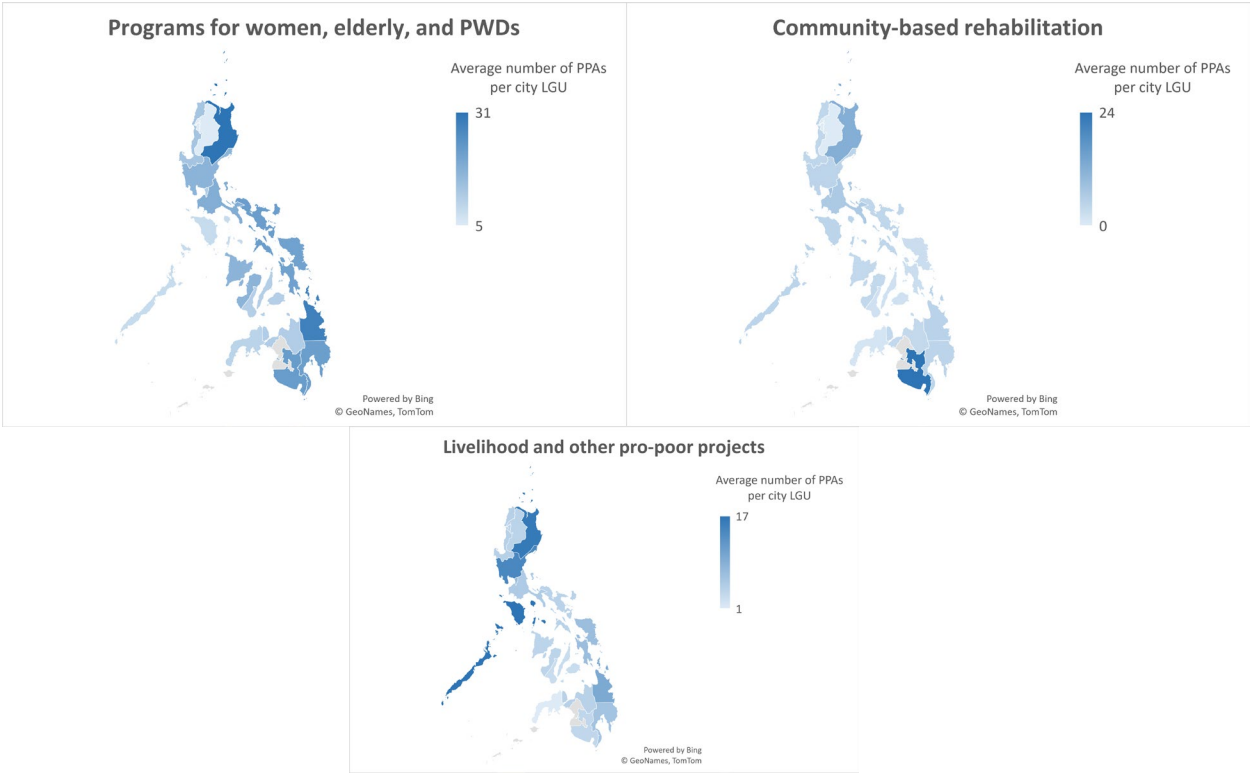


Source: Raw data from the DTPs.

The mapping of social services PPAs per function across regions reveals different sectoral priorities based on the number of identified existing PPAs across the different regions (Figure 27). For child and youth programs, Cagayan Valley has identified the most number of PPAs on average. For family and community programs, cities from Caraga Region identified the most PPAs. For programs for women, elderly and PWDs, these are Cagayan Valley and Caraga. For livelihood projects, a high number of PPAs was seen in the MIMAROPA, Cagayan Valley and Central Luzon. Meanwhile, community-based rehabilitation is the least identified social welfare function with SOCCSKSARGEN as an outlier.

Figure 27. A comparison of the number of existing PPAs per function for social services: cities.





Source: Raw data from the DTPs.

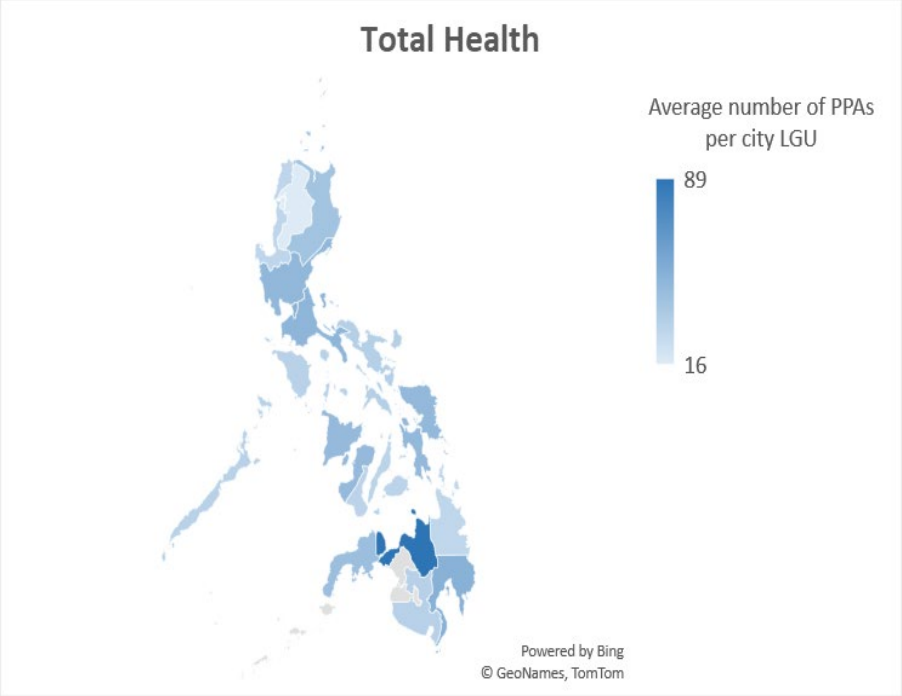
4.3.3. Health sector

The health sector has the second largest number of city LGU PPAs for devolution. Cities in Northern Mindanao stand out with the most number of identified PPAs on average (Figure 28). This was followed by cities in the Davao Region and the National Capital Region (NCR). We find a negatively low (-0.0988) correlation between the number of PPAs to the 2020 population density (Figure 29).

Devolved health sector functions encompass a wider range of services for the city LGUs as compared to the provincial LGU. Specifically, these functions are i) primary health care, ii) maternal care and childcare, iii) communicable and non-communicable disease control services, iv) access to secondary and tertiary health services, v) purchase of medicines, medical supplies, and equipment needed to carry out the services herein enumerated, vi) rehabilitation programs for victims of drug abuse, vii) nutrition services and family planning services, and viii) clinics, health centers, and other health facilities necessary to carry out health services.

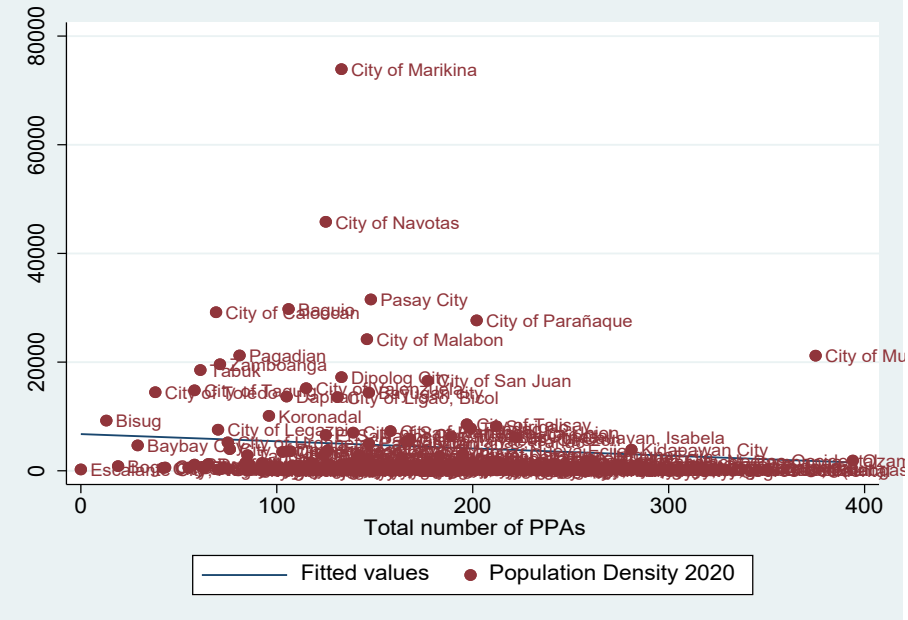
The data also signals a wide variation for the different health functions (Figure 30). Cities in regions from Mindanao have indicated a high number of PPAs for primary health, maternal and childcare, and secondary and tertiary health services. For disease control, Central Luzon, Northern Mindanao, Davao Region and the NCR, regions with highly dense cities identified most PPAs. For nutrition and family planning services this was evident in CALABARZON and Northern Mindanao. There is also a high number of PPAs identified by cities in Cagayan Valley, Northern Mindanao and Davao Region. Finally, devolution of clinics, health centers, and other health facilities was the least identified function with Davao Region and CALABARZON as outliers.

Figure 28. A comparison of the number of existing PPAs for the health sector: cities.



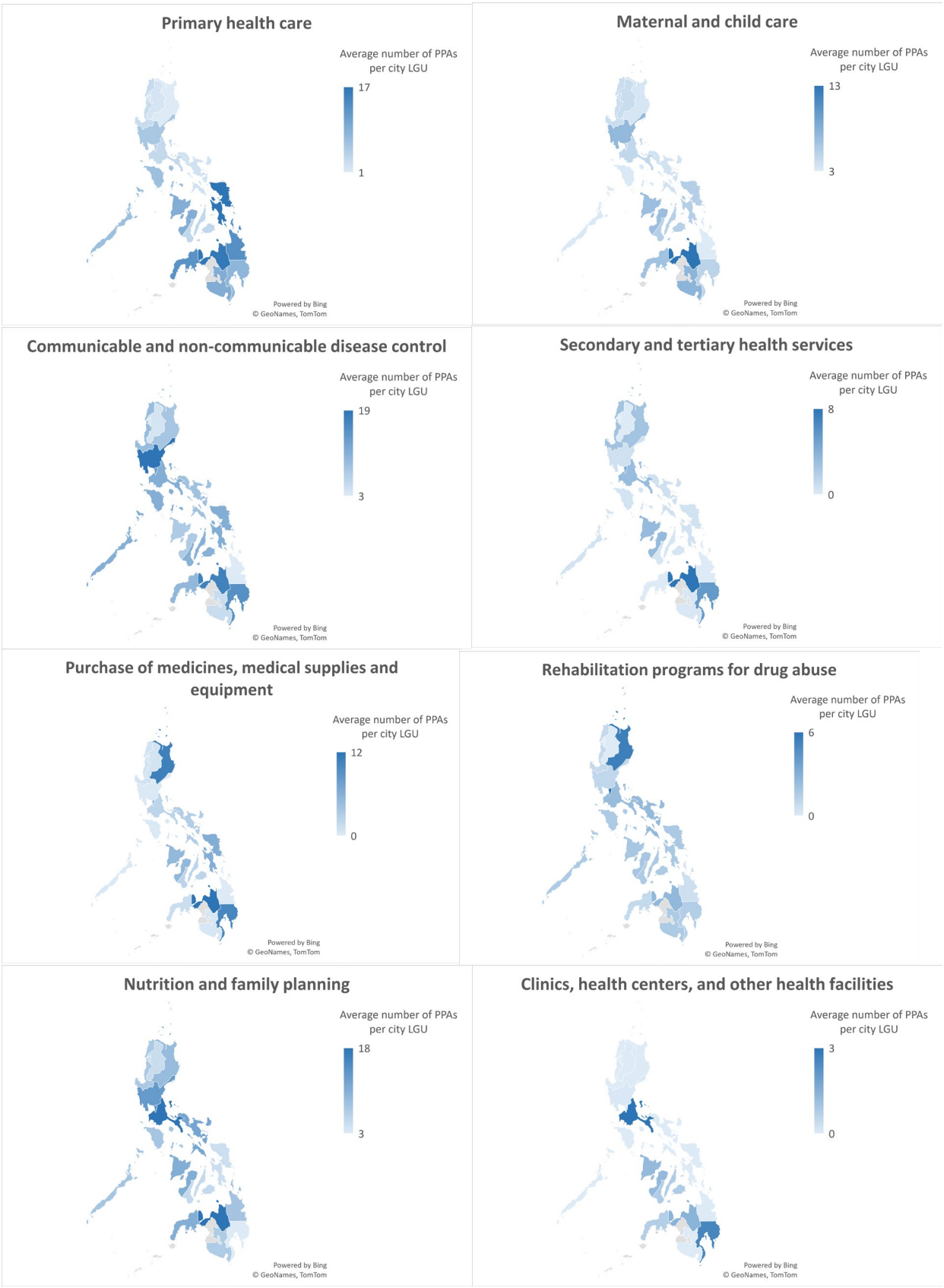
Source: Raw data from the DTPs.

Figure 29. Distribution of total cities' PPAs with 2020 population density



Source: Raw data from the DTPs; PSA 2021

Figure 30. A comparison of the number of existing PPAs for the health sector per function: cities.



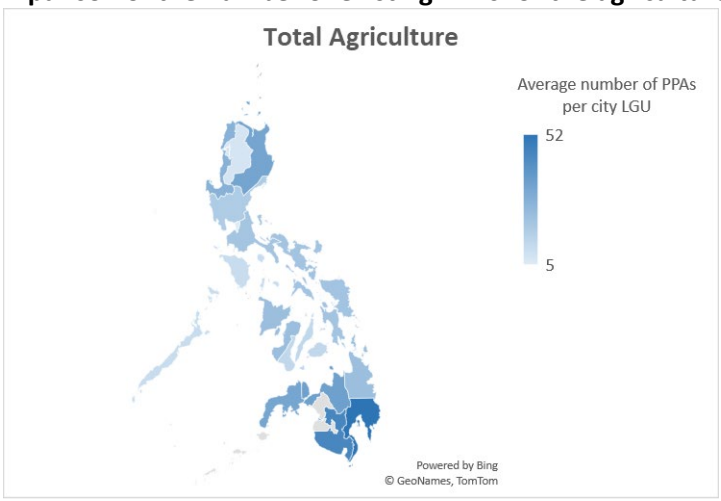
Source: Raw data from the DTPs

4.3.4. Agriculture sector

Regional disparities with respect to the presence and significance of the agriculture sector are expected to influence the prioritization of city LGUs of agriculture related functions. From the mapping of the overall count of agricultural functions, we find the highest number of identified PPAs in the cities in Davao Region, Northern Mindanao and SOCCSKSARGEN, mostly in Mindanao, followed by cities in Norther Luzon regions (Figure 31).

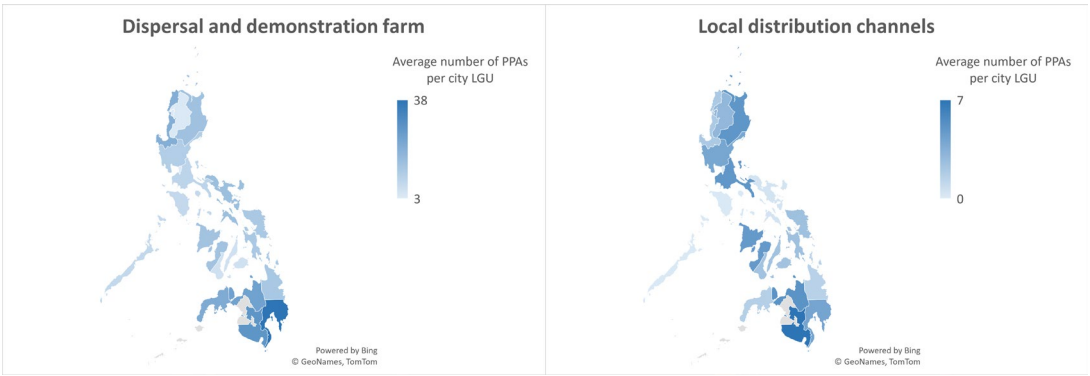
Agricultural functions for the city LGU are classified as i) dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farm, ii) improvement of local distribution channels, iii) inter-barangay irrigation systems, iv) enforcement of fishery laws, and v) fish ports. Mapping of the different functions also reveal different priority areas for the various agricultural cities (Figure 32). Most cities have identified a high number of dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farms, with the highest from Davao Region, SOCCSKSARGEN and Northern Mindanao. Meanwhile, there is less variation with PPAs on local distribution channels, which may signify that it is a common need across agricultural cities. There is also less variation with PPAs for irrigation systems with the highest number seen in Cagayan Valley. For the enforcement of fisheries law this is evident in Zamboanga Peninsula and SOCCSKSARGEN. Fish ports is the function with least identified PPAs for devolution, with the Cagayan Valley as an outlier.

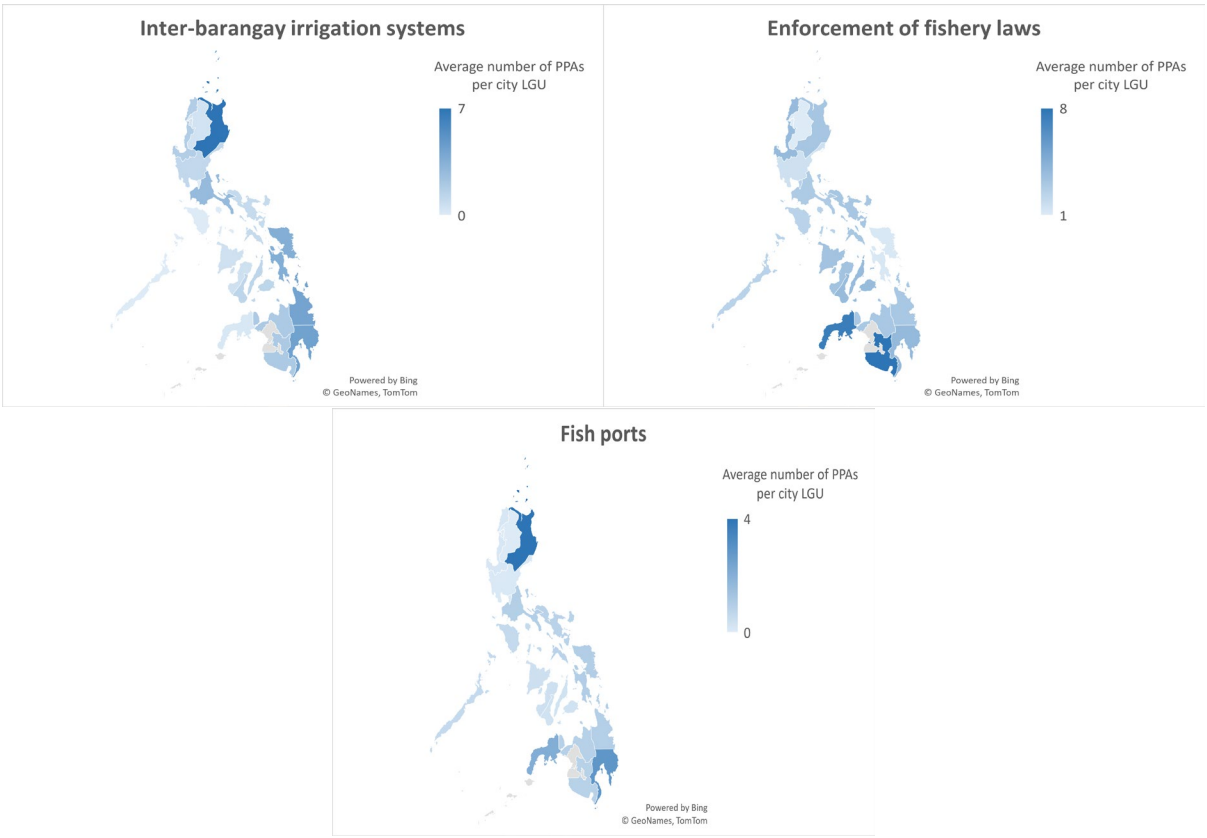
Figure 31. A comparison of the number of existing PPAs for the agriculture sector: cities.



Source: Raw data from the DTPs

Figure 32. A comparison of the number of existing PPAs for the agriculture sector per function: cities.





Source: Raw data from the DTPs

4.3.5. Environment sector

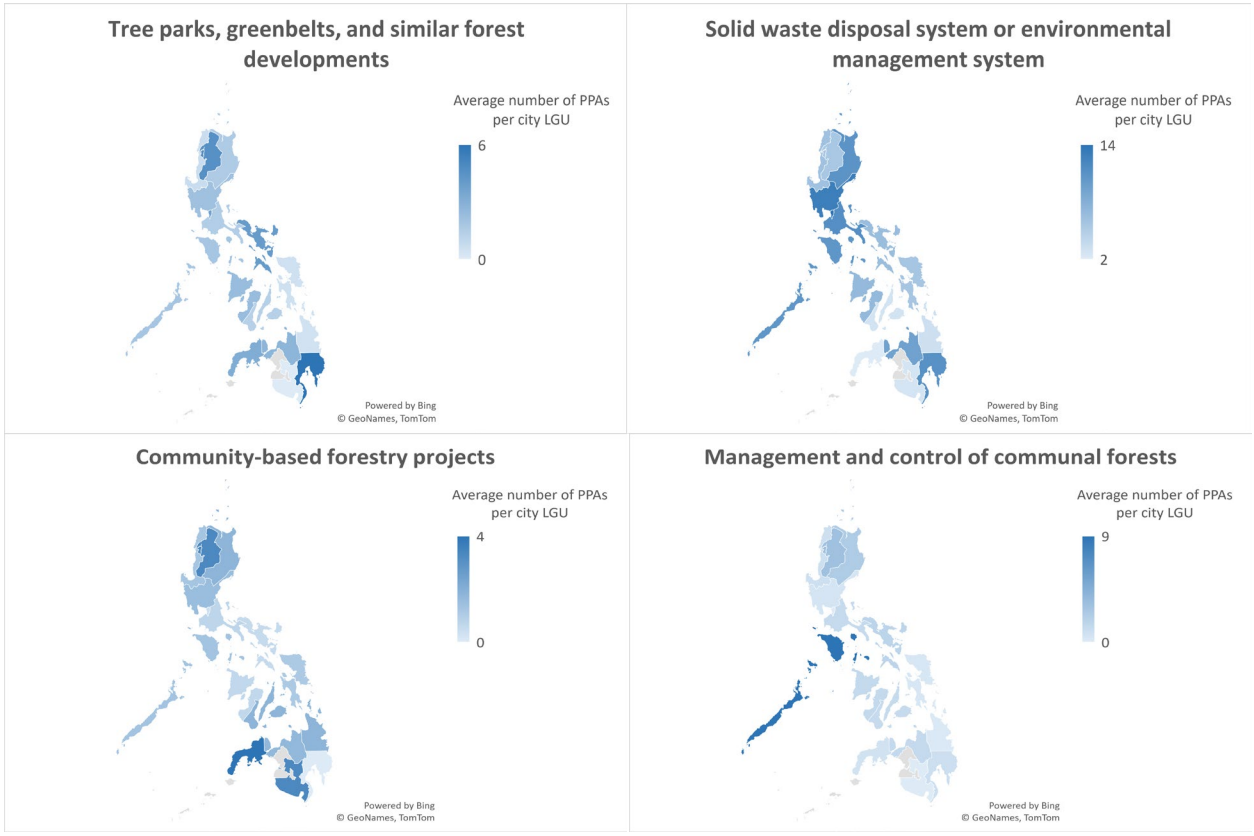
Environment sector PPAs for cities are categorized as i) implementation of community-based forestry projects which include integrated social forestry programs and similar projects which include integrated social forestry programs and similar projects, ii) management and control of communal forests with an area not exceeding fifty (50) square kilometers, iii) establishment of tree parks, greenbelts, and similar forest development projects, and iv) solid waste disposal system or environmental management system.

The city LGUs have identified the greatest number of PPAs for solid waste disposal, with the highest from NCR, Central Luzon, CALABARZON, Davao Region, MIMAROPA and Cagayan Valley (Figure 33). Meanwhile, cities from CAR, MIMAROPA, Zamboanga Peninsula, Davao Region, Bicol Region and SOCCSKSARGEN have the most number of forest-related PPAs (Figure 33).

4.3.6. Disaster risk reduction and monitoring

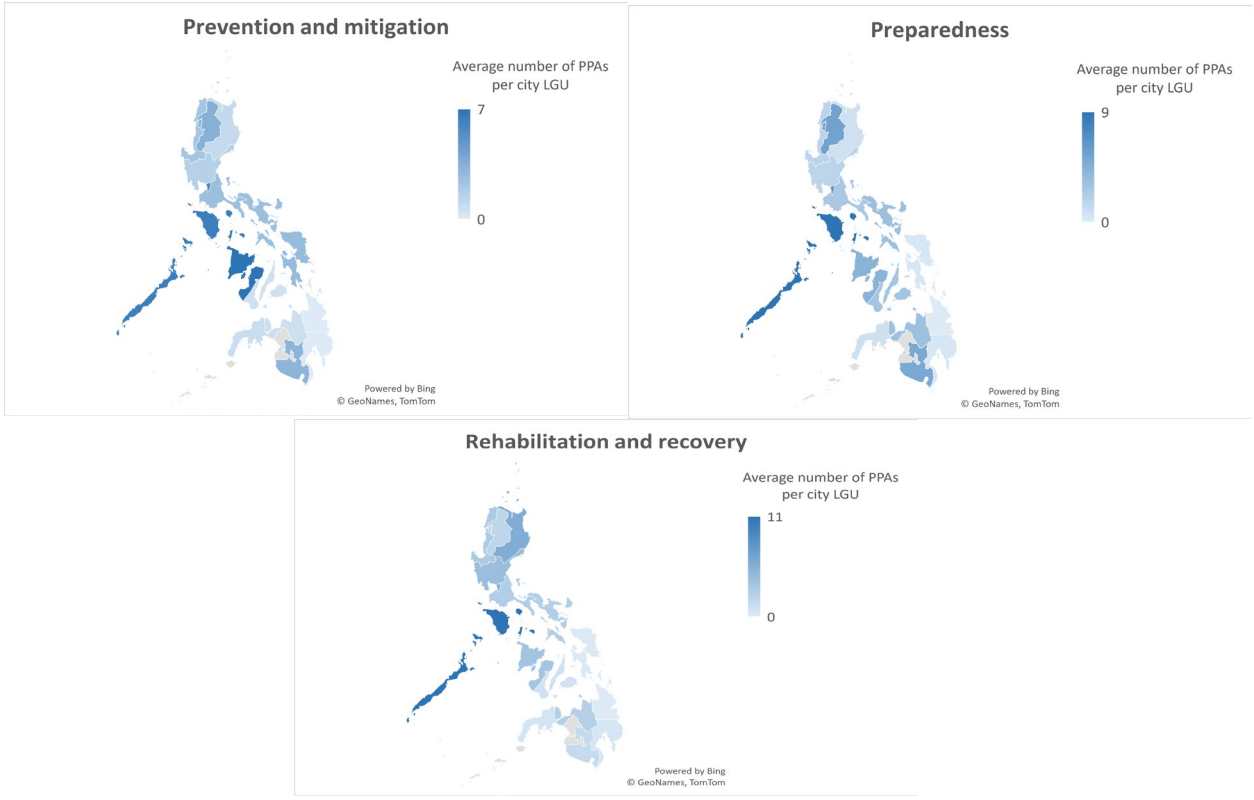
For DRRM, functions are categorized into i) prevention and mitigation, ii) disaster preparedness, and iii) rehabilitation and recovery. DRRM functions have the least number of identified PPAs in city DTPs. Cities from MIMAROPA, the NCR and Western Visayas have identified the most number of PPAs (Figure 34). On the contrary, the Zamboanga Peninsula, Davao Region, and Caraga Region have on average not identified any DRRM function for devolution (Figure 34).

Figure 33. A comparison of the number of existing PPAs for the environment sector per function: cities.



Source: Raw data from the DTPs

Figure 34. A comparison of the number of existing PPAs for the DRRM per function: cities.



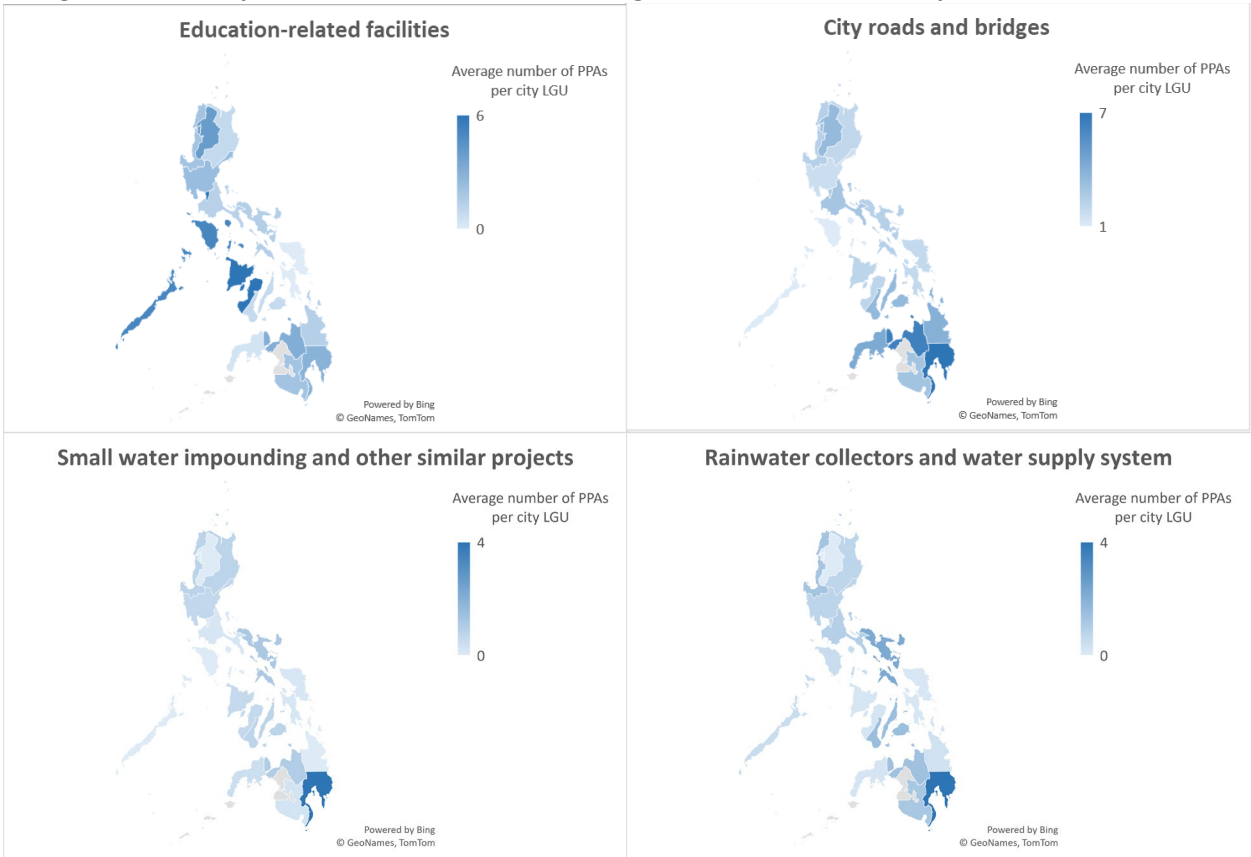
Source: Raw data from the DTPs

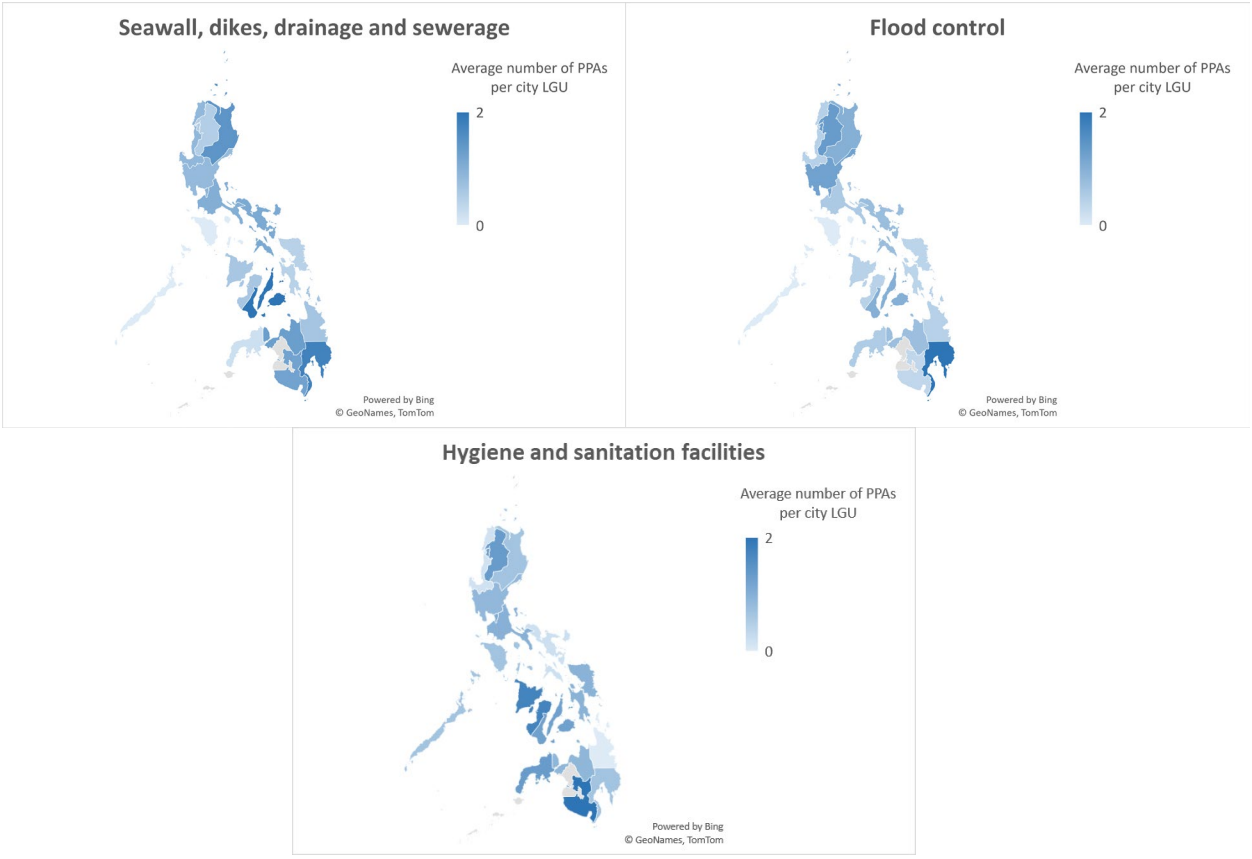
4.3.7. Infrastructure

Infrastructure PPAs for cities are categorized into: i) education-related buildings and facilities (i.e., school buildings and other facilities for public elementary schools, school buildings and other facilities for public secondary schools, and information services which include maintenance of public library), ii) city roads and bridges, iii) small water impounding and other similar projects, iv) rainwater collectors and water supply system, v) seawall, dikes, drainage and sewerage, vi) flood control, and vii) facilities related to general hygiene and sanitation.

Education-related facilities, and city roads and bridges are the infrastructure functions that have the most number of identified PPAs and this is most evident in the NCR, Western Visayas and MIMAROPA city DTPs for the former, and in Northern Mindanao and Davao Region city DTPs for the latter (Figure 35). The remaining functions can be lumped together as water-related infrastructure (water-supply, drainage, sewerage, flood control, and hygiene and sanitation). Cities from the Davao Region identified the most number of Water collection or water systems PPAs. For seawall and dikes, this is evident in coastal cities (Figure 35). Finally, flood control, and hygiene and sanitation, are the least identified functions (Figure 35).

Figure 35. A comparison of the number of existing PPAs for infrastructure per function: cities.





Source: Raw data from the DTPs

4.3.8. Phasing and nature of devolved PPAs

City LGUs have indicated in their respective DTPs the projected year of completion of the full devolution of the different sectoral functions. We evaluate whether the target of full devolution in year 2024 as defined in EO 138 is achievable based on the self-assessment of the LGUs. We present in this section the calculated completion rates per sectoral function equivalent to the share in the number of cities that have assumed full devolution of the functions in years 2022-2024 and beyond if any (Figure 36).[9]

For the projected completion rates indicated in the city LGU DTPs, we make the same observation made in the provincial DTPs analysis. First, we find that none of the LGUs projected to have full 100 percent devolution of functions by end-2024, nor beyond it. A completion rate of less than 100 percent in the period "beyond 2024" means that for certain PPAs or functions, the LGU was not able to provide an estimated completion date. We find an average completion rate of only 20 percent for end-2023. This means that by year end-2023, only 20 percent of the city LGUs would have fully devolved functions. And similar to the province DTPs findings, we observe a jump in completion rate by end-2024 as it is the mandated target by national government. This once again raises the question of attainability and whether the 2024 target is realistic.

By end-2024, average completion rate by sector are as follows: social welfare functions fully devolved in 73 percent of the cities, health- 45 percent, agriculture- 57 percent, environment- 44 percent, and infrastructure 35 percent. Overall, data from the city DTPs reveal that only 51 percent of city LGUs project to have fully devolved functions by end-2024. And only 60 percent of LGUs have projected to

[9] For example, a completion rate of 50% in year 2022 for function *x* would mean that half of the city LGUs have fully devolved the PPAs for function *x* in that year.

fully devolve these functions beyond 2024. We observe a dearth of information with respect to forecast completion rates from the city DTPs, with about 40 percent of functions with missing completion dates.

Figure 36. Cumulative share of cities with expected fully devolved functions.

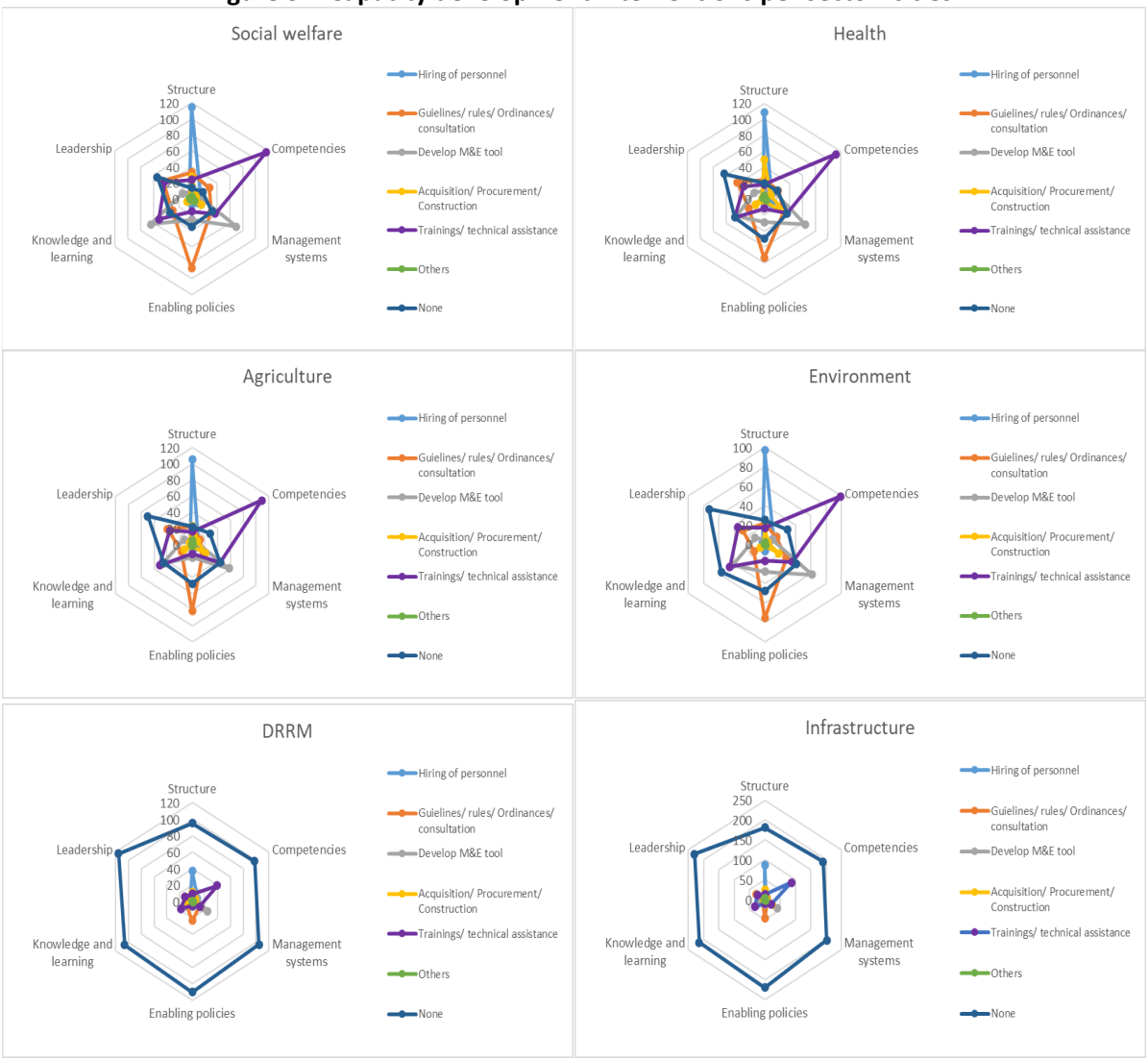
Source: Raw data from the DTPs

4.3.9. Needed interventions

Capacity development requirements appear to be the same across the six sectors and across cities (Figure 37). We observe similarities with needed interventions identified in provincial DTPs such as an immediate need for the hiring of personnel (light blue line), supported by the orientation of guidelines, resolutions, ordinances concerning the devolved functions (orange line) which also strengthen the enabling policies pillar. The next widely identified need is the development of monitoring and evaluation tools (grey line).

Similar to the province DTPs, fewer cities identified acquisition and procurement of equipment, and construction of facilities as a needed intervention for devolution (yellow line). Further, the city DTPs also exhibit a limited listing of capacity development requirements for the devolution of DRRM and infrastructure functions. For these sectors, the LGUs have indicated "None" or no needed interventions in more than 50 percent of DTPs. This raises the same questions as to whether a sufficient capacity assessment was performed by the city LGUs in their DTPs.

Figure 37. Capacity development interventions per sector: cities



Source: Raw data from the DTPs

4.4. Assessment of municipalities DTPs

4.4.1. State and trends of devolved functions

From the sample of 300 municipal DTPs, an aggregate of around 56,000 PPAs is reported for devolution to municipal LGUs. In terms of shares, we find a similar pattern with the city DTPs where the social welfare and health sectors receiving the highest shares, accounting for more than half of the total (Tables 16 and 17). This is followed by the agriculture sector at 15 percent. Infrastructure, disaster risk reduction and the environment sectors received the least number of identified PPAs.

Across the six sectors, agriculture and environment are the least devolved with more than 50 percent of the identified PPAs for devolution still not existing. The infrastructure and social welfare sectors follow with more than 30 percent of PPAs not existing. The health and DRRM sectors are the most devolved (Table 16). We reiterate the observation of missing data on non-existing PPAs, hence, the total number of non-existing PPAs may be underestimated.

Table 16. Summary table of PPA count and share per sector per municipal LGU.

Sectors	PPA count			Percent		
	Existing (partially and fully assumed)	Not existing	Total identified PPAs	Existing (partially and fully assumed)	Not existing	Total
Social welfare	11,442	5,284	16,726	68	32	100
Health	10,362	3,564	13,926	74	26	100
Agriculture	5,075	7,319	12,394	41	59	100
Environment	2,307	3,230	5,537	42	58	100
Infrastructure	2,157	1,927	4,084	53	47	100
DRRM	2,273	603	2,876	79	21	100
Total	33,616	21,927	55,543	61	39	100

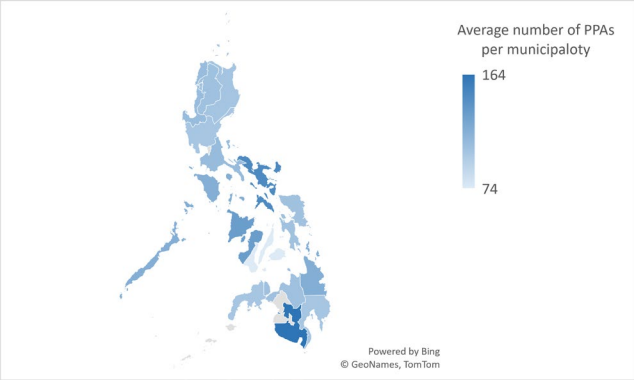
Comparison of average number of existing PPAs across municipalities as well as the shares of non-existing PPAs reveals a different pattern from the provincial and city DTPs, indicating that a modified approach can be helpful in the rollout of devolved functions across province, city and municipal LGUs (Figures 38 and 39).

We assess the relationship between IRA and number of PPAs and find a low correlation of 0.0575, suggesting a weak relationship between the two (Figure 40). The relationship of the 2020 total COE with the municipal PPAs (Figure 41) also has a weak correlation with a 0.0939 correlation coefficient.

Table 17. Summary table of partially and fully assumed PPAs: municipalities

	PPA count	Percent share
Social welfare	11,442	34%
Health	10,362	31%
Agriculture	5,075	15%
Environment	2,307	7%
DRRM	2,273	7%
Infrastructure	2,157	6%
Total	**33,616**	**100%**

Figure 38. A comparison of the number of existing PPAs across municipalities



Source: Raw data from the DTPs

Figure 39. A comparison of the share of non-existing municipal PPAs for devolution across regions

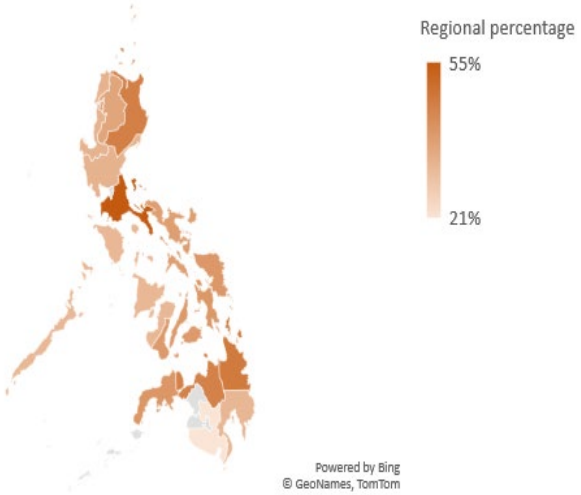
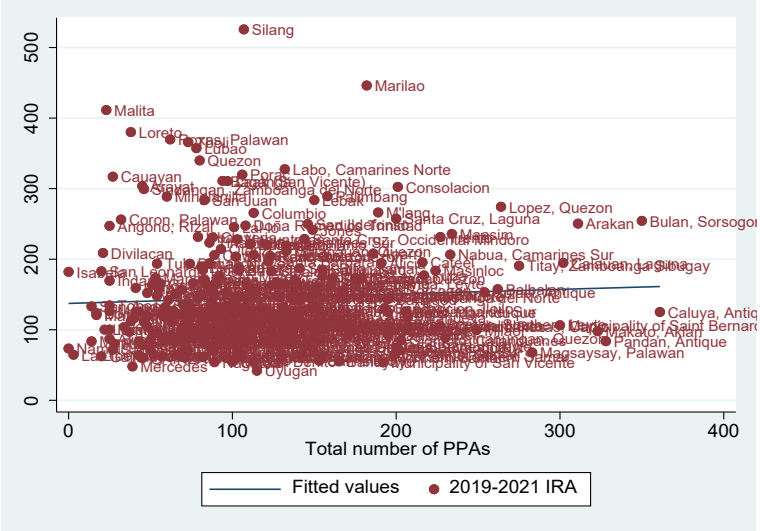
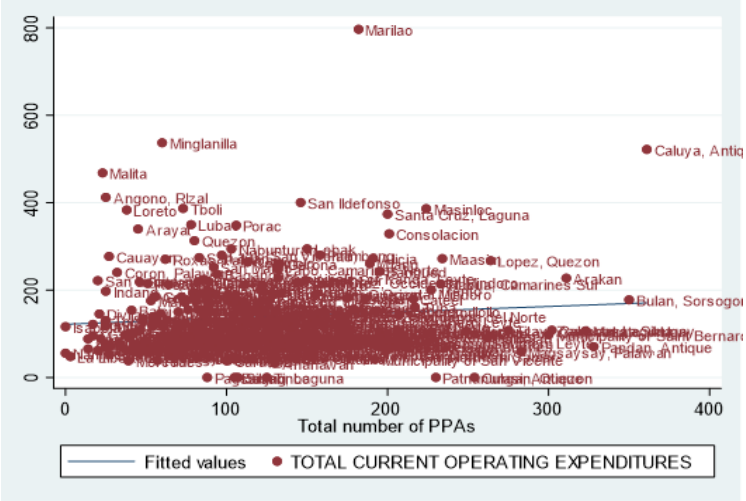


Figure 40. Distribution of total municipalities' PPAs with 2019-2021 IRA



Source: Raw data from the DTPs; BLGFF (various years)

Figure 41. Distribution of total municipalities' PPAs with the 2020 total COE



Source: Raw data from the DTPs; BLGFF (various years)

We also compare the average of the total number of PPAs across municipal LGUs segmented by capacity (Figure 42). We find that on the average, there is little variation across the four segments (Table 18). From a sectoral perspective, we find that in Quadrant 2 (low capacity, high performance) and Quadrant 4 (high performance, low capacity) municipalities have identified on average the most number of existing PPAs, unlike what is observed in both provincial and city DTPs (Table 19).

Table 18. Breakdown of partially and fully assumed PPAs based on LGU segmentation: municipalities

Segment	Number of municipalities	Number of PPAs	Average
Quadrant 1 (High capacity and high performance)	154	16,955	110
Quadrant 2 (Low capacity and high performance)	34	3,998	118
Quadrant 3 (Low capacity and low performance)	78	8,601	110
Quadrant 4 (High capacity and low performance)	34	4,062	119

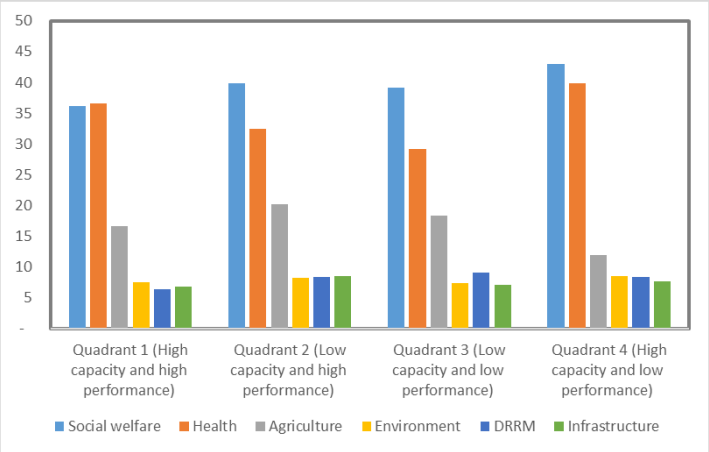
Source: Raw data from the DTPs

Table 19. Breakdown of partially and fully assumed PPAs per sector based on LGU segmentation

Segment	Social welfare	Health	Agriculture	Environment	DRRM	Infrastructure	Total
Quadrant 1 (High capacity and high performance)	5,574	5,629	2,557	1,159	991	1,045	16,955
Quadrant 2 (Low capacity and high performance)	1,354	1,101	686	282	285	290	3,998
Quadrant 3 (Low capacity and low performance)	3,050	2,276	1,427	578	711	559	8,601
Quadrant 4 (High capacity and low performance)	1,464	1,356	405	288	286	263	4,062
	11,442	**10,362**	**5,075**	**2,307**	**2,273**	**2,157**	**33,616**

Source: Raw data from the DTPs

Figure 42. Average number of partially and fully assumed PPAs per sector based on municipal LGU segmentation.



Source: Raw data from the DTPs

Across the different municipality segments, there is an observable emphasis on devolved functions for social welfare and health, a trend similar to city DTPs. In terms of identification, there is less emphasis on the environment sector, disaster risk reduction and mitigation, and infrastructure, relative to the other sectors. This points to two implications. First, municipal LGUs are well-informed and knowledgeable of social welfare and health functions. Second, there is a need for greater sectoral coordination and guidance for environment, DRRM and infrastructure, as these are also cross-cutting sectors.

Table 20 below lists the specific functions identified for devolution by municipal LGUs in their DTPs. Compared to our cities analysis in the previous section, we find similar priority functions for most

sectors. For social welfare the priority functions are services for women, elderly, and PWDs, and child and youth programs. For health, these are disease control, and nutrition and family planning. For agriculture, this is dispersal of livestock and poultry, fingerlings, and breeding stations. For environment, it is the solid waste disposal system. For DRRM, all three functions of preparedness, rehabilitation and recovery, and prevention and mitigation are equally identified. Finally, for infrastructure, the priorities are municipal roads and bridges, and rainwater collectors and water supply systems (in contrast to the cities data which have identified more PPAs for education-related infrastructure).

Table 20. Breakdown of NGA functions for devolution: municipalities

Function	Count	Percent
Social welfare		
Social welfare services including welfare programs for women, elderly, and persons with disabilities	4,362	38%
Social welfare services including child and youth programs	3,186	28%
Social welfare services including family and community programs	2,143	19%
Livelihood and other prop-poor projects	1,026	9%
Community based rehabilitation for vagrants, beggars, street children juvenile delinquents	725	6%
Sub-total	**11,442**	**100%**
Health		
Communicable and non-communicable disease control services	3,127	30%
Nutrition services and family planning services	2,109	20%
Maternal and childcare	1,241	12%
Primary health care	1,234	12%
Purchase of medicines, medical supplies, and equipment needed to carry out the services herein enumerated	1,186	11%
Clinics, health centers, and other health facilities necessary to carry out health services (Infrastructure)	703	7%
Access to secondary and tertiary health services	444	4%
Rehabilitation programs for victims of drug abuse	318	3%
Sub-total	**10,362**	**100%**
Agriculture		
Dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farm	2,939	58%
Enforcement of fishery laws	724	14%
Improvement of local distribution channels	709	14%
Inter-barangay irrigation systems	435	9%
Fish ports	268	5%
Sub-total	**5,075**	**100%**

Function	Count	Percent
Environment		
Solid water disposal system or environmental management system	1,730	75%
Implementation of community-based forestry projects which include integrated social forestry programs and similar projects which include integrated social forestry programs and similar	216	9%
Establishment of tree parks, greenbelts, and similar forest development projects	190	8%
Management and control of communal forests with an area not exceeding fifty (50) square kilometers	171	7%
Sub-total	**2,307**	**100%**
DRRM		
Rehabilitation and recovery	824	36%
Preparedness	788	35%
Prevention and mitigation	661	29%
Sub-total	**2,273**	**100%**
Infrastructure		
Municipal/City roads and bridges	666	31%
Rainwater collectors and water supply system	371	17%
Education-related infrastructure	279	13%
Small water impounding and other similar projects	260	12%
Seawall, dikes, drainage and sewerage	237	11%
Facilities related to general hygiene and sanitation	231	11%
Flood control	113	5%
Sub-total	**2,157**	**100%**

Source: Raw data from the DTPs. Count refers to the number of PPAs per function identified in the sample of municipal DTPs.

We observe a different trend when comparing municipal DTPs with the cities and provincial DTPs in terms of variation and sectoral priorities. In the succeeding sections, we present a mapping of the regional average of the number of PPAs per municipality, per sector.

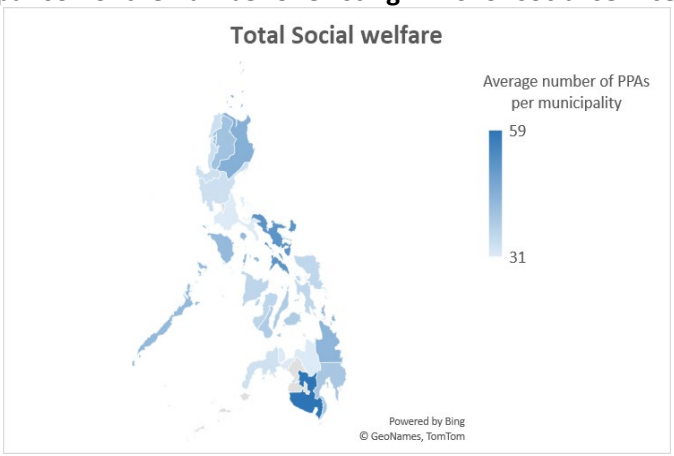
4.4.2. Social welfare sector

The social welfare sector has the largest number of PPAs for devolution based on municipal LGU DTPs. Devolved functions for municipalities are the same as those for cities. Identified PPAs are categorized into the following main social welfare services: i) child and youth programs, ii) family and community programs, iii) welfare programs for women, elderly, and persons with disabilities(PWDs), iv) community-based rehabilitation for vagrants, beggars, street children and juvenile delinquents, and v)

livelihood and other pro-poor projects. Municipal LGUs from SOCCSKSARGEN, Bicol Region and Cagayan Valley have identified the most number of existing PPAs, while CALABARZON and Northern Mindanao have the least (Figure 43). We compare the distribution with the poverty map (Figure 11), and find that the pattern of social welfare PPAs identified by the municipalities are not consistent with high poverty areas.

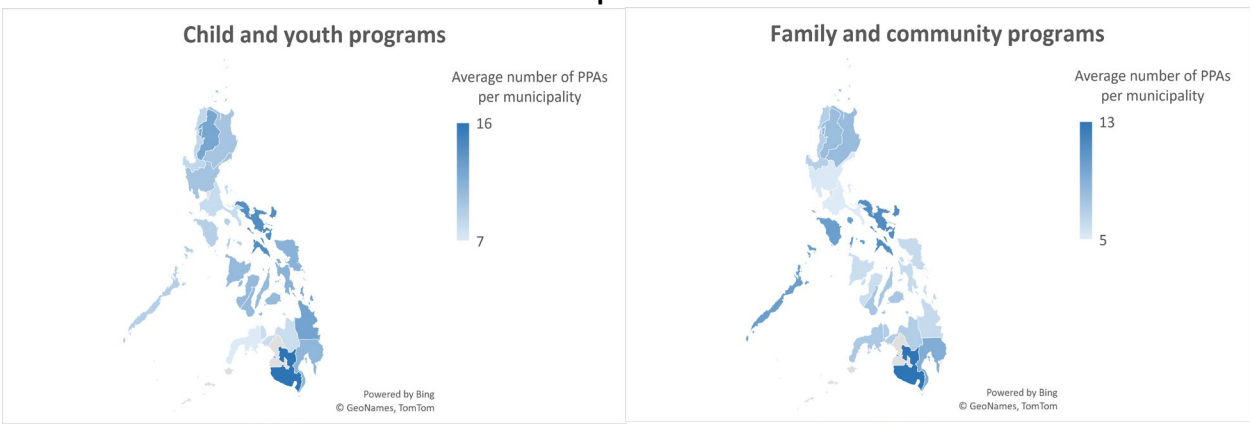
The mapping of social services PPAs per function across regions reveals different sectoral priorities across the different regions (Figure 44). Municipalities in the SOCCSKSARGEN and Bicol Regions have identified the most number of existing PPAs for child and youth programs, family and community programs, and programs for women, elderly and PWDs, and community-based rehabilitation services. Municipalities from the Cagayan Valley and CALABARZON identified the most number of livelihood and pro-poor PPAs.

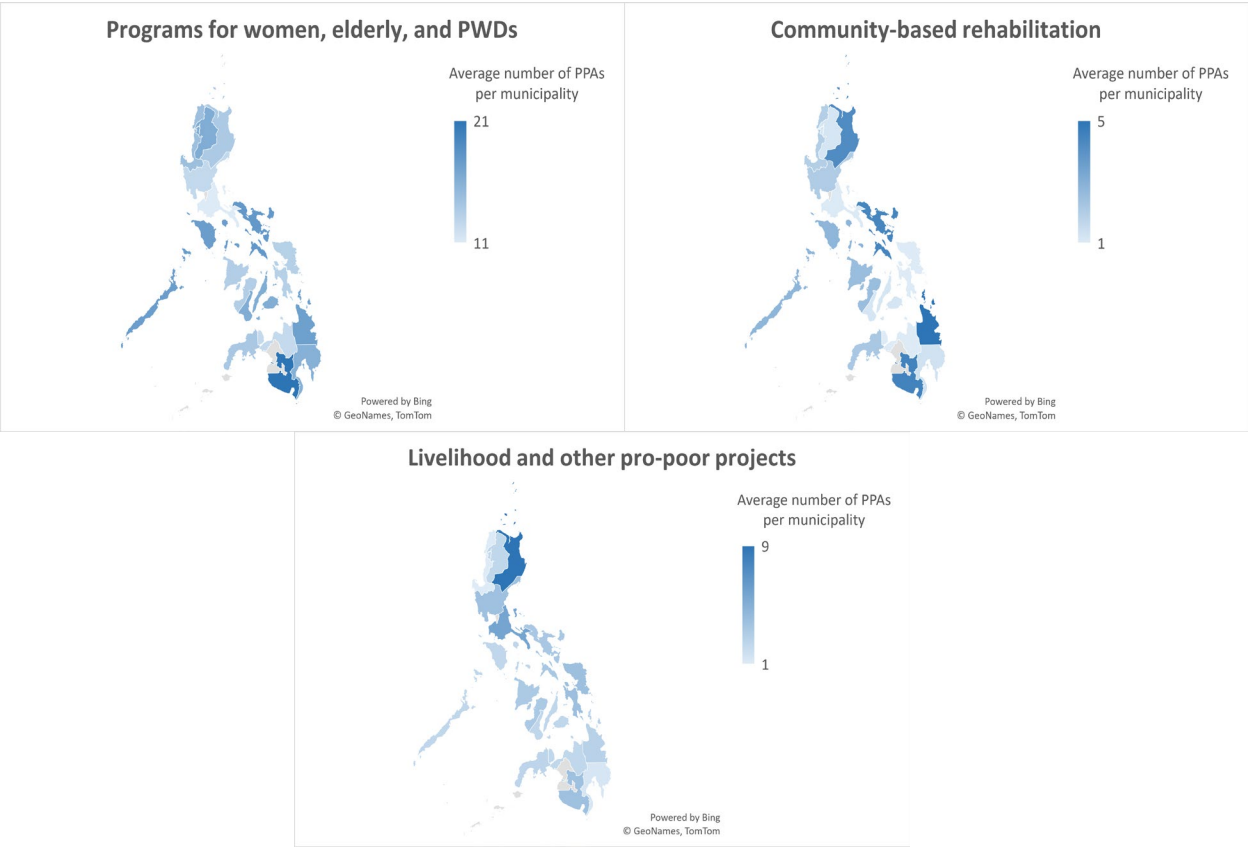
Figure 43. A comparison of the number of existing PPAs for social services: municipalities.



Source: Raw data from the DTPs

Figure 44. A comparison of the number of existing PPAs per function for social services: municipalities.



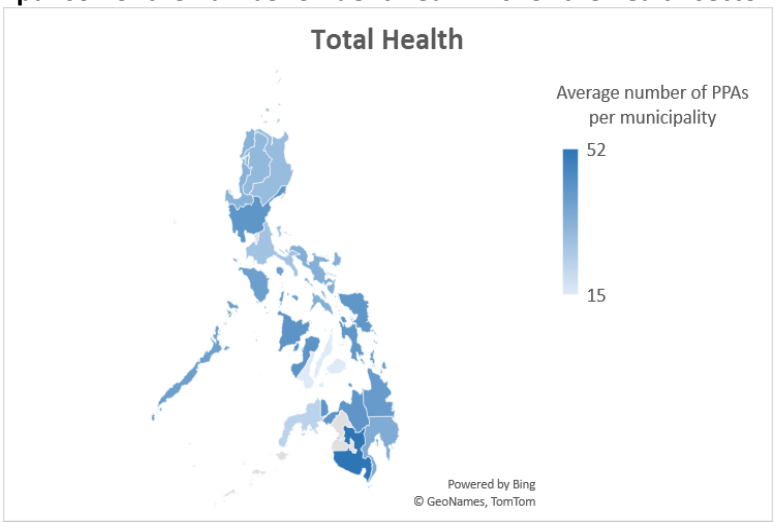


Source: Raw data from the DTPs

4.4.3. Health sector

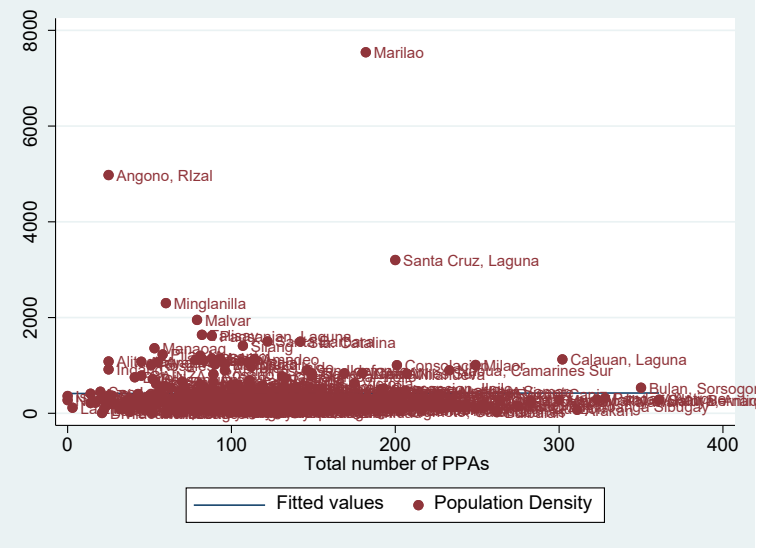
The health sector has the second largest number of municipal LGU PPAs for devolution. Municipalities from SOCCSKSARGEN stand out with the most number of identified existing PPAs on average (Figure 45). This was followed by municipalities from Western and Easter Visayas, Northern Mindanao and Central Luzon (Figure 45). On the contrary, Central Visayas identified the least number of PPAs (Figure 45). We find a low correlation of 0.0031 between the number of identified PPAs per municipality and their respective population densities (Figure 46).

Figure 45. A comparison of the number of identified PPAs for the health sector: municipalities.



Source: Raw data from the DTPs

Figure 46. Distribution of total municipalities' PPAs with 2020 population density



Source: Raw data from the DTPs; PSA (2021)

Devolved health sector functions for the municipality encompass the same range of services for the city LGUs. Again, these functions are i) primary health care, ii) maternal care and childcare, iii) communicable and non-communicable disease control services, iv) access to secondary and tertiary health services, v) purchase of medicines, medical supplies, and equipment needed to carry out the services herein enumerated, vi) rehabilitation programs for victims of drug abuse, vii) nutrition services and family planning services, and viii) clinics, health centers, and other health facilities necessary to carry out health services (Table 21). We find that despite of similar functions to be devolved to cities and municipalities, the prioritization of such functions as represented by the number of identified PPAs are contrasting for city and municipal LGUs. We make this observation for the health sector, and other sectors as well.

Table 21. Devolved health sector functions by level of government

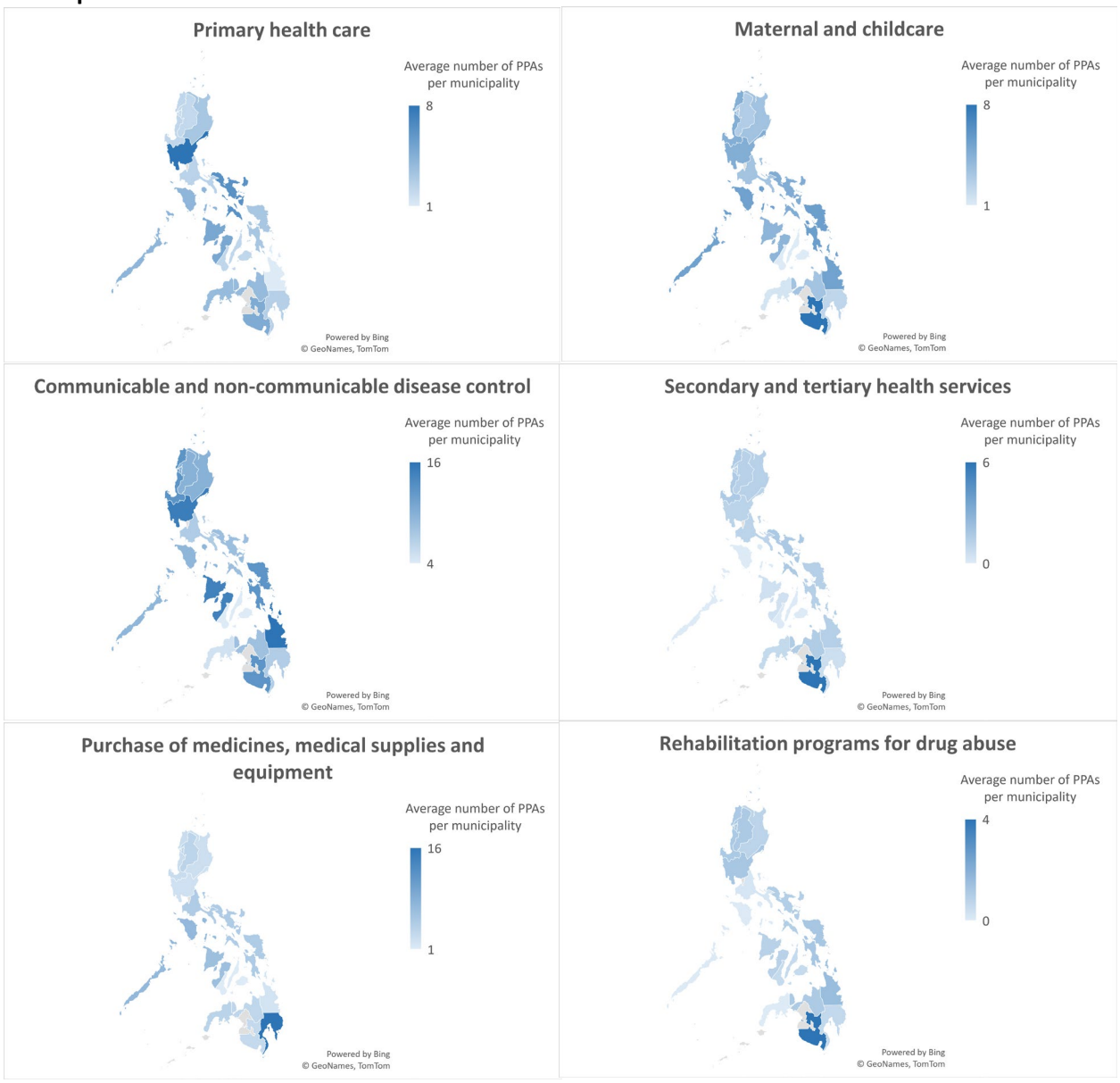
LGU	Devolved Health Services	Reference
Barangay	Maintenance of barangay health center	Section 17.b.1.ii.
Municipality	Implementation of programs and projects on primary health care, maternal and child care, and communicable and non-communicable disease control services; Access to secondary and tertiary health services Purchase of medicines, medical supplies, and equipment needed to carry out the said services	Section 17.b.2.iii.
Province	Hospitals and other tertiary health services	Section 17.b.3.iv.
City	All the services and facilities of the municipality and province	Section 17.b.4.

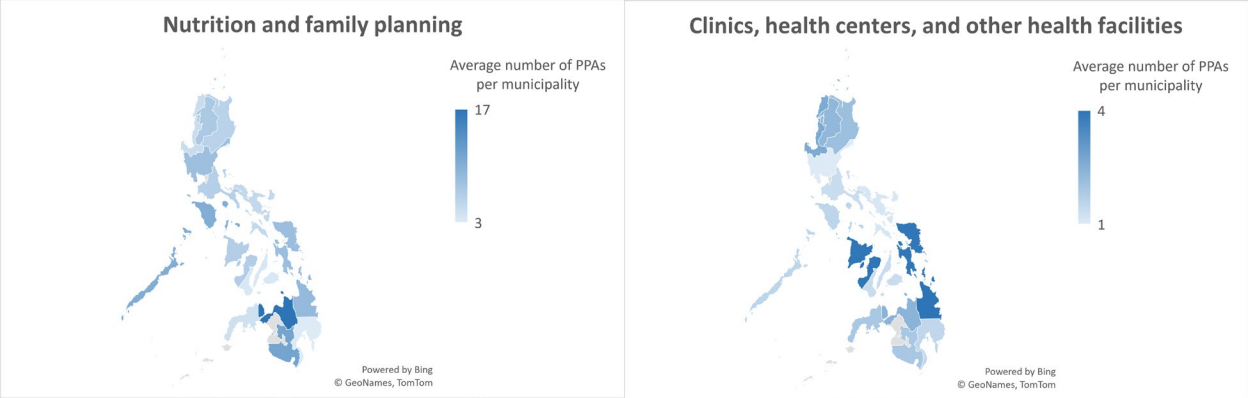
Sources: Table from Cuenca (2018), original data from the Local Government Code 1991

The data also signals a wide variation for the different health sector functions (Figure 47). Municipalities from Central Luzon and the Bicol Region have indicated a high number of PPAs for primary health care. For maternal and childcare, a high number of PPAs are from SOCCSKSARGEN,

Eastern Visayas and MIMAROPA. The data show that there is an overarching need for disease control, and more pronounced in SOCCSKSARGEN, and Central Luzon. Surprisingly, municipalities from Central Visayas have reported the least PPAs for this function despite being densely populated. For the following functions, municipalities from the Mindanao Island group have identified the most PPAs: secondary and tertiary health, purchase of medicine, supplies and equipment, rehabilitation programs, and nutrition and family planning. Finally, Caraga, Western and Eastern Visayas, and Ilocos Region municipalities identified the most number of PPAs on clinics, health centers, and other health facilities.

Figure 47. A comparison of the number of existing PPAs for the health sector per function: municipalities.





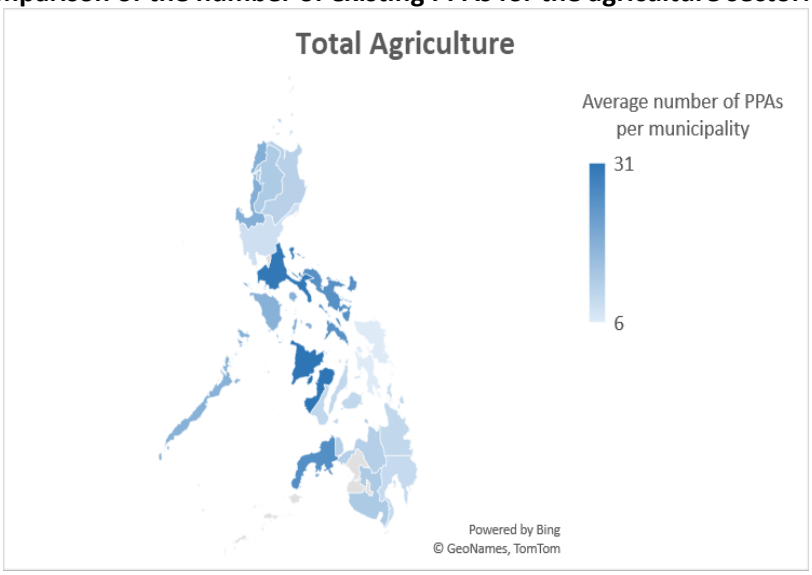
Source: Raw data from the DTPs

4.4.4. Agriculture sector

From the mapping of the overall count of agricultural functions to be devolved to municipal LGUs, we find the highest number of identified PPAs in the municipalities from CALABARZON, Western Visayas, and Zamboanga Peninsula (Figure 48). We compare this with the heatmap for agricultural gross value added (GVA) (Figure 12) and observe that the PPA mapping is consistent with high agriculture GVA areas.

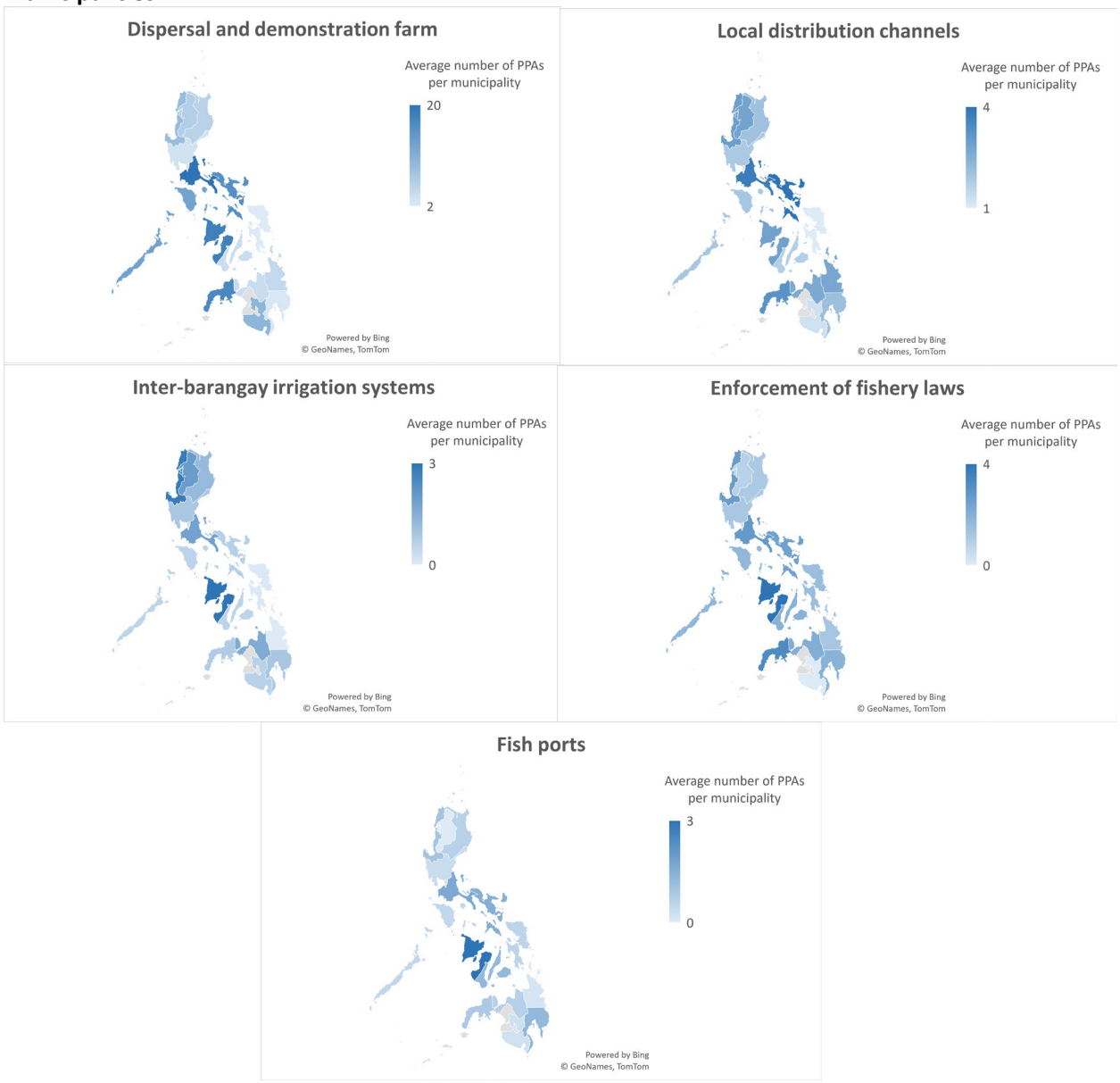
Similar to the result from the cities DTPs, dispersal of livestock and poultry, fingerlings, and other seedling operation of demonstration farm is the most identified function in the DTPs. This is seen in CALABARZON, Western Visayas, and Zamboanga Peninsula (Figure 49). There are less PPAs identified for the other DA functions. Further, mapping of the different functions also reveal different priority areas for the various agricultural municipalities, which are also notedly different from the cities DTPs. For improvement of local distribution channels, most PPAs were identified by municipalities from CALABARZON and Bicol Region but with less variation across regions. For inter-barangay irrigation systems, this is seen in Ilocos Region and Western Visayas. For enforcement of fishery laws, most PPAs are identified by Zamboanga Peninsula and Western Visayas. Finally, fish ports were the least identified which is another surprising finding. For the latter, only Western Visayas had the most number of existing PPAs.

Figure 48. A comparison of the number of existing PPAs for the agriculture sector: municipalities.



Source: Raw data from the DTPs

Figure 49. A comparison of the number of existing PPAs for the agriculture sector per function: municipalities.



Source: Raw data from the DTPs

4.4.5. Environment sector

Environment PPAs for municipal devolution are categorized as i) implementation of community-based forestry projects which include integrated social forestry programs and similar projects which include integrated social forestry programs and similar projects, ii) management and control of communal forests with an area not exceeding fifty (50) square kilometers, iii) establishment of tree parks, greenbelts, and similar forest development projects, and iv) solid waste disposal system or environmental management system.

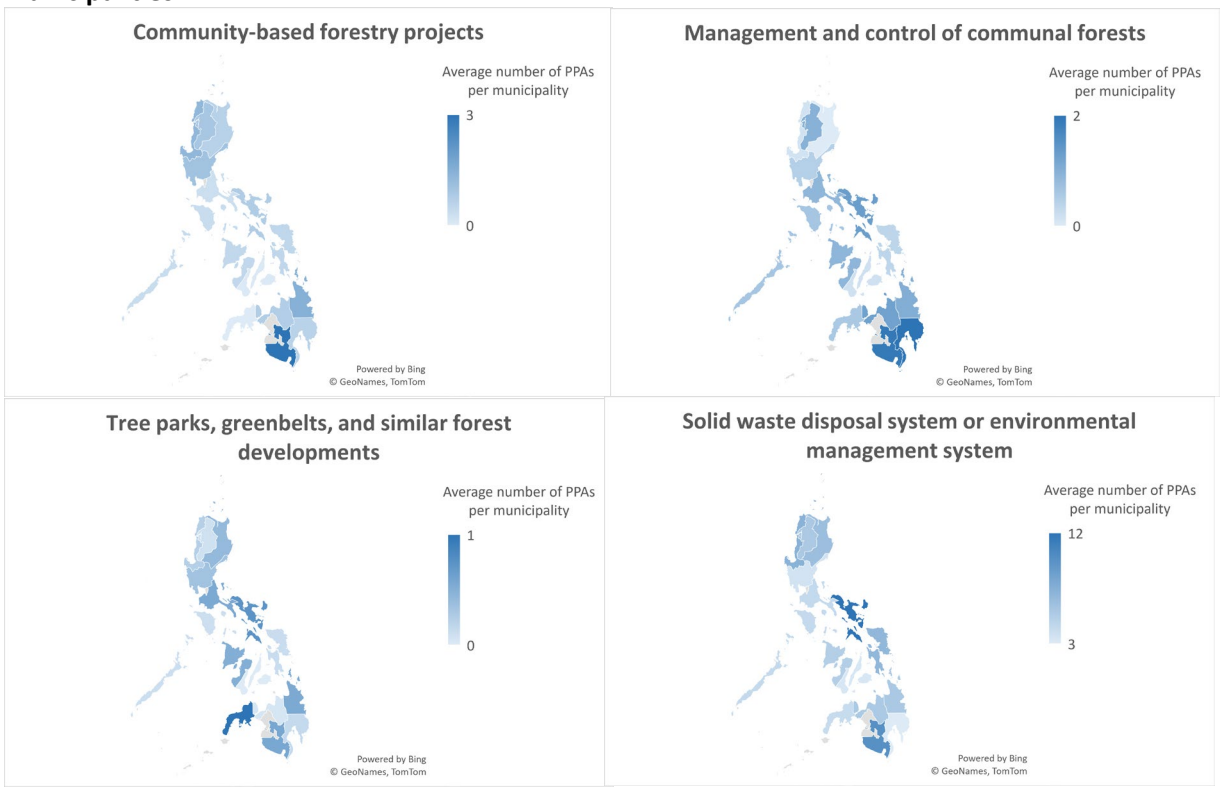
Environmental functions received a relatively low number of identified PPAs in the municipal DTPs. The most identified function is solid waste and environmental management system, with municipalities from SOCCSKSARGEN and Bicol Region identifying the most number of PPAs. For forest

management and forestry projects, these are seen in municipalities from SOCCSKSARGEN and Davao Region.

4.4.6. Disaster risk reduction and monitoring

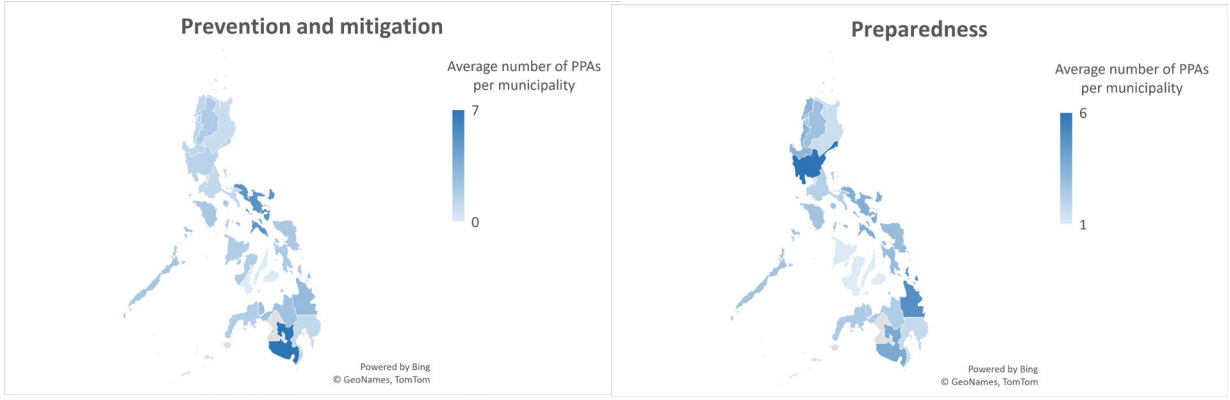
Similar to the environment sector functions, DRRM functions also received a low number of identified PPAs in the municipal DTPs. Functions for devolution are categorized into i) prevention and mitigation, ii) disaster preparedness, and iii) rehabilitation and recovery. While least identified, outliers are SOCCSKSARGEN with most number of PPAs identified for prevention and mitigation, and rehabilitation and recovery, and Central Luzon for disaster preparedness (Figures 50 & 51). Municipalities from the Cagayan Valley and Western Visayas had the least number of identified PPAs for DRRM functions.

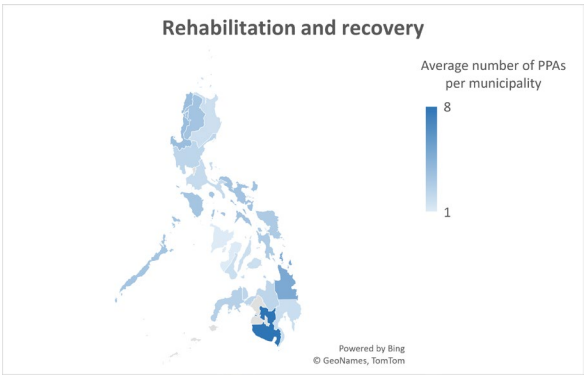
Figure 50. A comparison of the number of existing PPAs for the environment sector per function: municipalities.



Source: Raw data from the DTPs

Figure 51. A comparison of the number of existing PPAs for the DRRM per function: municipalities.





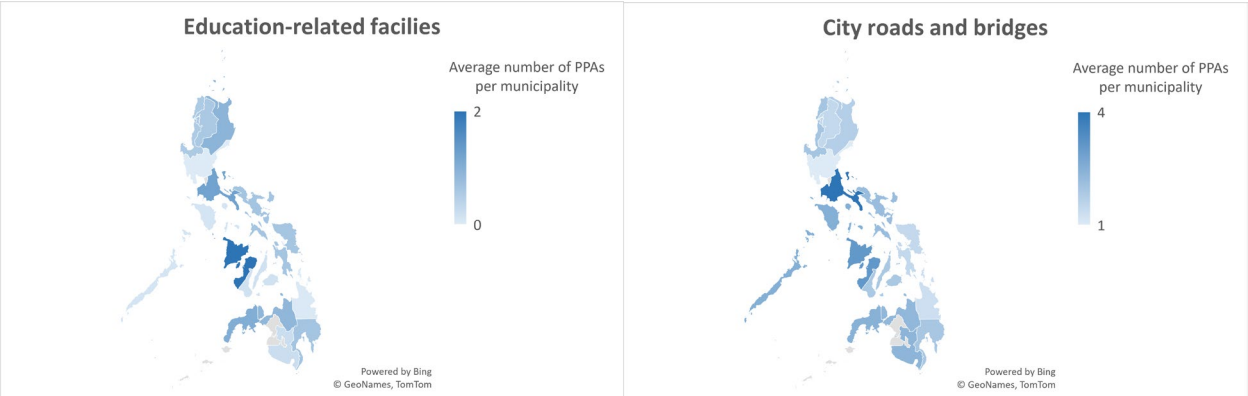
Source: Raw data from the DTPs

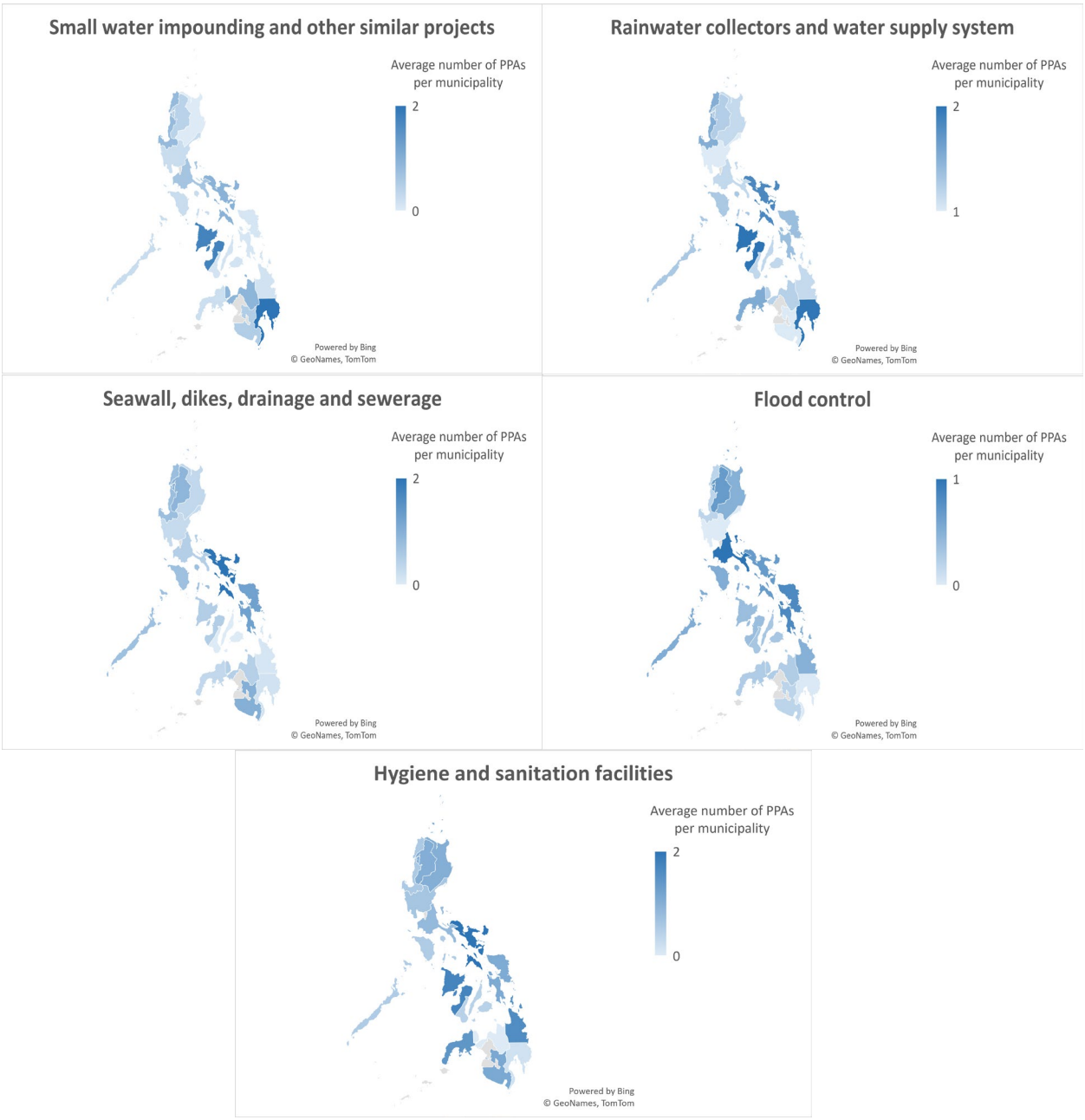
4.4.7. Infrastructure

Infrastructure PPAs for municipal devolution are categorized into: i) education-related buildings and facilities (i.e. school buildings and other facilities for public elementary schools, school buildings and other facilities for public secondary schools, and information services which include maintenance of public library), ii) city roads and bridges, iii) small water impounding and other similar projects, iv) rainwater collectors and water supply system, v) seawall, dikes, drainage and sewerage, vi) flood control, and vii) facilities related to general hygiene and sanitation.

Municipal roads and bridges are the infrastructure functions that have the most number of identified PPAs and this is most evident in CALABARZON (Figure 52). The remaining functions can be lumped together as water-related infrastructure (water-supply, drainage, sewerage, flood control, and hygiene and sanitation). Municipalities from Western Visayas, Bicol Region and the Davao Region identified the most number of water infrastructure PPAs (Figure 52). We note of the difference in prioritization between cities and municipalities. Recall that in cities, education-related facilities are most identified, in contrast to municipalities' prioritization of roads and bridges, and water infrastructure. Once again, these are nuances that can be considered to improve devolution rollout of the national agencies.

Figure 52. A comparison of the number of existing PPAs for infrastructure per function: municipalities.





Source: Raw data from the DTPs

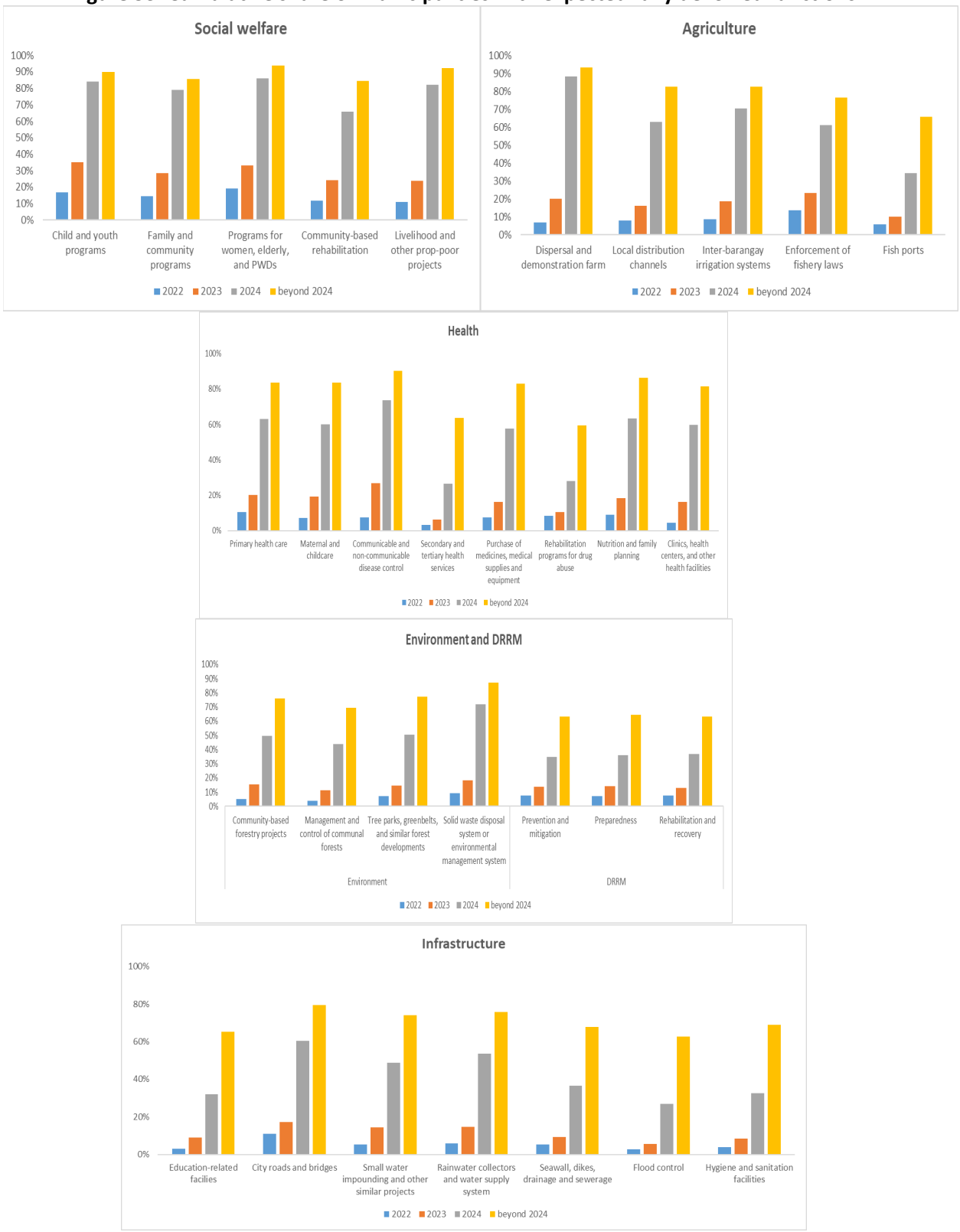
4.4.8. Phasing and nature of devolved PPAs

For the projected completion rates indicated in the municipal LGU DTPs, we make the same observation made in the city and provincial DTPs analyses: that none of the LGUs projected to have full 100 percent devolution of functions by end-2024, nor beyond it (Figure 53). We find an average completion rate of only 18 percent for end-2023. And similar to the province and cities findings, we observe a jump in completion rate by end-2024, the mandated target by national government.

By end-2024, average completion rate by sector are as follows: social welfare functions fully devolved in 79 percent of the municipalities, health- 47 percent , agriculture- 63 percent, environment and DRRM- 46 percent, and infrastructure 42 percent. Overall, data from the city DTPs reveal that only 56 percent of municipal LGUs project to have fully devolved functions by end-2024. And only 77 percent of LGUs have projected to fully devolve these functions beyond 2024, though these projections are slightly higher than projections provided by the cities. Similarly but to a lesser extent, we observe

missing information with respect to forecast completion rates, with 23 percent of devolved PPAs with no indicative completion dates.

Figure 53. Cumulative share of municipalities with expected fully devolved functions



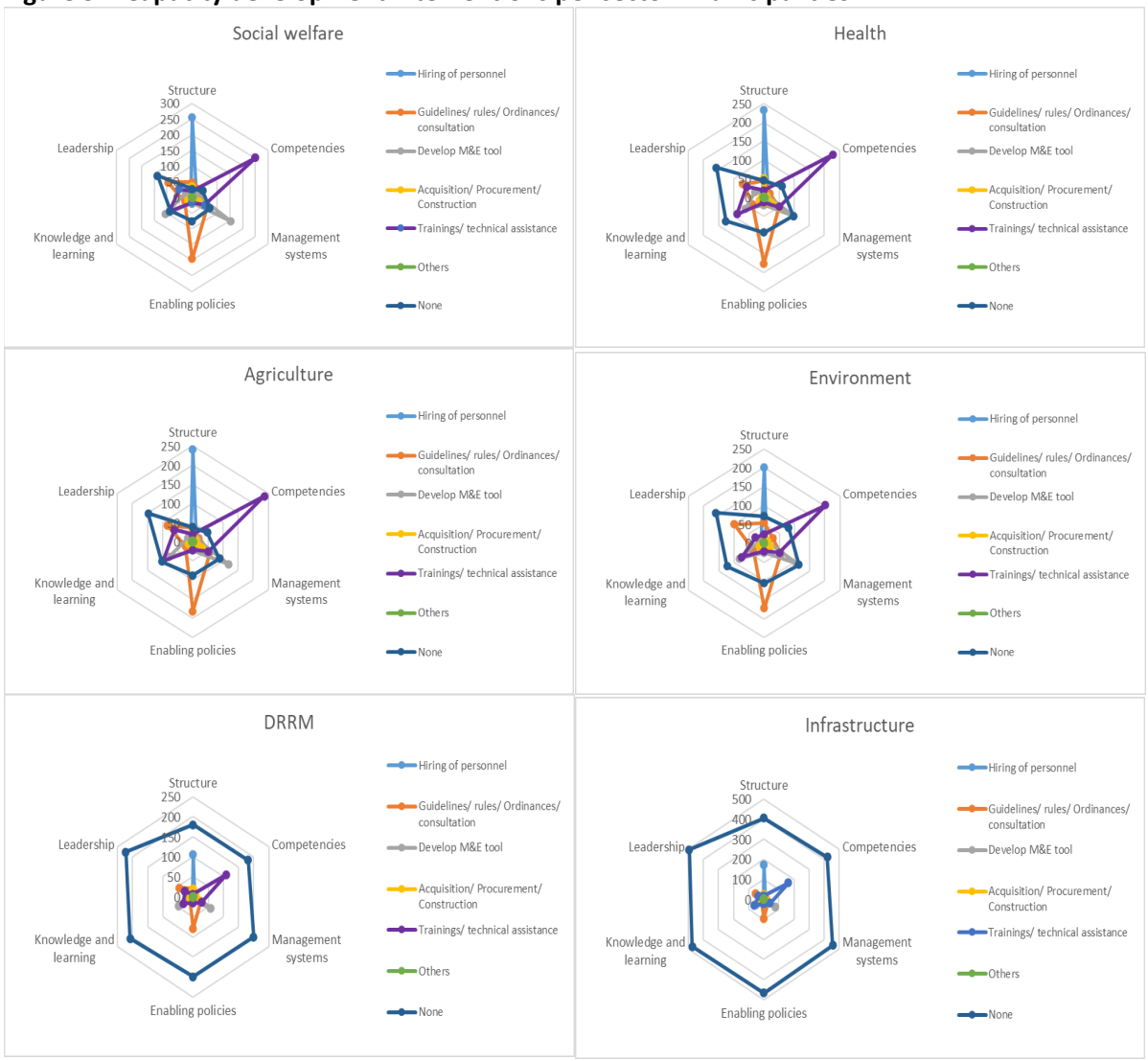
Source: Raw data from the DTPs

4.4.9. Needed interventions

Capacity development requirements appear to be the same across the six sectors and across municipalities (Figure 54). We observe similarities with needed interventions identified in provincial and city DTPs such as an immediate need for the hiring of personnel (light blue line), supported by the orientation of guidelines, resolutions, ordinances concerning the devolved functions (orange line) which also support the enabling policies pillar. The next widely identified need is the development of monitoring and evaluation tools (grey line).

Similar to the province and city DTPs, fewer municipalities identified acquisition and procurement of equipment, and construction of facilities as a needed intervention for devolution (yellow bars). Further, the municipal DTPs also exhibit a limited listing of capacity development requirements for the devolution of DRRM and infrastructure functions. For these sectors, the LGUs have indicated "None" or no needed interventions in more than 50 percent of DTPs. This raises the same questions as to whether a sufficient capacity assessment was performed by the city LGUs in their DTPs.

Figure 54. Capacity development interventions per sector: municipalities



Source: Raw data from the DTPs

5. Summary of key findings and recommendations

5.1. Key takeaways

The initial assessment of the Mandanas devolution transition plans presents the following key observations and takeaways.

Need for baseline indicators

In the evaluation of the state of devolution, it is imperative to establish the baseline of current functions, services and capacities of government units. The initial assessment of the devolution transition plans of local government units reveals a dearth of comprehensive information on the state and quality of local public services specifically on devolved functions. The review also notes of the ambiguity of how local governments develop their devolution transition plans, how they identify functions, how they evaluate the quality of current service delivery, and how they identify needed capacity interventions to be able to assume more of the devolved functions. In the identification of capacity development interventions needed by LGUs, there are also no measures of the current state of LGU capacity and acquisition or attainment of any supplemental interventions. Hence, any further examination of the current state, capacities and needs of LGUs in relation to the Mandanas devolution transition must be supported by primary data collection of baseline indicators that should encompass the following evaluation areas: LGU administrative and fiscal capacity, current quality of existing public services, and baseline outcome indicators, at the provincial, city and municipal levels.

Guidance from national agencies

The initial assessment observes an ambiguity in how LGUs identify priority devolved functions. First, the study evaluates the relationship between the identified priority sectors in LGU DTPs, signaled by the number of PPAs each LGU is able to identify and include in its DTP, with fiscal and social indicators: the IRA, poverty estimates, population density and agricultural GVA. The objective of this exercise is to establish whether social and fiscal outcomes determine LGU prioritization. For example, high IRA LGUs may be able to assume more devolved functions across the six sectors; LGUs with a significant agriculture sector may prioritize agricultural PPAs; and high poverty areas may prioritize social welfare functions over other. Notably however, the study finds that the number of PPAs for the different sectors is weakly correlation with the fiscal and social outcomes.

Second, provincial, city and municipal priorities for the different sectors appear to be contrasting. The mapping of identified PPAs illustrates disparities between provincial, city and municipal priorities. The absence of NGA DTPs, with the exception of DOH, adds to the challenge of evaluating whether the functions identified by LGUs are consistent with and in support of the national agency priorities. The presence of an NGA DTP can help with the alignment of priority sectors and functions across the provincial, city and municipal LGUs.

Guidance on DRRM

The study finds a consistent pattern of under-identification of DRRM functions in LGU DTPs across the different provinces, cities and municipalities. Despite the country's inherent heightened risk from natural disasters due to climate change, the DTPs reflect limited recognition and inclusion of DRRM functions. There are several LGUs that failed to include DRRM PPAs in their transition plans. Further, there is also a notable absence of data on i) projected completion dates for DRRM devolved functions, and ii) capacity requirements needed for the effective implementation of DRRM services. Increased guidance from the National Disaster Risk Reduction Council can help improve LGU with the planning and devolution of DRRM functions.

Target of full devolution by 2024

The study identifies three key takeaways on the assessment of projected completion dates provided by LGUs in their DTPs. First, none of the provincial, city and municipal LGUs reported meeting the 100 percent full devolution target by the end of 2024. Second, there is a consistent and notable jump in completion rates between the years 2023 and 2024. Average completion rates for the year 2023 are projected at 18 percent for the province and municipality devolution, and 20 percent for cities. These projected completion rates jump to 69 percent, 56 percent and 51 percent for provinces, municipalities and cities, respectively. The jump occurs in 2024, the target year of full devolution. Lastly, we observe that LGUs failed to provide an expected completion year for the many of the devolved functions. On average 30 percent of LGUs provided no projected completion dates for the identified devolved functions. This increases the uncertainty of achieving full devolution in 2024.

Capacity development intervention

Capacity development needs reported by LGUs in their DTPs appear consistent across sectoral functions for social welfare, health, agriculture and environment devolved PPAs. Data show an emphasis on additional manpower requirements, supported by training and technical assistance, and guidelines/ orientation from national government. All LGUs also express the need to develop a monitoring and evaluation tool for the devolved functions of the four sectors, stressing the need for collection of data for evaluation. The study further notes that fewer LGUs identified acquisition and procurement of equipment, and construction of facilities as a needed capacity intervention for devolution, as perhaps, physical assets are not considered as capacity development by LGUs. Finally, another striking finding is the lack of data on LGUs' capacity requirements for DRRM and infrastructure devolved functions, with more than 50 percent of LGUs not reporting any needed interventions for the performance of devolved functions for these two sectors.

5.2. Recommendations

The study makes the following general recommendations:

Recommendations for Annex 1 to 3 of the DTPs

It is recommended that the template distributed to the LGUs be revisited. Although the DILG-DBM JMC contains the guidelines on the preparation of the DTPs, direct guidelines relating to the filling out of the templates may be beneficial in terms of monitoring the status of assumption and the drafting of uniformed and accurate plans. These guidelines are recommended to focus on ensuring that the information gathered is consistent. This is also important given the need for LGU DTPs to align with the NGA DTPs. It is also advisable that there be efforts to ensure that the data submitted may only be received if it all information requested is filled up and none of the sections of the templates are left blank.

It is also recommended that further efforts to improve the consolidation of collected DTPs will be explored. Improved consolidation of DTPs may come in the form of transforming the information in the DTPs into useful data that may be used to continuously for the monitoring of the state of the devolution through different studies and efforts.

Greater role of coordination

Based on the initial review of DTP submission of LGUs, it was observed that there is a significant variation in the identification of PPAs for devolution. At the extreme cases, LGUs are able to identify very few PPAs for devolution which hint at the LGU's limited capacity to properly forecast, plan and

implement the devolution successfully. To improve the planning and implementation of the devolution, concerned national agencies together with the Committee on Devolution (ComDev) can provide guidance and assess whether the LGUs are able to properly identify sectoral PPAs that would reflect national, regional, or LGU-specific priority sectors. This also calls for a greater coordination between and among national agencies, LGUs and local constituents.

Ambiguity in the planning process for the DTPs also raise concerns on the preparedness of LGUs to achieve full devolution in the near term. A more rigorous assessment of current LGU capacity, quality of current local public service delivery, and a comprehensive capacity development assessment can help inform a realistic time frame for the full devolution target set by the Mandanas ruling.

Not one size fits all

The variation seen in LGU DTPs signal that a uniform devolution strategy may not be the best course of action especially since the LGUs have high variability in performance, capacity and needs. Recognition of heterogeneity in capacity can help LGUs prepare better and acquire needed capacity improvements prior to full devolution, and this can ensure better implementation. For the national agencies, this implies the adoption of an asymmetric decentralization and asymmetrical central policies to accommodate inherent differences across LGU needs and capacities.

Mechanism for collection of baseline data for monitoring and evaluation

The initial assessment of DTPs reveals the absence of a standardized and comprehensive database for existing public services and the quality of current service delivery, the absence of a standard, clear and complete listing PPAs for devolution and its status, and an accurate inventory on local government capacity—manpower, technical, and facilities and equipment. The collection of a comprehensive list of baseline indicators, especially at the LGU level, can facilitate a proper monitoring and evaluation of the devolution agenda in the country. The institutionalization of quality data collection and monitoring within the LGUs can aid in the evaluation of decentralization impacts over the long run.

6. Preparing a monitoring and evaluation plan

With the goal of monitoring and evaluating the progress in the Mandanas devolution transition for 2025 (under the assumption that full devolution is achieved) and in the longer term in 2031 (the 10th year of the Manadas implementation and the 40th year of the LGC), the preparation, design and implementation of a decentralization monitoring and evaluation plan is vital. Bertrand, Magnani, and Rutenberg (1996) detail a stepwise framework for monitoring and evaluation which requires the following: 1) a definition of the nature, timing and objectives of decentralization, 2) identification of key indicators and data needs, 3) development of a research design for impact evaluation, 4) collection of data, 5) data analysis to evaluate the impact of decentralization policy, and 6) dissemination of findings.

While the national government has already determined the nature and timing of the decentralization process, its objectives may remain as vague motherhood statements. These general objectives need to be translated into clearly defined indicators that can be used to measure changes in the different components—institutional, fiscal, and outcomes. With well-defined indicators, comparisons can then be made between how the program is working vis-à-vis a baseline and a target, and to measure the progress being made in achieving the government's decentralization goals.

6.1. Baseline survey

A key step for the Mandanas evaluation is the identification of key indicators that are clearly linked with the objectives of the decentralization process. This step also involves an assessment of available data, specifically at the provincial, city and municipal levels, and identifying key personnel at the LGU level to undertake monitoring and evaluation activities such as data collection, data processing and analyses. A data needs assessment can help determine what indicators are already existing and routinely collected, and which data requirements need to be collected through stakeholder analysis, key informant surveys, household surveys, facility surveys or other sources.

With the initial review of DTPs in this report and a scan of publicly available datasets from government statistics authorities and national agencies, collection of baseline data especially at the LGU level can fulfill the data needs of a monitoring and evaluation plan for the Mandanas implementation.

6.2. Indicators

Key indicators should be able to capture detailed information on program inputs, improvements in key processes, intermediate outputs, and for evaluation purposes, key social outcomes.

Guided by the conceptual framework adopted from Hutchinson & LaFond (2004) presented in Section 3 earlier, proposed baseline decentralization indicators are listed in Table 22, below.

Table 22. List of baseline indicators

Variable name	Category	Subcategory	Sector
Total revenues of LGU	Fiscal	Resource generation and availability	General
Share of IRA to total LGU budget	Fiscal	Intergovernmental transfers	General
Existence of expenditure management programs	Fiscal	Budgeting and expenditure management	General
Average length of service of local civil servants	Organizational	Human resource and capacity	General
Proportion of civil service receiving training	Organizational		General
Percent of facilities in good/excellent condition	Organizational	Facilities, supplies and equipment	General
Mean public sector per capita expenditure	Outcome	Equity	General
Number of doctors per hospital bed	Outcome	Technical and economic efficiency	Health
Coverage of the poor receiving social protection services	Outcome	Utilization	Social welfare
Number of irrigation and water harvesting schemes developed per district	Outcome	Technical and economic efficiency	Agriculture
Number of communities participating in training and/or environmental rehabilitation	Outcome	Community participation	Environment

Variable name	Category	Subcategory	Sector
Farm-to-market roads in concrete[10]	Outcome	Quality	Infrastructure
Number of internally displaced persons associated with disasters	Outcome	Equity	DRRM
Poverty incidence	Impact	Social	Social welfare
Total factor productivity - farmers	Impact	Economic	Agriculture
Prevalence of wasting in children under 5	Impact	Social	Health

7. References

Bahl, R. and R.M. Bird. 2018. Fiscal decentralization and local finance in developing countries: development from below. Massachusetts: Edward Elgar Publishing, Inc.

Brillanetes Jr., A.B.B. 1987. Decentralization in the Philippines: an overview. Philippine Journal of Public Administration 31(2): 131-148.

Bureau of Local Government Finance. (various years). Statement of Receipts and Expenditures by LGU. DOF-BLGF. https://blgf.gov.ph/lgu-fiscal-data/.

Canare. T., J.P. Francisco. 2019. Decentralization, fiscal independence, and poverty in the Philippines. Public Budgeting & Finance 39(4): 94-117.

Cuenca, J. S. 2018. Health Devolution in the Philippines: Lessons and Insights. PIDS Discussion Paper Series No. 2018-36. Quezon City, Philippines: Philippine Institute for Development Studies.

Diaz-Manalo, P., M.A. Estrada, and D. Baluyot. 2021. Implications of the SC ruling on the Mandanas-Garcia IRA case.

Diokno-Sicat, C.J. and R.B. Maddawin. 2018. A survey of literature on Philippine decentralization. PIDS Discussion Paper Series No. 2018-23, Quezon City: Philippine Institute for Development Studies.

Diokno-Sicat, C.J., C. Adaro, R.B. Maddawin, A.F. Castillo, and M.A.P. Mariano. 2020. Baseline study on policy and governance gaps for the Local Government Support Fund Assistance to Municipalities (LGSF-AM) Program. PIDS Discussion Paper Series No. 2020-03, Quezon City: Philippine Institute for Development Studies.

Diokno-Sicat, C.J. and R.H. Palomar. 2021. Analysis of the 2022 President's Budget. PIDS Discussion Paper Series No. 2021-24. Quezon City, Philippines: Philippine Institute for Development Studies.

[10] Percent of concrete FMR (in km) to the total FMR (in km)

Diokno-Sicat, C.J. and V.B. Paqueo. 2021. An assessment of the criteria used in the determination of the Philippine LGU Fiscal Viability. PIDS Discussion Paper Series No. 2021-25. Quezon City, Philippines: Philippine Institute for Development Studies.

Executive Order 138, s. 2021. Full devolution of certain functions of the executive branch to local governments, creation of a committee on devolution, and for other purposes. Manila, Philippines: Malacañan Palace.

Gomes, S. 2009. The multi-faceted debate on decentralization and collective welfare. Brazilian Political Science Review 5.

Guess, G.M. Comparative decentralization lessons from Pakistan, Indonesia, and the Philippines. Public Administration Review 65(2): 217-230.

Hankla, C.R. 2009. When is fiscal decentralization good for governance? Publius 39(4): 632-650.

Hutchinson, P.L. and A.K. LaFond. 2004. Monitoring and evaluation of decentralization reforms in developing country health sectors. Bethesda, MD: The Partners for Health Reformplus Project, Abt. Associates Inc.

Implementing Rules and Regulations of Executive Order No. 138, s. 2021. 2021. Manila, Philippines: Malacañan Palace.

Litvack, J., A. Junaid, and R. Bird. 1998. Rethinking decentralization in developing countries. Washington, D.C.: World Bank Group.

Oates, W.E. 1972. Fiscal Federalism. New York: Harcourt Brace.

Oates, W.E. 2008. On the Evolution of Fiscal Federalism: Theory and Institutions. National Tax Journal 61(2): 313-334.

Philippine Statistics Authority. (2020). 2010-2015-2020 Population Density Table A and B using 2013 Land Areas. https://psa.gov.ph/sites/default/files/attachments/ird/specialrelease/2010-2015-2020%20Population%20Density_Table%20A_and_B_Using%202013%20Land%20Areas_12%20July%202021.xlsx.

Republic Act 7160. An act providing for a Local Government Code of 1991. Manila, Philippines: Congress of the Philippines.

Rondinelli, D.A., J.R. Nellis, and G.S. Cheema. 1983. Decentralization in developing countries: a review of recent experience. Staff Working Papers Number 581. Washington, D.C.: World Bank Group.

Rondinelli, Dennis. 1999. "What is Decentralization?" In Decentralization Briefing Notes, by Jennie Litvack and Jessica Seddon, 2. Washington, D.C.: World Bank Institute.

Smoke, P. 2015. Managing public sector decentralization in developing countries: Moving beyond conventional recipes. Public Administration and Development 35:250-262.

Stiglitz, J. E. and J. K. Rosengard. 2015. Economics of the Public Sector. New York: W. W. Norton, Incorporated.

Tapales, P.D. 1992. Devolution and empowerment: LGC 1991 and local autonomy in the Philippines. Philippine Journal of Public Administration: 36(2): 101-114.

World Bank. 2021. Understanding the Fiscal Impact of the Mandanas Ruling. Philippines Economic Update June 2021 Edition: Navigating a Challenging Recovery. Manila, Philippines: World Bank Group. https://documents1.worldbank.org/curated/en/380011623076770757/pdf/Philippines-Economic-Update-Navigating-a-Challenging-Recovery.pdf

Yap, M.E. and V. Sator. 2001. The status of decentralization of health services: a decade of birth pains, transition and transformation. Manila, Philippines: U.S. Agency for International Development/Accelerating Growth, Investment and Liberalization with Equity.

Yuliani, E.L. 2004. Decentralization, deconcentration and devolution: what do they mean? Bogor, Indonesia: Center for International Forestry Research.

8. Appendices

Appendix 1. List of provinces[11] included in the study

Abra	Davao Oriental	Nueva Vizcaya
Agusan del Norte	Davao de Oro	Occidental Mindoro
Agusan del Sur	Davao del Norte	Oriental Mindoro
Aklan	Davao del Sur	Palawan
Albay	Dinagat Islands	Pampanga
Antique	Eastern Samar	Pangasinan
Apayao	Guimaras	Quezon
Aurora	Ifugao	Quirino
Bataan	Ilocos Norte	Rizal
Batanes	Ilocos Sur	Romblon
Batangas	Iloilo	Samar
Benguet	Isabela	Sarangani
Biliran	Kalinga	Siquijor
Bohol	La Union	Sorsogon
Bukidnon	Laguna	South Cotabato
Bulacan	Lanao del Norte	Southern Leyte
Cagayan	Leyte	Sultan Kudarat
Camarines Norte	Marinduque	Surigao del Norte
Camarines Sur	Masbate	Surigao del Sur
Camiguin	Misamis Occidental	Tarlac
Capiz	Misamis Oriental	Zambales
Catanduanes	Mountain Province	Zamboanga Sibugay
Cavite	Negros Occidental	Zamboanga del Norte
Cebu	Negros Oriental	Zamboanga del Sur
Cotabato	Northern Samar	
Davao Occidental	Nueva Ecija	

[11] Note: The study analyzed only a total of 76 Provinces except for BARMM

Appendix 2. List of cities included in the study

Region I (Ilocos Region)
City of Batac
City of Laoag (Capital)
City of Candon
City of Vigan (Capital)
City of San Fernando (Capital)
City of Alaminos
City of Dagupan
City of San Carlos
City of Urdaneta

Region II (Cagayan Valley)
Tuguegarao City (Capital)
City of Cauayan
City of Ilagan (Capital)
City of Santiago

Region III (Central Luzon)
City of Balanga (Capital)
City of Malolos (Capital)
City of Meycauayan
City of San Jose Del Monte
City of Cabanatuan
City of Gapan
Science City of Muñoz
City of Palayan (Capital)
San Jose City
City of Angeles
Mabalacat City
City of San Fernando (Capital)
City of Tarlac (Capital)
City of Olongapo

Region IV-A (CALABARZON)
Batangas City (Capital)
City of Lipa
City of Sto. Tomas
City of Tanauan
City of Bacoor
City of Cavite
City of Dasmariñas
City of General Trias
City of Imus
City of Tagaytay
City of Trece Martires (Capital)
City of Biñan
City of Cabuyao*
City of Calamba
City of San Pablo
City of San Pedro
City of Santa Rosa
City of Lucena (Capital)
City of Tayabas
City of Antipolo (Capital)

MIMAROPA Region
City of Calapan (Capital)
City of Puerto Princesa (Capital)

Region V (Bicol Region)
City of Legazpi (Capital)
City of Ligao
City of Tabaco
City of Iriga
City of Naga
City of Masbate (Capital)
City of Sorsogon (Capital)

Region VI (Western Visayas)
City of Roxas (Capital)
City of Iloilo (Capital)
City of Passi
City of Bacolod (Capital)
City of Bago
City of Cadiz
City of Escalante
City of Himamaylan
City of Kabankalan
City of La Carlota
City of Sagay
City of San Carlos
City of Silay
City of Sipalay
City of Talisay
City of Victorias

Region VII (Central Visayas)
City of Tagbilaran (Capital)
City of Bogo
City of Carcar
City of Cebu (Capital)
Danao City
City of Lapu-Lapu
City of Mandaue
City of Naga
City of Talisay
City of Toledo

Region VIII (Eastern Visayas)
City of Bais
City of Bayawan
City of Canlaon
City of Dumaguete (Capital)
City of Guihulngan
City of Tanjay
City of Borongan (Capital)
City of Baybay
Ormoc City
City of Tacloban (Capital)
City of Calbayog
City of Catbalogan (Capital)
City of Maasin (Capital)

Region IX (Zamboanga Peninsula)
City of Dapitan
City of Dipolog (Capital)
City of Pagadian (Capital)
City of Zamboanga
City of Isabela

*DTP files could not be opened and thus excluded.

Appendix 2. List of cities included in the study (cont.)

	Region XII	
Region X (Northern	(SOCCSKSARGEN)	City of Muntinlupa
Mindanao)	City of Kidapawan (Capital)	City of Parañaque
City of Malaybalay (Capital)	City of General Santos	Pasay City
City of Valencia	City of Koronadal (Capital)	City of Taguig
City of Iligan	City of Tacurong	
City of Oroquieta (Capital)		Cordillera Administrative
City of Ozamiz	National Capital Region	Region (CAR)
City of Tangub	(NCR)	City of Baguio
City of Cagayan De Oro	City of Manila	City of Tabuk (Capital)
(Capital)	City of Mandaluyong	
City of El Salvador	City of Marikina	Region XIII (Caraga)
City of Gingoog	City of Pasig	City of Butuan (Capital)
	Quezon City	City of Cabadbaran
Region XI (Davao Region)	City of San Juan	City of Bayugan
City of Panabo	City of Caloocan	City of Surigao (Capital)
Island Garden City of Samal	City of Malabon	City of Bislig
City of Tagum (Capital)	City of Navotas	City of Tandag (Capital)
City of Davao	City of Valenzuela	
City of Digos (Capital)	City of Las Piñas	
City of Mati (Capital)	City of Makati	

Appendix 3. List of municipalities included in the study

Bangued (Capital)	Itbayat	San Felipe
Boliney	Uyugan	Baler (Capital)
Dolores	Alcala	Maria Aurora
Lagayan	Aparri	Alitagtag
Malibcong	Claveria	Laurel
Sallapadan	Lal-Lo	Mabini
Tubo	Pamplona	Malvar
Kapangan	Alicia	San Juan
Tuba	Angadanan	Talisay
Kiangan	Burgos	Amadeo
Hingyon	Divilacan	General Emilio Aguinaldo
Tinoc	Jones	Indang
Balbalan	Maconacon	Silang
Besao	Naguilian	Alaminos
Bontoc (Capital)	San Guillermo	Calauan
Pudtol	San Isidro	Paete
Bangui	San Mateo	Pagsanjan
Carasi	Bagabag	Rizal
Dingras	Kayapa	Santa Cruz (Capital)
Nueva Era	Solano	Buenavista
Pagudpud	Abucay	Catanauan
Solsona	Pilar	Lopez
Banayoyo	Angat	Macalelon
Galimuyod	Bulacan	Patnanungan
Nagbukel	Bustos	Real
Santa	Marilao	Sampaloc
Santa Catalina	San Ildefonso	San Andres
Santa Lucia	Doña Remedios Trinidad	San Francisco
Aringay	General Tinio	San Narciso

Bacnotan	Licab	Angono
Bangar	Lupao	Jala-Jala
Burgos	Nampicuan	Pililla
Rosario	San Leonardo	Torrijos
San Gabriel	Talugtug	Santa Cruz
Alcala	Arayat	Pola
Bolinao	Lubao	Puerto Galera
Bugallon	Masantol	Victoria
Burgos	Porac	Araceli
Mabini	Sasmuan	Coron
Manaoag	Gerona	Magsaysay
Rosales	Victoria	Roxas
Santa Barbara	San Jose	Culion
Laoac	Masinloc	Calatrava
San Jose	Belison	La Libertad
La Libertad	Caluya	San Jose
Manukan	Culasi	Valencia
Pres. Manuel A. Roxas	Pandan	San Juan
Sindangan	Sibalom	Siquijor (Capital)
Tampilisan	Cuartero	Arteche
Kalawit	Ma-Ayon	Guiuan
Aurora	Pilar	Hernani
Margosatubig	President Roxas	Mercedes
San Pablo	Barotac Nuevo	Sulat
Lakewood	Concepcion	Albuera
Josefina	Dumangas	Bato
Mabuhay	Guimbal	Javier
Malangas	Mina	Kananga
Talusan	Oton	Macarthur
Titay	San Dionisio	Matalom
Bacacay	San Enrique	Palompon
Manito	Sara	San Isidro
Oas	Candoni	Santa Fe
Rapu-Rapu	Cauayan	Biri
Labo	Isabela	Gamay
Santa Elena	Toboso	Las Navas
Canaman	Sibunag	Rosario
Caramoan	Anda	San Vicente
Gainza	Balilihan	Almagro
Lupi	Catigbian	Hinabangan
Milaor	Inabanga	Santa Margarita
Nabua	Mabini	Santa Rita
San Fernando	President Carlos P. Garcia	Santo Niño
Tigaon	San Isidro	Anahawan
Tinambac	Trinidad	Bontoc
Gigmoto	Ubay	Saint Bernard
Viga	Bien Unido	Tomas Oppus
Cawayan	Alcoy	Caibiran
Esperanza	Barili	Dangcagan
Mandaon	Catmon	Kibawe
Mobo	Consolacion	Libona
Bulan	Minglanilla	Quezon
Donsol	Pilar	Bacolod
Santa Magdalena	Poro	Baloi
Altavas	San Remigio	Kauswagan

Makato	Tabuelan	Munai
Anini-Y	Tuburan	Salvador
Bonifacio	Mawab	Magallanes
Concepcion	Nabunturan (Capital)	Remedios T. Romualdez
Plaridel	Malita (Capital)	Loreto
Sinacaban	Santa Maria	Santa Josefa
Balingasag	M'Lang	Trento
Claveria	Banisilan	General Luna
Lagonglong	Arakan	Gigaquit
Magsaysay	Norala	San Benito
Salay	T'Boli	San Isidro
Villanueva	Columbio	Tubod
Sulop	Lebak	Cagwait
Baganga	Palimbang	Lianga
Cateel	Maasim	Tagbina
Laak	Las Nieves	Loreto

Appendix 4. Matrix of comments, questions, and recommendations from the PIDS February 21, 2023 Research Workshop (in chronological order)

Name and Department of Commenter	Comments, Questions, and Recommendations	Response/Status
Justine Diokno-Sicat, Ph.D. Former PIDS Research Fellow	<u>Comments</u> • The study's findings with respect to poverty incidence is consistent with the findings of a related study regarding the regional allocations for national local government assistance programs. <u>Recommendations</u> • With regard to the discussion of the misalignment of devolved functions, it could be useful to identify first the separation of responsibilities of the different levels of government. • With regard to the lower number of PPAs for disaster rehabilitation, the study team can review if this may be due to the effective disaster preparation by the LGUs.	This comment is acknowledged. Thank you. A discussion is added to show that devolved functions are the same especially for the health sector, however the contrasting results remain. This can be confirmed in the KIIs in the next phase.
DILG-Bureau of Local Government Development (BLGD)	<u>Questions</u>	These are the sectors with the most number of PPAs for devolution. Noted in the text.

(Asked via Zoom chat box using DILG-BLGD account)	• What is the basis in identifying the sectors used in the study? • Per LGU DTP, FSFs are assumed to be fully assumed by 2024. [What is] the basis of the result indicating that LGUs will fully assume these beyond 2024? • What is the baseline of the study to which the LGU DTPs will be compared with?	Results are based on the self-assessment of LGUs in which they indicate the projected year of completion of each function. Source is LGU DTP. Non-existing PPAs from Annex E-1 were encoded and a discussion on this was included
Richard L. Villacorte DILG	<u>Recommendations</u> • It is important to clarify what is meant by "DPWH functions" according to the study.	These refer to infrastructure PPAs. Replaced references to NGA PPAs with sectoral PPAs, also to address comment of Dir. Anna below.
Edgar Allan B. Tabell Chief Central Office Disaster Information Coordinating Center (CODIX)	<u>Comments</u> • The sudden jumps to "completion" of PPAs by 2024 show that it is stated as such because of the 2024 deadline of full devolution. • The study is important because it provides the empirical data to show that we need radical changes in terms of capacitating LGUs to address DRRM <u>Questions</u> • Does the study have the number or percentage of LGUs who would want DRRM to be devolved to them?	These observations can be validated in the KII in the next phase of the study. Thank you. This comment is acknowledged. The data available from the DTPs cannot answer this question.
Anna Liza F. Bonagua, CESO III Director DILG-BLGD	• <u>Comments</u> • The findings of the study complement and support the DTP analytics done by DILG regional offices and consolidated by BLGD. • The findings support the recommendation of DILG to the Office of the President to extend the transition period of the devolution.	Thank you. This comment is acknowledged. Thank you. This comment is acknowledged.

	• DRRM is fairly a new function of LGUs, and there has been already a lot of capacity building recently; this could be a possible reason why the findings show that there is no need for further capacity building for DRRM according to the CapDev form. • With regard to the study's recommendations on the need to standardize LGU DTPs, LGU DTPs were prepared without the NGA DTPs available, and the NGA DTPs could have been the guidance for the standards so that LGUs will have the same appreciation of the extent of the services to be assumed by them. • <u>Recommendations</u> • There is a need for baseline data especially for the current structure and number of plantilla positions. • The study currently has no report or analysis on the current state of devolution; attachment A-1 identifies the state of devolution of LGUs and can be used as baseline. • Aside from correlations regarding IRA, the study team can look further into the budget of LGUs. • It might be better to cluster by sector instead of agency. • The study team can make a sectoral comparison of the completion rate in the analysis.	This can be validated in the KII in the next phase. This comment is acknowledged. A discussion of the timing of when LGU DTPs were submitted (ahead of NGA DTPs) is added in this study. Non-existing PPAs from Annex E-1 were encoded and a discussion on this was included. Same as above. Study includes correlations with sectoral expenditures from the BLGF database. As data on sectoral budget is not readily available. Revised. References to NGAs are replaced with sectors.
Rolyn Q. Zambales, CESO III	<u>Comments</u>	

Director Office of Project Development Services	• The DTPs were submitted before 2022; so, if phasing is labeled as finished by 2022, it can still mean that there is no current project for it and could just be a projection.	This is correct. A discussion of the timing of when LGU DTPs were submitted (year 2021) is added in the discussion to clarify that completion rates refering to year 2022 are projections.
Ester A. Aldana, CESO II Assistant Secretary Administration, Finance and Comptrollership	<u>Comments</u> • With regard to the portion on cross-cutting observations and needed interventions, there is a disconnect because fewer LGUs identify procurement as a needed intervention, but the study also says that there is a need for more interventions. • The comparison should be sectoral instead of by agency because it is also the preference in Budget Hearings and by the Congress. <u>Recommendations</u> • There is a proposal for the Executive Order to be extended until 2027, is it possible to identify what is achievable already by 2024? [Because not all deadlines for devolution can be extended.] • The study may help with the issue that there are frequent released guidelines indicating that there should be no duplication of functions since it is unclear what functions are already covered to begin with.	To clarify, the study finds that LGUs identified the hiring of manpower and training as a cross-cutting need across sectors. The study also finds that LGUs have not identified an increase in facilities and equipment to complement the increase manpower. NGA references are replaced with sectors. This can be answered through KIIs in the next phase.
Melany F. Quiton Chief Local Governance Performance Management Division	<u>Questions</u> • With regard to the methodology, is it purely desk review? Because for example, with the lack of DRR PPAs, the impression is that there is either no need for LGUs for further capacity building or they	Yes. For this paper, purely desk review. Validation can be done through KIIs in the next phase of the study.

	don't give priority to DRR. There are two different understandings, and it would be good to validate in select LGUs. <u>Comments</u> • With regard to the SGLG monitoring, there are restrictions due to what the NGAs define as benchmarks. • With regard to the SGLG database, DILG is still in the process of re-checking everything; the target for the realause of the updated database for 2022 is in the first quarter of 2023.	Acknowledged. Access to the data will be helpful in establishing baseline LGU outcomes.
Florida M. Dijan, CESO III Assistant Secretary for Plans and Programs	<u>Recommendations</u> • It would be good to review the role of the province in overseeing the cities and municipalities.	This can be included in the KIIs in the next phase.