

**Local Governance in Naga and
National Development in the Philippines:
A Study in Contrast**

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Introduction

The 1999 World Development Report issued by the World Bank echoes what experts and visionaries had been saying about the 21st century. A story carried by *Philippine Star*, a national daily, on October 6, 1999 reports:

The growing economic and political power of cities, provinces and local governments will be one of the most important global trends in the next century, and how developing countries respond to the change could determine whether they prosper or languish in poverty, the World Bank said.

In its annual World Development Report, the bank said "localization" and the new global economy could either revolutionize prospects for economic and human development or lead to increased political chaos, strife and suffering.

The Philippines is widely recognized to have been in the forefront of "localization." This is pursuant to the mandate of its present Constitution, which has embraced local autonomy and decentralization as a development strategy.

Forging a clear path towards greater local autonomy counts among the most important achievements of the Ramos administration (1992-98). According to *"The Philippines: New Directions in Domestic Policy and Foreign Relations,"* a publication of the Asia Society, the Ramos administration deserves considerable credit for restoring political stability, building on the foundations for economic reform laid during the last years of the Aquino government (1986-92), implementing the Local Government Code, and reorienting Philippine foreign relations.

But recent events have doused cold water to guarded optimism expressed by students of Philippine society and politics. Instead of moving forward, the country appears to have retrogressed entering its second century of nationhood, no thanks to the steady stream of controversies hounding the Estrada administration. This was capped by President Estrada's impeachment by the House of Representatives — the first in the country's history. Clearly, the Philippines is back in crisis mode, caught once more in a self-inflicted political disaster that has dire economic implications unless credibly and decisively resolved.

Faced with these daunting events at the national level, what are the prospects for local autonomy and decentralization as a strategy for national development in the Philippines? What options are available to local authorities as they grapple with development challenges within their respective communities? What lessons can be

derived from the emerging Philippine experience in localization?

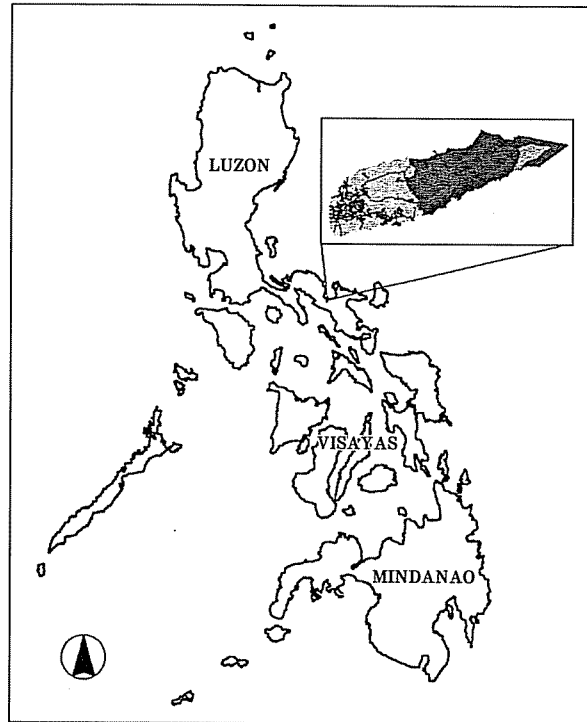
To help answer these questions, the experience of Naga City can be instructive. On the whole, it is a case of consistently good local governance in the context of varying national backdrops defined by the four Philippine administrations over the last 15 years.

Using a timeline approach, this paper juxtaposes Naga's experience in local governance against development efforts at the national level under Presidents Ferdinand Marcos, Corazon Aquino, Fidel Ramos and finally Joseph Estrada. By comparing outcomes at the local and national level, a number of insights can be derived to provide answers to the above questions and make some generalizations on the relationship of local governance to national development.

The Setting

NAGA is a city of 139,000 people in Central Philippines. It is centrally located in Bicol, a region comprising the southernmost portion of Luzon island in the Philippines. The major city and former capital of the province of Camarines Sur, biggest of the six provinces in Bicol region, it is about 450 kms south of the national capital Manila and about 100 kms north of Legazpi City.

As a city, Naga is one of the country's oldest. Originally called Ciudad de Nueva Caceres, it was one of the five cities created by royal Spanish decree in the late 16th



Location Map, Naga City

century.

Over the years, Naga has established itself as the religious, educational and business center of Bicol, one of the country's 15 administrative regions. Since the Spanish era, the city has served as seat of the Archdiocese of Nueva Caceres which oversees the Roman Catholic hierarchy of the whole region.

It is home to two of the country's oldest colleges — the Holy Rosary Minor Seminary founded in 1793 and Colegio de Sta. Isabel, the first normal school for women in the Orient, founded in 1868.

The Naga City experience, 1985–2000

1985–86: The Marcos Regime falls

Fifteen years ago, Naga was a focal point of opposition to the regime of President Ferdinand Marcos. A boisterous local press, an activist church and militant cause-oriented groups buoyed the local opposition. They were joined by prominent political leaders, some of them formerly allied with the dictator but who cut their ties with his administration after the assassination of opposition leader Sen. Benigno Aquino, Jr. in 1983.

As a result, the city was shut out from the largesse that flows from Malacanang. "Surumpay na tubo" (literally, joined or linked pipelines) is a Bicol phrase that captures succinctly the political convenience associated with joining the ruling party,⁽²⁾ but even that was rendered inexpedient by the pervading anti-Marcos atmosphere.

Of course, the situation is consistent with the centralist nature of an authoritarian regime. While Marcos can be credited with the regionalization of the central government through implementation of the Integrated Reorganization Plan that divided the Philippines into 13 administrative regions, these regional agencies became mere local appendages of a highly centralized setup. Authority remained concentrated at the top.

Of course, this was not helped by an ineffectual city leadership. This was evident at city hall itself. "Ghost" employees are common; tardiness is the norm, not the exception; pay was low, the workers' morale even lower.

Naga's distinction as Bicol's premier city has been eroded. A former first-class city, it had been reduced to third-class income status by the Finance ministry. Its coffers were empty, strained by overspending that left almost a P1-million deficit.

The local economy was sluggish and employment scarce. The central business district (CBD), its size unchanged for more than four decades, was already overcrowded, causing investors to shy away. Traffic volume, swollen by countless public conveyances that held terminal right inside the CBD, was already unmanageable.

Basic services, particularly for health, education and the environment, had been deteriorating. Smut films and lewd shows proliferated. Illegal gambling was rampant, unchecked by the police and military which stood helpless against "untouchable" syndicates with powerful connections. The homeless urban poor population has been gradually growing in numbers.

THE SNAP election called by Marcos late in 1985 was the turning point. Massive election irregularities marred the election, prompting opposition standard-bearer Corazon Aquino, widow of the slain senator, to launch a civil disobedience campaign early in 1986. An aborted coup by reformist factions of the military, headed by Marcos defense minister Juan Ponce Enrile and Armed Force deputy chief Fidel Ramos, triggered an outpouring of enormous popular support for a bloodless uprising. This came to be known as the EDSA People Power Revolution that finally led to the overthrow of the Marcos regime after 21 years in power.

1986–92: The Aquino presidency/The Robredo era begins

National

Corazon Aquino's rise to the presidency is mainly associated with the restoration of the country's democratic institutions. A new constitution was drawn up and approved by the electorate in 1987. A new Supreme Court was constituted. An election was called the following year to establish a new Congress, comprising of a Senate whose members were elected at large and a House of Representatives whose members were chosen by district. In that same election, voters also elected a new set of officials who will run their local government.

Riding the crest of reform, a number of important legislations were enacted during her watch, including an ambitious land reform program and a new local government code. She also laid the foundations for economic recovery, freed political prisoners, and launched a peace process that eliminated communist and Muslim insurgencies as major threats to national stability.

But rightist factions of the military rejected the peace talks, accusing Aquino of having capitulated to leftists in her cabinet. This led to a series of coup attempts by renegade soldiers belonging to the Reform the Armed Forces Movement (RAM). While all six attempts failed, they nevertheless scared away foreign investors and set back the country's move towards sustainable economic growth.

Thus, the Aquino government fell prey to its own episode of the boom-bust cycle⁽³⁾ capped by the recession of 1991–92. Under the Aquino government in 1987–89, economic growth had begun to recover, led initially by deficit financing for rural public works and reviving consumption, then gradually by investment. GDP growth in this period was as high as 5.8 percent. The attempted coup d'etat in late 1989 again shook investor confidence, pulling growth down to 3 percent in 1990. Apart from political uncertainty, however, fundamental economic problems continued to hound recovery.

This was not helped by her administration's failure to provide alternative sources of electricity to fill the void created by the shelving of the Bataan Nuclear Power Plant due to safety concerns and charges of corruption attending its construction. This eventually led to severe power outages that greeted her chosen successor, Lt. Gen. Fidel Ramos.

Local⁽⁴⁾

The climate for change that characterized Aquino's ascension to the presidency

pervaded the Philippine countryside, especially during the 1988 local elections. One of those who responded to the call was Jesse Robredo, the 29 year-old program director of the Bicol River Basin Development Program (BRBDP).

Born in Naga to a family of hardworking entrepreneurs, Robredo was at the outset leading an unexceptional life, destined seemingly to become the professional his parents dreamt about. After earning mechanical and industrial engineering degrees from De La Salle University in 1982, he joined San Miguel Corporation, the country's leading business conglomerate.

The turning point came in 1986 when, at 26 and already one of the promising junior executives of San Miguel, Robredo agreed to come home and head the BRBDP in response to Aquino's call for idealistic young men and women to join and energize government. In 1989, at the age of 29, he emerged from anonymity to win the mayoralty of Naga with the narrowest of margins, making him the youngest city mayor of the Philippines at the time.

With a young leader at the helm, Robredo's administration brought a fresh perspective to governance, guided by a vision of Naga as a "city for the people." The youthful vigor of a new leadership enabled it to implement a variety of novel approaches to overcome the post-Marcos challenges confronting the city.

Confidence-building initiatives

Sidestepping the city's bad finances at the time, the administration launched a series of confidence-building measures. It reorganized City Hall on the basis of aptitude and competence, aided by bureaucracy-wide skills testing reinforced with better compensation and a transparent system of merit-based hiring and promotion.

Then, it went after illegal gambling and lewd shows even if it meant parting ways with Robredo's political benefactor, making Naga the only jueteng⁽⁵⁾ and smut-free city in the country. These immediately endeared Robredo to the people of Naga, who saw a refreshing brand of competent, performance-driven leadership at the helm of the city government.

Creative innovations

In many instances, the new administration also showed that creative responses and innovations mobilizing community resources can more than make up for the city's limited finances.

To address the city's traffic gridlock, it relocated the bus and jeepney terminals outside the original Central Business District, notwithstanding a string of court cases filed by affected terminal operators (which they all lost eventually). This helped accelerate the growth of areas in the periphery where terminals transferred.

To spur economic growth and job creation, the city developed a blighted area along the PNR railtracks into a new commercial corridor, using private capital at virtually no cost to the city government. It was a build-operate-lease (BOL) arrangement with investors and local members of the local business chamber, a variant of the build-operate-transfer (BOT) law that would only come a few years later when a new Philippine administration comes into power.

Satellite markets rose in key urban districts to complement the city public market. The emphasis on forging partnerships would later become a hallmark of governance in Naga City and earned the city an award from the Kabisig Program of the Aquino administration in 1991, the first of the many that will come its way.

To promote equitable development and tilt the balance in favor of the poor, the city implemented a unique tripartism-driven program called *Kaantabay sa Kauswagan* that facilitated homelot acquisition for urban poor beneficiaries. Interestingly, the project traces its roots to the first of the few visits by Aquino to Naga, during which a small core of urban poor organizations elevated their concerns to the president. The Robredo administration responded by creating an agency dedicated to urban poor concerns that conceptualized and eventually managed the program. In 1996, the program would be named one of the Top 40 Best Practices by UNCHS during the Habitat II conference in Istanbul, Turkey.

To provide quality health services, Naga built its own city hospital which continues to provide accessible and affordable health services to residents. It also serves as headquarters of Emergency Rescue Naga, an award-winning emergency response service inspired by Rescue 911. To promote education, it upgraded buildings and facilities in existing elementary and high schools and built four new ones using wholly local funds.

Intensified efforts to increase revenues also yielded strong results. From P19.2 million inherited by the Robredo administration when it took over in 1988, inflows rose to P60.9 million when his first term ended. It translated to a 33% average increase annually, a substantial improvement over the 3% annual increase registered under the previous administration. This strong performance enabled Naga to regain its first-class rating from the Finance department in 1991.

1992–98: The Ramos presidency/The Robredo era peaks

National

Six years later, after both the communists and the coup-plotters had been marginalized, Aquino made one of the least popular — but most responsible — decisions of her career. Defying her core supporters in the liberal community and the Catholic Church, she endorsed Ramos, an architect of martial law and a Protestant, as the candidate best equipped to restore stability and promote economic recovery.⁽⁶⁾

Ramos came to power a few months after the departure of U.S. military bases from the country in late 1992. After almost a century of a “special relationship” with the United States, the Philippine state can no longer rely on U.S. support to guard against external threats, ensure the integrity of its national territory, and guarantee its rescue from recurring balance-of-payments difficulties. The deal cut at the turn of the century, binding the interests of the United States to those of the Philippines, has come undone at century’s end.

Faced with a decline in American patronage, Ramos thus began his presidency with fresh perceptions of the country’s place in the world and an ambitious agenda to address the challenges of a new era. The initial years of his term brought major reform initiatives and accomplishments — most notably in the economic realm —

and renewed optimism about the possibilities for change.

Elected president with only 24 percent of the vote, Ramos moved quickly and effectively to restore political stability and to promote economic recovery and reform. His government took a number of much-needed initiatives, including addressing the severe shortage in power generation, opening the telecommunications industry and other protected sectors to domestic and foreign competition, seeking negotiated settlements to the armed conflicts that had plagued the country through the Marcos and Aquino years, expanding and deepening the economic reforms begun during the Aquino era, and assiduously cultivating foreign investment. In pursuing these and other initiatives, Ramos wisely used compromise and inducements more often than confrontation and penalties. His administration has successfully cultivated the support of significant portions of the political and business elite at the same time that it has sought to work with the country's vital and increasingly sophisticated nongovernmental organizations (NGOs).⁶⁷

In 1994 and 1995 the economy achieved annual growth rates of 5.1 percent and 5.7 percent — modest in comparison to many of the country's Southeast Asian neighbors but a tremendous improvement over the rock-bottom growth experienced late in the administration of Ramos's predecessor, Corazon Aquino. By 1995, the midpoint of his term, Ramos's most commonly cited achievements were in the economic realm: the end of the power crisis, the dismantling of the telephone monopoly, and renewed rates of growth. Gross national product (GNP) growth for 1996 reached 6.8 percent, and many in the business community expressed high hopes that economic expansion would continue through the end of the decade.

In pursuing its agenda, the Ramos administration has both contributed to and benefited from the resolution of a number of fundamental issues that had divided Philippine society in the past. For example, there no longer is any serious argument over the basic form of government: the use of force to overturn the existing system (by either the military or the communists) has been roundly rejected, and few Filipinos would dispute the desirability of representative democracy. Furthermore, there is no longer a fundamental crisis of governance: leadership succession occurred smoothly in 1992; President Ramos has restored a degree of confidence in the national government; the relationship between NGOs and the government has become less contentious and more productive; and on the local level, the Local Government Code has given local governments much greater authority and resources. With the achievement of several years of respectable economic growth, there appears to be a growing consensus in support of essentially market-driven and internationally oriented economic policies.

Things however turned for the worse when a currency crisis exploded and engulfed almost all of Asia, triggered by the devaluation of the Thai baht. The turmoil caused sharp depreciations and large drops in almost all Southeast Asian currencies and stock markets beginning in July 1997, including the Philippines. The central bank attempted briefly to defend the peso against speculation, a strategy that was soon abandoned as reserves thinned out. The peso then depreciated sharply from P26 to P30 to a dollar over a period of days, and by the end of 1997 had depreciated

more than 50 percent against the dollar. As a result, growth slowed from the original 8% forecast to only 5.3% for 1997 and settled down further to 0.1% at the end of Ramos's term.⁽⁸⁾

Local

Unlike Ramos's unwieldy mandate in 1992, Robredo was swept back to power by an overwhelming majority. From being a minority mayor the first time around, Robredo posted a majority of more than 24,000 when he sought reelection, garnering 80% of the vote against tremendous odds, the vaunted machinery, as well as the "guns, goons and gold" of his former political godfather. In 1995, this shot up to 97% when he sought his final term. In both elections, his team — from mayor down to the last councilor — swept the opposition.

Another difference is Robredo's closeness to Ramos than to Aquino, which stemmed from his being a "Ramos original." At best, the first-termer Robredo was neither here nor there during the Aquino administration. While he is not exactly "out", he was neither "in". But with Ramos, Robredo was definitely with the "in-crowd." In 1991, Robredo became one of the few local officials in Bicol who cast his lot with Ramos in the latter's uphill battle to gain the LDP party's presidential nomination. When Ramos lost the nomination and formed his own party, Robredo joined him and delivered the city's votes during the elections.

With easier access to Malacanang guaranteed, the concept of "surumpay na tubo" became a reality during Robredo's last two terms. It also opened a lot of doors to his gaining prominence as a rising young leader. For two terms, Ramos appointed him to chair the Bicol Regional Development Council, a body that sets the socio-economic directions of the region. From 1995–96, he was elected president of the League of Cities of the Philippines, the national association of Philippine cities. And after more than two decades of futility, he was instrumental in bringing the Palarong Pambansa — the country's premier national sporting event — to Bicol in 1997, which the city and the provincial government of Camarines Sur jointly hosted.

Consolidating gains

Armed with a popular mandate, the Robredo administration set out to build on its gains and consolidate local development efforts. Its vision was reshaped to reflect a bias towards equitable growth, painting "a city with an economy considered as one of the most progressive in the Philippines the impact of which will be felt by all Nagueños now sufficiently empowered to chart their own future."

Faced with a saturated CBD, it initiated the development of a new Central Business District on an empty space ten times bigger lying across Naga River. Support for the project was secured by pilot-testing a novel provision on referendum of the 1991 Local Government Code. It was the first-ever exercise of the consultative mechanism on purely development issues.

And for the long term, it initiated the establishment of the Metro Naga Development Council in partnership with the city's 13 neighboring towns. The Metro Naga program seeks to promote equitable development in the program area and avoid

suffering a fate similar to Metro Manila's infamous gridlock.

It further strengthened the *Kaantabay sa Kauswagan* program, investing millions of pesos for on-site, off-site development and landbanking projects to address the plight of the city's poor households. To institutionalize community participation, a Housing and Urban Development Board was constituted to provide directions to the city's efforts along this line. As a result, 4,668 of the 5,500 urban poor families targeted by the program already enjoy security of tenure over their own homelot — something that eluded them in all of Naga's 40 years as a city.

To improve the quality of education, in partnership with the village governments, parents and teachers associations and the private sector, the city began investing on the future through the establishment and institutionalization of a Montessori-based daycare system in all of Naga's 27 barangays. By targeting pre-schoolers, the program called Naga Early Education and Development ensures that local youngsters are better prepared before entering grade school.

Another key strategy pursued by the Robredo administration is to imbue the local bureaucracy with a "culture of excellence" so that it becomes a shared commitment by leadership and rank-and-file.

Capitalizing on the gains of merit-driven City Hall reorganization, the city launched the Productivity Improvement Program (PIP), a unique intervention focused on employee empowerment (people change) and improvements on systems and procedures (systems change) to improve the quality and quantity of frontline service delivery.

The PIP helped establish City Hall as a "center of excellence" — propelled by the implementation and institutionalization of private sector HRM techniques (like the 5-S and Productivity Improvement Circles, productivity seminars and semestral surveys) to set benchmarks and measure performance; an incentive system rewarding employee innovation; and a "Contract of Deliverables" specifying services, the person responsible, and response time for each service of every department of the city government.

To support PIP in maximizing revenue generation, the city pursued a home-grown computerization program that helped dramatically improve collection. As a result, it posted sustained gains in generation and collection, capped by a 1,020% increase in total income and 573% increase in locally generated revenues over the last 10 years.

Institutionalizing participation

Finally, consolidating the lessons derived these successful initiatives, the administration focused on building up and institutionalizing partnerships and participative processes in governance.

This is best exemplified by the "Empowerment Ordinance of Naga City," a landmark legislation that mandated the implementation of a revolutionary concept on participation built around a system for partnership between the city government and the people of Naga. This was operationalized by establishing a "people's council" consisting of duly accredited NGOs and POs in the city.

Among others, the Naga City People's Council was empowered to

- * appoint NGO representatives to local special bodies of the city government
- * observe, vote and participate in the deliberation, conceptualization, implementation and evaluation of projects, activities and programs of the city government
- * propose legislations, participate and vote at the committee level of the Sangguniang Panlungsod, and
- * act as the people's representatives in the exercise of their constitutional rights to information, particularly with regard to access to official records and documents.

This novel partnership became the main engine of the Naga City Participatory Planning and Development Initiatives. In 1998, this program was adjudged one of the 10 best practices worldwide by UNCHS and awarded the Dubai International Award.

Attracting technical assistance

These successful initiatives attracted the attention of international development agencies involved on governance issues, particularly the US Agency for International Development (USAID). Two governance projects, the Decentralized Shelter and Urban Development (DSUD) and its successor Governance and Local Democracy both selected Naga as priority area for technical assistance.

DSUD was instrumental in installing a Geographic Information System (GIS) through the Electronic Data Processing (EDP) unit of the city in 1994. GOLD, on the other hand, focused on a wider set of local priorities identified by the community beginning in 1997, particularly with regard to environment protection, improvement of health service delivery and strengthening of people participation in governance.

1998–Present: The Estrada presidency/The Roco administration

National

Midway through Ramos's term, his National Security Adviser Jose Almonte said the administration's economic reform program was so deeply entrenched that it would be irreversible. "By the end of his term," Almonte said in 1995, "we should be able to establish a system and a people strong enough to keep working even if a chimpanzee becomes President."⁽⁹⁾

Unfortunately, the Filipino people elected a leader that, judging by his track record in office has effectively reversed the gains achieved by the country with Ramos at the helm. Worse, with the current imbroglio that saw President Estrada become the first Asian leader ever impeached, unfolding events in the Philippines are testing the very system that Almonte prided himself to its limits.

With 80% of 34 million qualified Filipinos voting and half the ballots cast in the May 1998 polls carrying his name, People Power made Joseph Ejercito Estrada its biggest winner. Against the elite's disdain and the ruling party's machinery and money, the former actor handily won the presidency with the biggest landslide in Philippine history.

But notwithstanding the fact that the Philippines weathered the Asian currency crisis better than most of its neighbors, anchored on improved economic fundamentals that enabled growth to return after a recession year, it has again lagged behind in the development picture.

Failure of governance is the main culprit, rooted on charges of cronyism, corruption and incompetence that have hounded Estrada even before he assumed office. From the controversial attempt to bury the remains of Marcos in the Libingan ng mga Bayani (Heroes Memorial Shrine), his administration has been bouncing from one scandal to the next, among them the “midnight cabinet” of drinking buddies and cronies, the BW Resources insider trading that rocked the Philippine Stock Exchange and lately the alleged payoffs from jueteng syndicates, kickbacks from a tobacco fund and the unexplained mansions of his mistresses.

This latest episode sent the peso plummeting beyond the P50-to-a-dollar exchange rate for the first time ever, hovering near P52. It also sent interest rates higher, further dampening an already poor lending performance by the banking sector. This forced consumers back into precautionary saving mode to hedge against expectations of negative repercussions on the economy. As a result, Philippines was the only crisis-affected country in Southeast Asia where consumer spending contributed less to growth.

With political uncertainties still hounding it, the Philippine economy will record the lowest growth rate among Asian economies this year and next, the Asian Development Bank (ADB) said in its latest forecast for the region. In fact, economists at both ADB and International Monetary Fund (IMF) see a slower Philippine growth rate of between 3% and 3.3% next year compared to this year. By comparison, Malaysia is projected to post the most robust growth of 7.5% this year and 7% next year, with Vietnam a shade lower at around 6%.⁽¹⁰⁾

For this year, both institutions see economic growth falling precariously within or just below the four percent level, especially with fourth-quarter expansion expected to already reflect the impact on consumption and investments of the almost two-month-old political crisis facing Estrada.

Local

While Ramos was grappling with whom to field against the widely popular Estrada-after a failed attempt to rewrite the 1987 Constitution and lift the term limit barring an incumbent president to seek reelection — Robredo was faced with a similar dilemma. Barred from running for a fourth term, he needs to choose a successor who can sustain the city's growth and protect its gains. Conventional wisdom points from somebody within his administration, either his lady vice mayor or one of his councilors. Fielding his wife was also a very tempting proposition, to perpetuate power which is more the norm than the exception in Philippine politics.

But like Aquino before him, Robredo did the least expected — he tapped an outsider on the basis of competence and capability. It was a bold, selfless and statesman-like move that went against the grain of contemporary politics. (The Ramon Magsaysay Award Foundation would later take note of this when it named Robredo

its year 2000 awardee for government service.)

That outsider is Sulpicio Roco, Jr., the younger brother of Bikolano senator Raul Roco. The 50 year-old Sulpicio is no stranger to development work, having spent the last 23 years in development work, 16 of them with the Philippine Mission of the United States Agency for International Development (USAID).

Previously, Roco served as director of the Ateneo de Manila Social Survey Research Unit (SSRU), an office created to evaluate and monitor the programs and projects of the Bicol River Basin Development Program which Robredo would later head.

When he retired in 1996, Roco was USAID-Philippines' highest ranking Filipino officer, concurrently serving as Mission Anthropologist, Evaluation Officer, Women-in-Development Officer, Mission Strategist and Project Officer all at the same time.

An alumnus of the Ateneo de Manila University with a Masters degree in Applied Sociology and Anthropology, he further honed his academic preparation with various training on development in India, Thailand, Jordan, Bangladesh and various universities in the United States.

With Robredo's solid backing, and helped by the goodwill generated by an illustrious senator-brother, Roco easily beat his main opponent by a decisive margin. The so-called "Robredo magic" also propelled their unity ticket to victory, another record sweep that started from the congressman of the district all the way to the last member of the city council.

A neophyte on the job, Roco spent a large part of his first year in office learning the ropes. Substantial cuts in the city's share of national allotments to LGUs did not help — a policy implemented by the Estrada administration to deal with the fallout of the Asian currency crisis. The cutback amounted to roughly 5% of the total city budget, the impact of which would have been more disastrous had the city not sustain its local revenue collection levels in spite of the crisis. Measured against the performance of the Robredo administration, it engendered perception of a slow-moving administration, which Roco admitted weighed upon the early part of his term in a major address to constituents.⁽¹⁾

Another factor worked out against Roco: an adverse administration holds sway in Malacanang. In the 1998 presidential elections, his senator brother Raul ran against Estrada and placed a respectable third, notwithstanding the absence of political ground support and financial resources. Estrada's victory placed the elder Roco firmly in the opposition camp, a fiscalizing role he played to the hilt, sometimes to Estrada's consternation. Thus, unlike Robredo's last six years, Naga's "pipeline" to the presidential palace and its resources was busted when Senator Roco's younger brother assumed the mayoralty.

On the upside, Mayor Roco's "learning curve" was accelerated by a largely painless and uncontroversial transition, anchored on his inheritance of an intact management team that played a key role in his predecessor's success.

But the moment Roco righted his bearings, his administration proved equal to the task and acquitted itself quite well, considering the unique challenges he faced as a first-termer.

Building on the Robredo legacy, the Roco administration sought to strengthen capacity of the community, particularly the local bureaucracy, as a strategy for institutionalization of the city's development gains. At the same time, he refocused and simplified the city's corporate vision — "Maogmang Lugar" (literally, happy place) — into something tangible at the household level. "Maogmang lugar," he said, should mean "every household has enough food on their table, a decent house to live in, and are able to send their children to school."

Quality job creation

With the creation of quality jobs as central long-term objective, the administration embarked on a two-pronged strategy on top of increasing investments in traditional infrastructure support: a rationalized livelihood development program catering to the city's low-income families,⁽¹²⁾ and sustained investment promotion efforts through the activation of a local investment board.

The former is being carried out with guidance from the Integrated Livelihood Masterplan (ILM) that the city crafted through extensive consultation with stakeholders, aided by technical assistance from the Ateneo de Manila University Center for Social Policy and Public Affairs (ACSPPA).

At the program's helm is the ILM Council comprising of city, NGO and other stakeholder representatives that sets policy direction. Implementation is being undertaken by the six-year old Metro Naga Public Employment Service Office (Metro PESO), a multi-service agency of the city government dedicated to livelihood development. A year after the ILM's adoption, results have been very encouraging. Aside from facilitating institutional development through the Metro PESO, dramatic improvements in service delivery and client penetration was attained, the bulk coming within the last two years. Resource allocation for microlending, training and enterprise development increased by 528%, excluding a P2.5 million funding from TESDA, the national livelihood agency, notwithstanding the Naga leadership's affiliation with the political opposition.⁽¹³⁾ On the basis of these accomplishments, Metro PESO was cited by the Estrada government as a national model for managing an integrated community-based training and enterprise development center last December 5, 2000.

The latter is being pursued by the Naga City Investment Board (NCIB), a multisectoral body mandated by the local investment incentives code passed during the Robredo administration which Roco activated. Helped by technical assistance under the GOLD project, the NCIB and its technical arm, the Investment Promotion and Action Center (IPAC), has acquired the needed skills in promoting the eight investment areas identified under the code:

These investment areas include:

1. The existing Central Business District II Project
2. The South Riverfront Growth area along barangay Sabang
3. The East Highland Ecotourism Zone in barangays Pacol, Carolina and Panicuason

4. The Concepcion Growth Corridor along Maharlika Highway, from Concepcion Pequeña, Grande to Del Rosario
5. The Naga City Agro-Industrial Zone comprising a contiguous area straddling Del Rosario, Cararayan, San Isidro, Pacol and Carolina
6. The Market Development Zones which cover potential areas for district markets in key residential barangays of the city, and
7. The Joint Agribusiness Zones which cover the entirety of Naga's agricultural areas.

The adoption of a new city land use plan (CLUP) has also boosted these efforts by clearly allocating land resources that will be made available to projects that would locate in these zones.

Institution building

To ensure sustainable development, the Roco administration created its own environment agency that provides single-point responsibility and accountability to all local environment initiatives. The City ENRO effectively pulls together the disparate plans and activities of the many environment-related arms and task forces of the city government, and pools their resources.

Guided by a ten-year strategic environment management plan crafted with GOLD assistance, the administration forged strategic partnerships with NGOs, village governments and other community stakeholders to undertake the rehabilitation of Naga River, greening of the Mt. Isarog watershed and introduction of better solid waste management practices at both the community and household levels.

To strengthen local capability, the administration also rescued the City Health Board from the doldrums, expanded its membership to include wider community representation, and retooled it to enable the development of Naga's general health policies that helped improve efficiency and the quality of service delivery.

With technical assistance under the GOLD Project, it also pursued the Quality Service Improvement and Public Service Excellence (QSIP and PSEP) programs that built on the gains of the productivity improvement program initiated by the previous administration. This enabled the 27 departments, offices and agencies of the city government to conduct a systematic review of their current procedures, identify gaps and implement various interventions that would further improve service quality. This will be capped by the publication of a Citizens Guidebook of City Government Services that will not only allow ordinary citizens to learn about and access government services but also generate feedback and measure performance of its service providers.

A complementary project under GOLD also strengthened the Geographic Information System (GIS) facility being managed by the EDP. Using a powerful systems development approach, six city agencies improved their office procedures using GIS, in the process generating internal demand for the underutilized technology. The same approach also helped EDP develop a financial management information system that would enable the city's top executives to better manage its financial resources.

Leveraging the initial seed money provided by the city government, the Naga

City People's Council (NCPC) on its own accessed development assistance from the Australian Agency for International Development (AusAID) amounting to around P2 million to support the implementation of its various community organizing initiatives. Together with the installed capability for village planning and budgeting at the grassroots level, these initiatives represent concrete foundations that would bring the partnership between the city government, the NCPC and the village institutions to the next level: participatory planning, budgeting, monitoring and evaluation at the city level.

Generating goodwill

It will be noted that in pursuing these initiatives, the city government maximized technical assistance projects being implemented locally, particularly through the USAID-assisted GOLD Project. This shows the extent through which the city has been able to access and harness such projects in its effort to further improve governance. At the same time, it is also indicative of the measure of goodwill generated by Naga among development agencies on the strength of its sustained gains.

In the same breath as GOLD, the technical assistance extended by ACSPPA with regard to the Integrated Livelihood Masterplan, as well as a World Bank project that helped the city identify an alternative landfill site also deserve mention.

Another is a technical assistance project of the ADB called the Cities Data Book Project which was recently implemented in 20 cities in the Asia-Pacific region. Three of these cities are located in the Philippines — Cebu, Mandaluyong and of course Naga.

The project is groundbreaking as it enabled local authorities government to derive Naga's gross city product (GCP), the amount of goods and services produced by the local economy, and as a result generate a quantifiable measure of its economic growth.

According to the data book, the city's economy grew at the pace of 6.5% annually between 1993 and 1998, significantly higher than rate of growth posted by the national economy during the same period. In 1998, its GCP stood at P10.8 billion, which translates to a per capita GCP of P79,874. This figure is 115% higher than the Philippine per capita GNP.

Insights and Lessons

Having drawn a parallel between the outcomes of governance and development efforts between Naga and the Philippines, this brings back the questions raised at the outset:

What are the prospects for local autonomy and decentralization as a strategy for national development in the Philippines?

Clearly, Naga's case underscores that even in a national backdrop that has swung from the extremes of hope and hopelessness, of growth and recession, and of competent and failed governance, a local government can sustain its gains over time.

This however requires a combination of competent leadership, a shared community vision, an empowered citizenry, and a pervading sense of partnership and stakeholdership.

During his watch, Robredo sparked the city's transformation and husbanded the requisite change process by capitalizing on the people's restored trust and confidence in government. More importantly, he matched rhetoric with action by pursuing pro-poor programs, particularly *Kaantabay sa Kauswagan*, that mainstreamed the marginalized. His successor also accounted himself well during his short stint in office thus far, ably steering the city government and its instrumentalities towards a central objective — quality job creation — that would complete the economic empowerment of the urban poor.

This is where the Ramos and Robredo administrations ultimately differed: while Ramos unquestionably reversed the country's course towards a more sustainable development path, his administration failed to make economic growth matter to the poor, which comprise a substantial chunk of the population. As a result, they became fair game to the pro-poor rhetoric of his vice president, Joseph Estrada, even when continuity, or at least competence, would have been the logical way to go or the major criterion to consider.

Robredo and Roco also anchored their respective administrations on a common vision — with each one giving it his own spin — that most of the constituency was able to relate to and share. But reduced to its barest, it was a vision for a livable community that every citizen would be proud of, nothing less.

Both leaders also embraced the concept of inclusiveness in governance, one that departs from the traditional patron-client model that often characterizes the socio-political dynamics in the Philippines. Instead, it views the citizenry and their community organizations as partner and accords them the modicum of respect they deserve.

All of these combine to create an atmosphere that promotes partnership and stakeholdership, predicated on a minimalist government that ceases to be the inefficient “do-it-all” provider. Instead, it becomes more of a coordinator that makes things happen *better* — under a functional partnership guided by the principles of role definition, resource complementation and specialization.

Would this apply to other Philippine local governments as well? Going by the increasing documented success stories spawned in the aftermath of the 1991 Local Government Code, it would. These successes are indications that over time, Naga's case is bound to be more of a norm than an exception. Since 1993, the *Galing Pook* program managed by the Asian Institute of Management has been receiving hundreds of new outstanding initiatives every year. By this time, these “good practices” should be running in the thousands.

Further, decentralization should explain why the Philippines is said to have weathered the Asian currency crisis with minimal socioeconomic costs. The dispersal of substantial financial resources and economic activities among autonomous local governments in the countryside in effect created a “horizontal cushion” that absorbed the impact of that crisis more effectively. A highly centralized, vertical

structure in the country would have a harder time coping.⁽¹⁴⁾

What options are available to local authorities as they grapple with development challenges within their respective communities?

With continuing localization as given in the policy context of the 1991 Local Government Code, and with increasing demand for good governance all around, Philippine local authorities have two options: either they innovate or stagnate.

The minimum requirement for innovation is to take full advantage of the opportunities opened up under the Code. The documented success stories mentioned above are templates they can use in speeding up the process along this track. A similar wealth of information is also being compiled at the international level by various development agencies, such as the UNCHS and other agencies belonging to the UN system.⁽¹⁵⁾ Conversely, a sure way toward stagnation is maintaining the status quo.

In a sense, Naga's case is instructive on two aspects.

** One, innovation as a means of good governance can take place even without laws enabling a local autonomy policy.* Under Robredo, the city government tested and realized the tremendous potentials of partnerships in implementing a BOT variant before the Local Government Code and the BOT law were enacted.

** Two, good governance should be for the long haul.* In this regard, the need for continuity in policy and even in leadership can be argued, within the limits provided for by law.

On the surface, this would seem to be an imposing task. With a short three-year term for Philippine local officials, immediate and visible results are necessary to renew mandate. Short-term interests often dictated by political realities sometimes take precedence over long-term goals, especially when the former runs into conflict with the latter. Ironically, programs and projects with far-reaching benefits have long gestation periods.

The challenge therefore is to renew mandate without losing sight of the corporate vision. This requires striking a working, healthy balance between long-term development management and plain election-driven politicking.

What lessons can be derived from the emerging Philippine experience in localization?

Essentially, four can be mentioned.

** Strong local communities help build a nation*

Based on the ADB Cities Data Book, Naga's growth continued on a steady pace, propelled by competent leadership working actively with local development partners. For all intents and purposes, the city will continue growing regardless of which party is in power at Malacañang.

There is sense therefore in pursuing self-reliance as a matter of policy. Clearly, there is need to continue improving local communities using their own resources as much as possible, with minimal dependence on the national government. Against the sense of hopelessness pervading most of the world today, the integrity of nations

can be ensured by making small communities that comprise it strong, unyielding and impervious to threats that buffet them from within and without.

** Strong local institutions anchor sustainable development*

Another key to Naga's notable achievements over the last 12 years has been the high quality of its local institutions. Like a pearl, quality is something that cannot be achieved overnight; it is the product of committed and careful nurturing in a conducive environment.

The continuing evolution of the PIP, as well as the increasing independence of the NCPC, is indicative of this.

** Sustainable development is balanced development*

Another key to success is sustained excellence-driven performance across diverse fields of governance. Over the years, Naga did not try to be the best in just one area or discipline; rather, it strived to be the best in all areas of local government management. The Roco administration has, in fact, made the continuing quest for excellence a cornerstone of its management philosophy.

** The successful becomes more successful*

An Englishman, who recently visited Naga to design a technical assistance project for the urban poor, said: "In our world the rich gets richer and the successful becomes more successful."

Indeed, Naga has been generating a lot of goodwill by doing things right, and by showing there is always a better way. For instance, on top of accolades reaped by the Robredo administration during its incumbency:

- * The city won the 1998 Dubai International Award for having one of the Ten Best Practices worldwide
- * In 1999, the *Asiaweek* newsmagazine named Naga one of the four most improved cities in the whole of Asia
- * Naga was selected one of 20 Asia-Pacific cities that were covered by and benefited from the 1998 Cities Data Book Project implemented by the ADB, and
- * Naga has consistently won other national awards in local budgeting, peace and order, population management, health and nutrition and the recent award for effective livelihood development management.

But like a thousand-mile journey, it all began with a single step. Enterprising local governments can do the same and build on every little success they make. These are molehills that, over time, will become a mountain.

Notes

- (1) Roco, a former official of the USAID Philippines Mission, is the incumbent mayor of Naga City. Prilles is a vice president of a local aviation company who consults for the city and a number of international development agencies in his private time.
- (2) See *Heart and Mind in Bicol: 1975-1993* by Soliman M. Santos, Jr. for a more detailed discussion of this concept.
- (3) Economic growth in the Philippines over the past three decades has been dominated by a 'boom-bust' cycle, according to local economists. Significant interruptions in economic growth occurred in 1958-60, 1970, 1974, 1983-85, and 1990-92. In the typical pattern, a few years of moderate economic growth are followed by shortages of foreign exchange,

making it necessary to cut back on government spending and contract money supply, thus halting the growth episode. A period of partial adjustment follows, and the growth cycle resumes once the foreign exchange constraint is eased, with the government typically feeling freer to resort to deficit spending. As a result, the growth episodes have closely followed a periodization according to major balance of payments crises. Although different factors may immediately precipitate these crises, they are ultimately traceable to the economy's failure to earn enough foreign exchange to pay for the imports (both productive inputs and final goods) associated with rising output and incomes. [Emmanuel de Dios, "Philippine Economic Growth: Can It Last?", *The Philippines: New Directions in Domestic Policy and Foreign Relations* published by the Asia Society (1998)]

- (4) Based largely on documentation of Robredo's career submitted to the Ramon Magsaysay Award Foundation.
- (5) This is the same illegal numbers game that President Estrada was accused of protecting in exchange for payoffs running into hundreds of million pesos.
- (6) Sandra Burton, "The Most Influential Asians of the Century — Corazon Aquino," *Asiaweek*, August 23, 1999.
- (7) Based largely on David G. Timberman's introduction to the book, *The Philippines: New Directions in Domestic Policy and Foreign Relations*, published by the Asia Society (1998).
- (8) Emmanuel de Dios, "Philippine Economic Growth: Can It Last?", *The Philippines: New Directions in Domestic Policy and Foreign Relations* published by the Asia Society (1998).
- (9) Sandra Burton, "End of the Ramos Era," *Time*, March 31, 1997.
- (10) "RP to become East Asian laggard," *Businessworld*, November 28, 2000.
- (11) Sulpicio S. Roco, Jr., "Leapfrogging into the new millennium," unpublished speech, December 31, 1999.
- (12) Operationally defined as households with average monthly income of P15,000 and below.
- (13) Wilfredo B. Prilles, Jr., "Managing a community-based training and enterprise development center: The case of the Metro Naga PESO," case study written for the National Conference on CBTED, November 15, 2000.
- (14) Sulpicio S. Roco, Jr., "Strengthening Philippine LGUs for the 21st Century: The Naga City experience," a paper presented during the Asean Region Local Administration Forum on October 21, 1999 in Hanoi, Vietnam.
- (15) In fact, peer-to-peer learning through documented best practices was endorsed as a strategy for promoting good governance in the Chengdu Declaration. Said document was adopted during the UNCHS-sponsored International Conference on Learning from Best Practices, Urban Construction and the Environment for the 21st Century held in Chengdu, China on October 14–16, 2000.

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