



## Decentralized Local Governance in Asian Region: Good Practices of Mandaluyong City, Philippines\*

Rose Gay E. Gonzales- Castaneda\*\*

### Abstract

Decentralization in the Philippines began in 1991. In the 23 years since the passage of the local government code of 1991 (RA 7160), it can be argued that the local government units have been able to adapt to their expanded devolve powers. There are elected local chief executives who have exemplified excellence in the use of their powers and become model leaders of the rest of the world.

Decentralization is important, as remarked by former Sen. Aquilino Q. Pimentel Jr.<sup>1</sup> as it brought the government closer to the people. With effective decentralized system, the local government unit are empowered to modernized and develop their community. Fundamentally, it is a process of making governance at the local level more responsive to the felt needs of the large majority of the population.

All local government units are set for the 2015 ASEAN integration to be held in the Philippines. This will be a region wide phenomenon and its effects will have a great impact to individual LGU in our country from the provincial, to the cities, municipalities and down to the barangay (village) level.

One highly urbanized city at the heart of Metro Manila that experienced the positive gains of decentralization is Mandaluyong City. This paper analyses the process of decentralized Governance in Mandaluyong City in four areas of development. The first area is Decentralization and Economic Growth. The second is Decentralization and Environmental Protection. The third is Decentralization and Social Services. Finally, the fourth is devoted to Decentralization and Infrastructure.

**Keywords:** Decentralization/ Local Governance/ Good Practices/ Mandaluyong City/ Philippines

### Introduction

For more than two decades decentralization has been the dominant trend in central-local relations in Asia. The starting point was the 1991 Local Government Code in the Philippines that followed “people power” democratization. This legislation

\* Paper presented at the 3<sup>rd</sup> International Conference on ASEAN Connectivity: Current Issues and prospects towards ASEAN Community” held on 17 November 2014 at the Mahasarakham University, Thailand.. Bilnd Peer Reviewer of this Journal.

\*\* DPA Student, National College of Public Administration and Governance (NCPAG), University Philippines; of the and Former Sen. Aquilino Q. Pimentel Jr., Father of the Local Government Code of the Philippines. Former Senate President of the Philippines

<sup>1</sup> Former Sen. Aquilino Q. Pimentel Jr. , Father of the Local Government Code of the Philippines. Former Senate President of the Philippines



introduced significant political decentralization into a country that had undergone considerable centralization under the authoritarian regime. Functions were transferred to provincial, city and municipal administrations. The Philippines provided both a model and inspiration to other countries in Asia where centralization had been the dominant themes across the continent.

Decentralization is defined by United Nations Development Program ( UNDP ) as “ *the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national at all levels* ”.

Robert Ebel (2001) points out in view of decentralization: “The western world sees decentralization as an alternative to provide public services in a more cost-effective way. Asean countries are pursuing decentralization reforms to counter economic inefficiencies, macroeconomic instability, and ineffective governance”.

Decentralization is increasingly being pursued in several Asian local countries signifying a region-wide trend of democratization and governance. For example, in Thailand, constitutional provisions were enacted that promised considerable decentralization but implementation was slow in coming. In Cambodia, the achievement of political stability at the end of the 1990s encouraged the government to introduced modest programs of political and administrative decentralization. By contrast, in Indonesia the Asian Financial Crisis led to the overthrow of the authoritarian New Order regime and gave the political space to the interim government to introduce a radical “big bang” political decentralization involving the devolution of most service delivery functions and the accompanying finance to democratically elected local governments. (Mark Turner, Asian Review of Public Administration, Jan.-Dec, 2012)

## **DECENTRALIZATION EXPERIENCE IN THE PHILIPPINES**

To have a clear perception of how decentralization operates in the Philippine politico - administrative setting, it is deemed relevant to make a brief presentation of the passage of the Local Government Code, the political character, organization structure and functional operation and fiscal administration of the local government.

### ***Local Government Code***

In 1991, a Local Government Code was enacted in the Philippines. It was by far the most radical and far-reaching policy that addressed the decades-old problem of an overcentralized politico-administrative system, where the most significant political and administrative decisions were made in Manila. The promulgation of the Code was in accordance to a provision in the 1987 Constitution that declares that “the state shall ensure the autonomy of local governments.”



The enactment of the Code was welcomed by most sectors of society. It finally transferred to the local government units the responsibility for the delivery of basic services, including appropriate personnel, assets, equipment, programs and projects.

**The following are the major features of the Code:**

(a) It devolves to local governments units the responsibility for the delivery of various aspects of basic services that earlier were the responsibility of the national government. These basic services include the following: health; social services; environment; telecommunications services and housing projects.

(b) The Code also provides the legal and institutional infrastructure for expanded participation of civil society in local governance. More specifically, it allocates to non-governmental organizations (NGO) and people's organizations (POs) specific seats in local special bodies. These special bodies include the local development council, the local health board, and the local school board. Because of their ability to organize and mobilize the people, one door-wide open for NGO and PO participation in governance are in the areas of promoting local accountability and answerability, specifically through the recall and people's initiative provisions.

(c) The Code increases the financial resources available to local government units by broadening their taxing powers; providing them with a specific share from the national wealth exploited in their area (e.g. Mining, fishery and forestry charges ) and increasing their share from the national taxes, internal revenue allotment (IRA) from previously low at 11% to as much as 40%. The Code also increases the elbow room of local governments to generate revenues from local fees and charges.

(d) Finally, the Code lays the foundation for the development and evolution of more entrepreneurial oriented local governments. For instance, it provides the foundations for local governments to enter in build-operate-transfer (BOT) arrangements with the private sector, float bonds, obtain loans from local private institutions, etc., all within the context of encouraging them to be "more business-like" and competitive in their operations in contradistinction to "traditional" government norms and operations. (Source: Local Government in the Philippines: Book of Readings)

***Local Government System in the Philippines***

Local government may be defined as a political subdivision of the state endowed with authority to manage local affairs and vested with a political power to tax. The Philippines is a unitary state consisting of 80 provinces, 1,492 municipalities, 142 cities and 42,027 barangays as political subdivisions. The first tier in the local government hierarchy or at the subnational level is the province; at the next lower level are the municipality and the city, and the lowest tier is represented by the barangay or village which directly interacts with the grassroots- people in the community. A province, city or municipal government is structured somewhat like the national government in that: it has a local legislative branch, the Local Council, whose members are directly elected by the electorate in the province, city, or municipality, as



the case may be, and which is responsible for the above-stated passage of ordinances and resolutions; and, it has the local executive, represented by the provincial governor, city of municipal mayor, as the case may be, who also kirectly elected by the voting population of the locality and who is responsible for executing locl legislation and administering public services at the local level. The barangay or village is the smallest local government unit and is headed by the village chief who is electected with the village councilors. The Village chief enforces all laws and ordinances applicable to his or her constituencies. Village are also public corporations and therefore can be sue and be sued in court, enter into contracts, acquire and hold all kinds of property, and exercise such power or perform such acts as provided by law.

**Sources of Income and Revenue**

Local governments have common sources of revenue and income as well as respective revenue raising pwers. These are empowered to derive income and revenue from: local taxation; rentals and charges for the use of public property and resources within local jurisdictions; earnings from local public enterprises and utilities; permits and licenses issued for establishments and operation within local boundaries; charges and fees for local government services and activities. They are also entitled to: stipulated shares from internal revenue collections or collections of national taxes and shares from the proceeds of the utilization, exploitation, and development of the national wealth (natural resources, mines, and mineral within their jurisdictional areas..

**Structure of Local Governments in the Philippines**

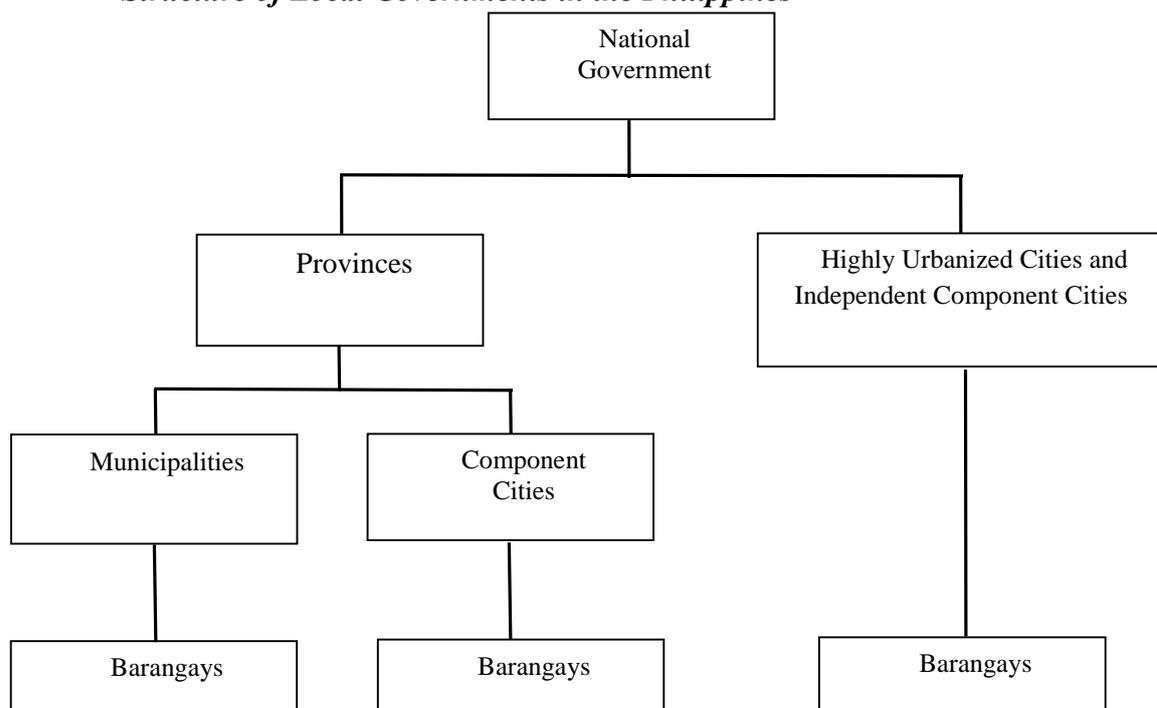




Figure 1 Map of ASEAN Countries  
source:[http://i395.photobucket.com/albums/pp40/ssa\\_admin/FASA/south\\_east\\_asia\\_maprevised.jpg](http://i395.photobucket.com/albums/pp40/ssa_admin/FASA/south_east_asia_maprevised.jpg)

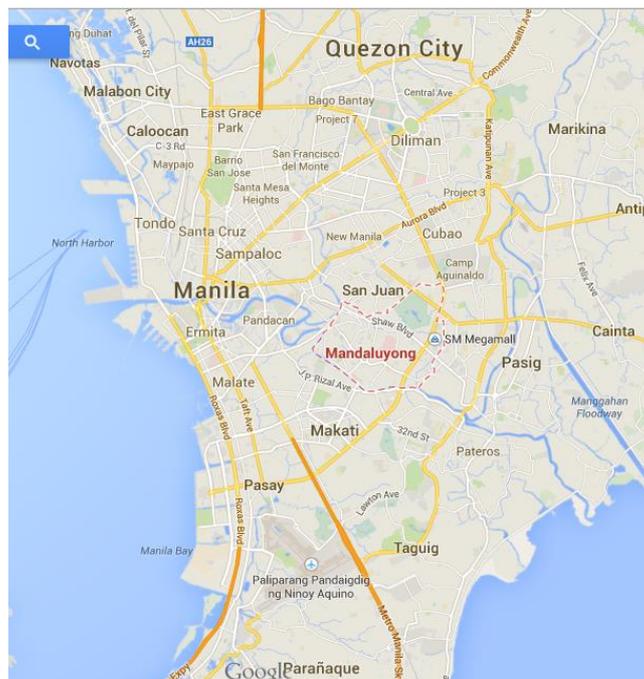


Figure 2 Map of National Capital Region/ Source; Google Maps



## Local Governance in Mandaluyong City: An Overview

### *Historical Account and the Present Political Context*

There are different stories on the origin of the ancient name “Mandaluyong”. One claimed that the Spaniards named the place Mandaluyong based on the report of what a navigator named Acapulo saw that the rolling hills were frequently lashed at by daluyong (“big waves from the sea”). This seems to give credence to traditional stories before the coming of the Spaniards that giant waves from the sea lashed at the adjoining hills of the vast lowland, referred to as “Salpukan ng Alon”. Father Felix dela Huerta, observed that the rolling topography of this land resembled giant waves of the sea. Hence, natives replying to the question of strangers as to what the place was called, used to answer Mandaluyong, later hispanized by Spanish writers into Mandaluyong by affixing the “n” to the first syllable.

In the 1800, Mandaluyong was first known as a barrio of Sta. Ana de Sapa which was part of the District of Paco, Province of Tondo. Named San Felipe Neri by the Spaniards in honor of the Patron Saint of Rome, it was separated civility from Santa Ana de Sapa in 1841.

During the American regime in 1900’s San Felipe Neri was raised to a first class municipality with five (5) barrios, namely, Poblacion, Barangka, Hagdang Bato, Namayan and Hulo. Under Presidential Act No. 942, it was consolidated with the municipality of San Juan del Monte and became the seat of government. For several months in 1904, San Felipe Neri became the capital of the province of Rizal. San Felipe Neri was separated from San Juan and became an independent municipality on March 27, 1907. It was renamed the Municipality of Mandaluyong by virtue of House Bill No.3836 which was authored and sponsored by Assemblyman Pedro Magsalin, then the Representatives of the District of Rizal.

During World War II, Mandaluyong lost many of her people, among them were Catholic priests and civilians. Destruction was felt all over, but with the timely arrival of the American Liberation Forces on February 9, 1945, the municipality was saved from further damages. That day became a red calendar day for Mandaluyong marking its liberation from Japanese imperial forces by the Americans.

In the 60’s, Mandaluyong became a component municipality of Metropolitan Manila. Together with other component cities and municipalities, it has undergone significant physical and economic transformation. From a forestal town to a progressive municipality. Mandaluyong is now a highly urbanized city known to host most of the country’s best companies and corporations, shopping malls and hotels which are certainly world class in status.

Mandaluyong and the municipality of San Juan used to be represented in Congress by a single Congressman. As it entered a cityhood in 1994, Mandaluyong became a lone district with its own Representatives in Congress.

Mandaluyong have come a long way from being a forested rolling hill to a bustling city of vibrant economic activities. In 2003, Mandaluyong was named the new tiger city of Metro Manila, among other accomplishments.



### Demographics

Mandaluyong today is composed of 27 barangays divided into two potical districts mainly by Boni Avenue and G. Aglipay Street. The City has a total population of 334, 188 in 2011 with a total of 71,301 households.

### *Decentralization and Economic Growth*

On the facet of development, despite its size, Mandaluyong recorded for he whole year period of 2013, the city generate from the Business sector alone a record breaking income of P/ 1,302,362,831.48 Billion ( US\$29,122,603.57 Million dollars)

Compared to business income of 2011 which was only 955,885,082.91(US \$21,374,890.05) and 1,131,590,302.48 ( US \$ 25,303,897.64 ) of 2012, the difference of PHP 346,477,748.57 ( US \$7,747,713.52) from the 2011 benchmark represents 36% increase and 18% increase if compared with the 2012 business income.

It can be concluded that contributory to the increase is the fact that there had been 2,910 new business enterprises that established in the City for 2013 alone and a total of 8,049 Registrants since 2011. This provides us a clearer picture of the confidence of the business sector in the general potential of Mandaluyong City when it comes to trade and commerce.

### **Business Tax Collection for January 2014 alone**

For the month of January alone since 2011, we can observe a steady rise in the collection of the Business permits and Licensing Office. From PHP 512,739,811.16 (US \$11,465,559.28) of January of 2012 to PHP 584,614,122.68 ( US \$13,072,766.61) of 2013, the city was able to collect this January alone some PHP 670,278,309.50 ( US \$ 14,988,334.29) or an increase of 14.65% increase from last year.

This maybe derived from the fact that the declaration of Gross income of companies and the number of new business reistrants in the city continuously grow through the years,proving that business is thriving in Mandaluyong.

### **Total Collection from the Business Sector for January of 2011-2014**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>January 1-31</b>	<b>January 1-31</b>	<b>January 1-31</b>	<b>January 1-31</b>
420,162,218.00	512,739,811.16	584,614,122.68	670,278,309.50
US\$ 9,395,398.43	US\$ 11,465,559.28	US\$ 13,072,766.61	US\$ 14,988,334.2



### **Business Awards and Citations**

Most Business Friendly City in the Philippines- Because of the untiring pursuit of excellence, Mandaluyong City was named and awarded as the Philippines’ Most Business Friendly City for 2013 (Highly Urbanized City Category), awarded by the Philippine Chamber of Commerce and Industry (PCCI), a respectable group of businessmen in the country

Ranked 2<sup>nd</sup> Best City in Metro Manila based on the City’s Performance on Locally Generated income published in The Philippine Star on April 6, 2013 by the Bureau of Local Government Finance- Department of Finance. Mandaluyong City was recognized because of its ability and competence in Creating Own Revenues.

### **Realty Taxes**

Business is not the only driving force that enriches the local treasury, there is also the increasing collection from the Realty Taxes.

From the 2011 benchmark collection, there was only PHP 813,000,000 ( US 18,179,785.33). In 2012 the realty taxes collection had increased PHP 878,257,074.73 (US 19,639,022.24)

#### **Annual Collection Performance on Realty Taxes ( 2011-2013)**

<b>Total Collection 2011</b>	<b>Total Collection 2012</b>	<b>Total Collection 2014</b>
PHP 813,000,000.00	PHP 878,257,074.73	PHP 917,497,754.05
(US\$ 18,179,785.33)	(US\$ 19,639,022.24)	(US\$ 20,516,497.18)

Despite the significant decrease in the Internal Revenue Allotment for Cities and the continue to rise. The city of Mandaluyong continue to rise. The total revenues in 2011 was PHP 2,280,320,776.87 (US \$50,991,072.82). In 2012 the city was able to generate some PHP 2,432,167,332,69 ( US \$54,386,568.26) The City’s revenues for 2013 is PHP 2,704,049,773.67 ( US\$ 60,466,229.29).

### ***Decentralization and Environmental Protection***

Although Mandaluyong City has been doing well in the business front, they believe that sustainable development can occur if they are focused on addressing concern for the environment. The City Government wanted Mandaluyong to be a progressive city with clear air and healthy environment leading toward a more ecologically-sound community of empowered Mandalenos through constituent-responsive leadership. The City introduced the City Green Initiatives like the promotion of pro- environmental projects like the use of electric tricycles which are zero - emission vehicles. These e-trikes are availed through the grant from the Asian



Development Bank. This ensures a more environment- friendly surrounding, protecting the health & general well-being of everyone, particularly the children. There is also an underpass solar powered LED lighting project. In the face of climate change, the City Government has taken the lead in partnership with the International Finance Corporation (IFC) to set the framework for future structures and skyscrapers in the City. Green Architectures will rise in that City that utilize only renewable resources. The project will focus on performance in the following areas of energy efficiency, water efficiency, materials and waste management, site sustainability and indoor environmental quality There is also the creation of Green space or park development.

#### *Decentralization and Infrastructure*

(a) The City Government converted a dirty, congested public cemetery into an environment- friendly and income generating facility. The cemetery is now known as Garden of Life Park and it is a “one -stop-shop”, a project that entailed a 4-C approach- i.e. Cemetery, columbarium, crematorium, and chapel rolled into one. By transforming the cemetery into a park, the LGU also dispelled the notion that a cemetery is an eerie place. It has practically become an eco-tourism facility, with visitors coming from Laos- PDR, Korea, Australia,

(b) Mandaluyong City entered to a partnership with the private sector through Build- Operate -Transfer (BOT) mode and has now constructed a public market that has approached a world class standards.

(c) A proposed 1.5 Billion elevated Guideway Transport System project for secondary roads will soon to rise in Mandaluyong City in the likes of prime commercial districts around the world such as in Singapore and Hongkong.

#### *Decentralization and Social Services*

(a) The local government of Mandaluyong City spearheaded the conceptualization and implementation of Project Therapy, Education and Assimilation of Children with Handicap (TEACH). This is a community-based program that directly benefits youth with disabilities residing in depressed areas. By providing children special needs access to a network of free medical, rehabilitative, educational and related services, Project TEACH helps enable them to become integrated and productive members of society.

(b) Mandaluyong’s Public Employment Service Office (PESO) continues to solicit job vacancies from different private companies for job seekers of the City.

(c) From Womb to Tomb, the City Government of Mandaluyong ensures that all children are well-taken care of as early as from the time the mother gets



pregnant. Literally and figuratively speaking, the mother and the babies inside her womb enjoy intensified health and nutrition programs.

(d) Bringing government closer to the community. Every Saturday, services that are normally availed by the constituents at the city hall are made available at the villages. Distribution of free assistive devices, eye-glasses, vitamins & medicines and cleft palate surgery for children are regular activities in the medical/optical/dental missions.

(e) The Health Department of the City Hall deliver free services to a growing number of residents seeking free medical services.

(f) The Mandaluyong City Medical Center continues to execute its task to deliver efficient and better hospital care and services to the less privileged.

(g) Mandaluyong City invested heavily in education with the construction of school buildings, improvement of facilities, hiring of more teachers and acquisition of more books for the students.

(h) The City Government program on Land for the Landless and Home for the Homeless provided not only dwelling places but decent homes for the less privileged families.

### **Lessons Learned**

The following are some of the lessons learned regarding the decentralized local governance in Asean Region, as drawn from the experience of Mandaluyong City

(1) Decentralization is primarily a political process, it will not be successful unless adequate provision is made to finance the devolved or deconcentrated functions.

(2) Broad participation is needed for the decentralization process to be successful. Private sector should be recognized as a critical partner in the process. Decentralization can facilitate empowerment and encourage creative local solutions.

(3) NGOs and POs can contribute much to Good Local Governance in the City. However, they should be given a proper orientation and education as to their role as partners rather than adversaries of government.

(4) Local elections in the Philippines are usually decided on the basis of personal or political party loyalties. People vote for a mayor whom they know, a member of their group or a party they like. Local elected mayors satisfy local preference.



(5) The term of office of the mayor is only three years. Once a newly elected mayor assumed office, the tendency is not to continue the good programs and projects of the past administration.

(6) Decentralization maybe accompanied by more corruption. There are opportunities for corruption at the local level.because they are subject to pressing demands from local interest group.

(7) The experience of other local government units is replete with innovations. ASEAN countries need to share their good practices and learn from each other success stories.Conferences such as this served as a venue to learn and update themselves with reform in public administration and governance

(8) It is imperative that Local Government Code in the Philippines needs a comprehensive and objective assessment. We need to evaluate all major dimensions of reforms in terms of objectives, policies, rationales and actual outcomes.

## Conclusion

Local Government is a decentralized set-up requires a combination competent leadership, a shared community vision, and empowered citizenry and a prevading sense of partnership with business sector.

During the watch of Mayor Benjamin Abalos, he sparked the city’s transformation from a sleepy town to a progressive city now called “ Tiger City of the Philippines”. He took full advantage of the opportunities opened up under the Local Government Code. The City Government of Mandaluyong did not try to be the best in just one area, rather he strived to be the best in all areas of local governance like in Economic Development, Environmental Protection, Infrastructure and Social Services and because of this the City reaped awards and recognitions

- Most Business Friendly City in the Philippines for 2013
- Ranked 2<sup>nd</sup> Best City in Metro Manila on 2013
- Grand Slam Winner: Green Banner Award for 3 Consecutive Years (2010-2012) for innovative Health and Nutrition Program
  - Project TEACH: Winner of Galing Pook Award 2012
  - Garden of Life: Winner of Galing Pook Award 2012
  - Best in the Philippines: Manpower Training School and Program 2013
  - CROWN Award: Excellence in Nutrition Programs Implementation 2013

It is evident that in Mandaluyong City, decentralization is working and that local autonomy has brought about creativity and innovation. Within the context of improving the structure of governance, many other ASEAN Regions have opened up their politico- administrative systems. Decentralizatiion has enabled the local



government units to become more competitive by providing opportunities to participate in international markets, enabling them the opportunity to seriously “think global” yet continue to act local. And now, I can say that Mandaluyong City has adopted the international outlook and ready for ASEAN Integration.

### References

- Asian Development Bank. (2005). *Governance Sound Development Management. The elements of Good Governance.* (Retrieve <http://www.adb.org/Documents/policies/Governance/gov300.asp>.)
- Asian Development Bank. (2005). **Country Governance Assessment.** Manila Philippines.
- Aziz, Abdul and Arnold, David. (1996). *Decentralised Governance in Asian Countries.* New Delhi: Sage Publications
- De Guzman, Raul and Reforma Mila. (1993). **Dentralization Towards Democratization and Development.** Discussion paper presented during the Eastern Regional Organization for Public Administration.
- Brillantes, Alex Jr. (2001). *Lessons Learned After Ten Years of Deveolution and Indictive Agenda for Policy Reforms.* **Discussion paper presented during the Technical Working Group Meeting on Local Governance and Civil Service held on 20 April 2002 at the ACCEED Center of the Asian Institute of Management, Makati on the theme.** Improving National-Local Bureaucracy for Effective Public Service.
- \_\_\_\_\_. (2002). *Decentralization and Devolution in the Philippines: a Experiences and Lessons Learned After a Decade.* **Discussion paper presented at the International Conference on te New Developments in Local Democracy in Asia : held at the Hoam Convention Center, Seoul National University.** Seoul, Korea, April 7 to 9.
- \_\_\_\_\_. (1987). *Decentralization in the Philippines.* **Philippine Journal of the Public Administration.** vol. 31 (2). Quezon City: UP National College of Public Administration.
- Kim, Pan Suk. (2009). **Public Administration and Public Governance in ASEAN Member Countries and Korea.** Daeyoung Moonhwasa Publishing Company.
- Legaspi, Perla E. (2001). **The Changing Role of the Local Governments Under a Decentralized State: Some Cases in Philippine Local Governance.** National. U.P., College of Public Administration and Governance.
- Local Government Academy. (2001). **Kaban Galing The Philippine Case Bank on Innovations and Exemplary Practices in Local Governance,** Vol. 1. Manila
- Noledo, Jose. (1996). **The 1991 Local Government Code with Basic Features.**
- Padilla, Perfecto, L. (1990). **Need for a Truly, Meaningful, More Substantive Decentralization and Local Autonomy.** Quezon City: University of the Philippines.
- Ricote, Eleazar E. (2008). *Philippine Public Administration as a Field of Study Enduring and Emerging Areas, Challenges and Prospects.* **Philippine Journal of Public Administration,** 52 (2-4)
- Tabunda, Manuel & Galang, Mario. (1992). **A Guide to the Local Government Code of 1991.** Manila: Mary Jo Publisher.



Tapales, Proserpina & Cuaresma, Jocelyn. (1998). **Local Government in the Philippines: A Book of Readings**. Quezon City: U.P. Mandaluyong City

- 2014 History of Mandaluyong, Office of Cultural Affairs
- 2014 State of the City Address of Mayor Benjamin C. Abalos Jr.
- 2014 *Working in Partnership with the International Finance Corporation (IFC) Working on Green Buiding Initiative*, City Planning and Development Office