



Rapid Field Appraisal of Decentralization

*Autonomous Region of
Muslim Mindanao*

ARMM

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Devolution Issues Still Remain Unresolved

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EXECUTIVE SUMMARY

The implementation of devolution mandated under Republic Act (RA) 7160 or the Local Government Code (LGC) remains an unresolved issue between the Autonomous Region of Muslim Mindanao (ARMM) Regional Government (ARG) and the local government units within ARMM mainly because of misconception or lack of understanding of current statutory inter-governmental relations between the ARG and the local government units (LGUs).

At present, health, agriculture, social welfare, and environment services are exercised by the ARG, undermining the mandatory devolved powers of the LGUs. As a consequence, municipal and provincial health officers, municipal and provincial agriculture officers, municipal and provincial social welfare officers, and municipal and provincial environment officers are under the direct control and supervision of their respective regional departments. The power to appoint and dismiss these officials, meanwhile, is vested in the Regional Governor of ARMM and not with the local chief executive (LCE).

Annual budgets for Personnel Services (PS) and Monthly Operation and Other Expenses (MOOE) are lodged in the ARG Budget in accordance with the national General Appropriations Act (GAA). Retaining this money is the primary reason for refusing to devolve these provincial and municipal offices to the LGUs. Conversely, LGUs perceive the retention of budget for PS and MOOE by the ARG as primary reason for not providing adequate budgetary support for health, agriculture, social services, and environment contrary to RA 7160. There is therefore a need to immediately clarify legal and administrative issues to clear up the impediments to LGU devolution in ARMM.

Laws Effecting Autonomy and Devolution in ARMM

To fully understand the impediments to devolution in the ARMM, a cursory review of the laws affecting autonomy and devolution is important.

By virtue of RA 6734 as amended by RA 9054, all national agencies operating within the autonomous areas are absorbed by the ARG. But up till now, the process of devolution of national agencies to ARMM remains incomplete; agencies that were

absorbed into the ARG perennially complain of inadequate budgetary support from the national government because 85 percent of the entire regional budget provided under the General Appropriations Acts from 1990 up to the present consists solely of funds for personnel services. Two years from the establishment of ARMM, RA 7160, otherwise known as the Local Government Code of 1991, was enacted providing for local government autonomy granting them powers “to discharge the functions and responsibilities of national agencies and offices devolve to them” as provided under section 17 thereof. Two years later, on January 25, 1994, the ARMM Regional Legislative Assembly enacted Muslim Mindanao Autonomy Act 25 (MMA25), otherwise known as Local Government Code of the Autonomous Region in Muslim Mindanao, which is a replica of the national Local Government Code (RA 7160) with modifications.

One of the modifications is Section 14 of MMA Act 25, which does not provide specifically that local government units shall *discharge the functions and responsibilities of national agencies and offices devolve to them*. This is a departure from Section 17 of RA 7160. Both MMA Act 25 Section 14 and RA 7160 Section 17 have the same title: Basic Services and Facilities.

For brevity the two provisions are compared:

RA 7160, SECTION 17	MMA ACT 25, SECTION 14
<p>Basic Services and Facilities - (a) Local government units shall endeavor to be self-reliant and shall continue exercising the powers and discharging the duties and functions currently vested upon them. They shall also discharge the functions and responsibilities of national agencies and offices devolved to them pursuant to this Code. LGUs shall likewise exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provisions of the basic services and facilities enumerated herein; (b) Such basic services and facilities include, but not limited to the following:</p> <p>(1) For a Barangay:</p> <ul style="list-style-type: none"> • Agricultural support services, • Health and social welfare services, • General hygiene and sanitation, beautification and solid waste collection, • Maintenance of Katarungang Pambarangay, • Maintenance of barangay roads and bridges and water supply systems, • Infrastructure facilities, • Information and reading center, and • Satellite or public market. 	<p>Basic Services and Facilities - LGUs shall exercise such other powers, functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provision of the basic services and facilities. Such basic services and facilities include but are not limited to the following:</p> <ol style="list-style-type: none"> 1. Agricultural support, extension and research services, 2. Health and social welfare services, 3. Infrastructure services, 4. Transportation and communication, 5. Industrial research and development services, 6. Support for education, police and fire services and facilities, and 7. Tourism development and promotion program. <p>The basic services and facilities hereinabove enumerated shall be funded from the share of LGUs in the proceeds of regional taxes and other local revenues and funding support from the national government, its instrumentalities and government owned or controlled corporations which are tasked by law to establish and maintain such services or facilities.</p>

RA 7160, SECTION 17	MMA ACT 25, SECTION 14
<p>(2) For a Municipality</p> <ul style="list-style-type: none"> • Extension and onsite research services and facilities to agriculture and fishery activities, • Health services, • Social welfare services, • Information services, • Solid waste disposal, • Municipal buildings, cultural centers, public parks including freedom parks, playgrounds and sports facilities and equipment and other similar facilities, • Infrastructure facilities which are funded out of municipal funds, • Public Markets, slaughterhouses and other municipal enterprises, • Pubic cemetery, • Tourism facilities, and • Sites for police and fire stations and substations and the municipal jail. 	
<p>(3) For a Province</p> <ul style="list-style-type: none"> • Agricultural extensions, on site research services, assistance in the organization of farmers and fisherman’s cooperatives, and other collective organizations; • Industrial research and development services, as well as the transfer of appropriate technology; • Enforcement of forestry laws limited to community-based forestry projects, pollution control law, small-scale mining law and other laws on the protection of the environment, and minihydro electric projects for local purposes; • Health services which include hospitals and other tertiary health services; • Social welfare services • Provincial buildings, provincial jails, freedom parks and other public assembly areas, and other similar facilities; • Infrastructure facilities intended to service the needs of the residents of the province and which are funded out of provincial funds • Investment support services including access to credit financing. • Upgrading of information of tax collection and information services through the use of computer hardware and software and other means; • Inter-municipal telecommunications services, subject to national policy guidelines; and • Tourism development and promotion programs. 	

RA 7160, SECTION 17	MMA ACT 25, SECTION 14
<p>(4) For a City All the services and facilities of the municipality and the province and in addition thereto, the following:</p> <ul style="list-style-type: none"> • Adequate communication and transportation facilities, and • Support for education, police and fire services and facilities. 	

Omissions in MMA Act 25

The two above quoted provisions provide the heart of devolution in both laws. Ironically, by its silence/omission, MMA Act 25 did not adopt the provisions of RA 7160 paragraphs (b) 2-3 and their subparagraphs, and (c) to (i) that mandate devolution of basic services to LGUs. This omission gave ARG reason and excuse not to implement devolution down to the LGUs, which in turn gives the latter a free hand in the allocation and use of their respective Internal Revenue Allotment (IRA) granted by the national government, disregarding priorities set forth by Section 17 of RA 7160.

Other Flaws in MMA Act 25

Notwithstanding the essence of regional autonomy in ARMM, MMA Act 25 failed to incorporate and take into account traditional and customary practices relating to governance of the Moro communities. Undoubtedly, these customary practices of Moro communities are largely based on their religion (Islam) that reflects the way they govern their everyday life. For practically any law in the ARMM, the incorporation of customary practices based on the Islamic principles is a must. This has been overlooked in the passage of MMA Act No. 25. The 1986 constitution is silent on the historic role of the sultanate in Southern Philippines contrary to the express prohibition of royalties under the two previous constitutions of 1935 and 1973. By not disallowing Moro Royalties, the 1986 constitution has rectified the 1935 and 1973 constitutions, which abolished the sultanate. The Sulu Sultanate was established in 1401. The Sultanate in Maguindanao and Lanao came later. The sultanates were independent states but were usurped by colonial occupations in Mindanao. It is therefore an opportune time to reaffirm the historic role of the sultanates in the governance of the autonomous region, albeit not a re-assertion of their sovereignty, the ARMM being integral part of the territorial integrity of the Republic of the Philippines.

Devolution under MMA Act 25

The non-implementation of devolution of basic services to local government units is not justified because MMA Act 25, as a copycat RA 7160, has other provisions mandating the establishment of devolved offices as follows:

- 1) Section 98, Title Five, which provides that:
 - a) There shall be established a local health board headed by the governor as chairman, the provincial health officer as vice chairman and the chairman of the committee on health of the *Sangguniang Panlalawigan*, a representative from the private sector or non-governmental organizations (NGOs) involved in health service, and a representative of the Department of Health (DOH) in the province as members;
 - b) The City Health Board shall be headed by the city mayor as chairman, the city health officer as vice chairman and the chairman of the committee on health of the *Sangguniang Panglunsod*, a representative from the private sector or NGOs involved in health services, and a representative of the DOH in the city as members; and
 - c) The Municipal Health Board shall be headed by the municipal mayor as chairman, the municipal health officer as vice chairman, and the chairman of the committee on health of the *Sangguniang Bayan*, a representative from the private sector or NGOs involved in health services, and a representative of the DOH in the municipality, as members.

xxxxx.

2) Section 472, Article 8, Title 5. – “Xxxx. The appointment of a health officer shall be mandatory for provincial, city and municipal governments. The health officer shall take charge of the office on health services.

3) Section 476, Article 8, Title 5. – The position of the agriculturist is mandatory for the province and optional for municipal and city governments.

4) Section 477, Article 8, Title 5. – The position of social welfare and development officer is mandatory for provincial and city governments and optional for municipal governments.

Local government officials interviewed during the Rapid Field Appraisal (RFA) insists that the implementation of devolution must be accompanied by downloading from the ARG to the LGUs the budgetary and funding support for personnel services and maintenance and other operating expenses of various offices to be devolved such as those now being held by ARG’s regional departments. More specifically, they point to the Regional Departments of Health, Agriculture, Social Welfare and Development, and

Environment and Natural Resources. But this view is without any legal basis because the law requires that “the basic services hereinabove enumerated shall be funded from the share of local government units in the proceeds of national taxes and other local revenues and funding support from the national government, its instrumentality’s and government owned or controlled corporations which are tasked by law to establish and maintain such services facilities. Any fund or resources available for the use of local government units shall be first allocated for the provision of basic services or facilities enumerated in subsection (b) hereof before applying the same for the other purposes unless otherwise provided in the LGC.” The LGUs in ARMM, as in all LGUs nationwide, are provided with Internal Revenue Allotment primarily to fund devolved functions. However, because of misperception, basic services are not appropriately funded in ARMM LGUs.

RA 9054 and MMA Act 25

Section 3, Article III of RA 9054 provides that “the regional government shall adopt policy on local autonomy whereby regional powers shall be devolved to local government units particularly in the areas of education, health, human resource, science and technology and people empowerment. Until a law implementing this provision is enacted by the Regional Assembly, RA 7160, the LGC shall continue to apply to all provinces, cities, municipalities and barangay within the autonomous region.” In addition, Section 1, Article IV, RA 9054 provides that “the powers and functions already vested upon and shares of the national taxes provided by RA 7160 to provinces, cities, municipalities, and barangays in the autonomous region shall not be reduced”.

Unfortunately, RA 9054 is neither understood nor fully implemented in ARMM. When asked about the laws on devolution, LGU interviewees who include heads of offices of regional and local government units expressed that they are not aware of such laws. Thus far, there is no initiative undertaken by regional and/or LGU officials to implement devolution in accordance with RA 9054 in relation to RA 7160. The universal misunderstanding within ARMM is that devolution does not apply to LGUs.

In 2004, The Asia Foundation (TAF) with funds from the Asian Development Bank (ADB) provided technical assistance to draft amendments to MMA Act 25 consistent with existing laws on devolution. The draft was adopted by members of the ARMM Legislative Assembly as amendatory bill but remains pending for approval for the past two ARMM administrations.

Non-Appointment of Devolved Public Officials by LGUs

In practice, and as a general rule, ARMM municipalities, except in the province of Basilan, do not appoint the mandatory health officers or establish/maintain such office. ARMM provinces such as Tawi Tawi, Sulu, and Maguindanao do not appoint the

mandatory health, agriculture, and social welfare and development officers, and do not establish/maintain the offices of health, agriculture, social welfare, and environment.

However, the province of Lanao del Sur established its own health, agriculture, social welfare, and environmental offices to implement priority programs and projects of the province, doubling the functions of the respective ARMM regional agencies in the province, even as their officers and employees remain underpaid. Despite this provincial initiative the ARG did not implement local devolution but persists to continue and maintain ARMM provincial offices of health, agriculture, environment and social welfare and development office that implement programs and projects considered as priorities by the ARG and/or parallel to national programs and projects.

Devolution Issues in Basilan and Marawi City

Devolution in Basilan and Marawi City was effected before these two LGUs became part of ARMM in 2001. The province of Basilan and the city of Marawi provide an average of five percent from its share of the IRA for health services in contrast to an average of 10 percent outside of ARMM. For example, Davao del Sur provides 17 percent out of its IRA for health services. But not only are the officials and employees in the devolved offices in Basilan and Marawi City underpaid, they also routinely fear displacement whenever new local chief executives are elected.

The ARMM regional departments of Health, Agriculture, Education, Social Welfare, and Environment have not devolved their powers to local government units. This complicated the entry of the city of Marawi and the province of Basilan into ARMM because health, agriculture, social welfare, and environment functions were devolved to them before their inclusion into the ARMM. To date, Basilan and all its municipalities and Marawi City have retained the status of their respective devolved offices, albeit with insufficient funds. ARG regional departments do not provide adequate support to devolved offices in Marawi City, according to RFA respondent heads of offices in the city.

Regional Officials Assigned in LGU Field Offices Oppose Devolution

Regionally appointed officers and employees are against devolution because they enjoy standard salaries and benefits as regional employees. One key informant, a health officer, said they will go on mass resignations once devolution is implemented. Another employee in a devolved office, revealed they are underpaid by the LGU, which violates the Magna Carta for Health Workers. The apprehensions of regional employees regarding security of tenure and diminution of their salaries and benefits therefore are not unfounded.

Lack of Personnel and Augmentation by LGUs

The number of ARMM personnel at the provincial and municipal level providing basic services is on the average four employees for each office. A few LGUs augment this by hiring contractual employees on a case-to-case basis. Upi has adopted an exceptional program of one-midwife-for-one-barangay, which is somewhat similar to LGUs outside of ARMM where almost all municipalities have one midwife for one barangay. One of the problematic consequences of the lack of devolution in ARMM is that LGUs just play a supportive rather than a lead role in the delivery of basic services.

Introduction

Historical Background of ARMM

The ARMM is a Government of the Republic of the Philippines (GRP) strategy to respond to the demand of the Bangsamoro people to respect their right to self determination. Its concept emanated from the 1976 Tripoli Agreement entered into by the GRP and the Moro National Liberation Front (MNLF), and signed by both parties on December 2, 1976 in Tripoli Libya. Its establishment is based on the 1987 Constitution of the Philippines, and an enabling Act legislated by the Congress of the Philippines entitled An Organic Act to Establish the Autonomous Region in Muslim Mindanao (RA 6734) in 1989. In the same year, the Organic Act was submitted for ratification in a plebiscite held in 13 provinces, namely: Basilan, Sulu, Tawi Tawi, Zamboanga del Sur, Zamboanga del Norte, Lanao del Norte, Lanao del Sur, Davao del Sur, North Cotabato, Maguindanao, South Cotabato, Sultan Kudarat, and Palawan, and in all cities situated therein. Out of these 13 provinces, however, only four provinces: Tawi Tawi, Sulu, Lanao del Sur, and Maguindanao – ratified RA 6734 and became part of the territory of the ARMM.

On September 2, 1996 the GRP and the MNLF signed the Final Peace Agreement, which led to another autonomy law: RA 9054. The MNLF rejected this law, however, arguing that it watered down the 1996 Peace Agreement. On March 31, 2001, RA 9054 lapsed into law without the signature of the President of the Philippines. In the plebiscite held in 2001 (in the same provinces as abovementioned) five provinces and one city, namely: Tawi Tawi, Sulu, Basilan, Lanao del Sur, Maguindanao, and Marawi City voted for ratification and inclusion. Thus, they now make up the present territory of ARMM.

Local Government Units Covered by RFA

Table 1: Local Government Units Covered by RFA

PROVINCE/ CITY	INCOME CLASS	IRA 2008	IRA 2009	POPULATION IN 2007	LAND AREA Sq.km.
Maguindanao	3 rd	941,392,254	855,793, 583*	1,273,715	7,447.75
Lanao Del Sur	1 st	967,975,317	1,154,706,246	1,138,544	12,051.85
Marawi	4 th	243,399,540	304,282,701	177,391	96
Sultan Kudarat	2 nd	114,990,460	135,378,012	121,324	469.42
North Upi	3 rd	80,819,846	95,386,667	41,757	890.16
Pandag	6 th	None	None	20,557	8,531,43*
Wao	3 rd	66,291,899	78,128,149	42,186	485.24
Kapatagan	6 th	40,732,010	48,032,448	19,598	288.13

RESULTS OF DECENTRALIZATION

I. Local Governance and Administration

Local Legislation

Some local governments in the region have executive-legislative (ELA) priorities harmonized in resolutions and ordinances such as the adoption of an ELA-Comprehensive Development Plan in general and those in support of social development and environmental management in particular and the adoption of national laws and policies. Harmonizing executive and legislative priorities is a legacy of the technical assistance program of the Canadian International Development Agency-Local Government Support Program for ARMM (CIDA-LGSPA).

Legislative tracking have also been noted wherein the *Sangguniang Bayan/Panlalawigan* have provided a filing system of legislative outputs through information technology and installed/set up proper indexing of resolutions and ordinances for easy retrieval.

But there are other LGUs, especially those situated in highly conflicted areas, in which the local legislative council seldom holds sessions. This causes limited capacity in lawmaking and leaves the executive and legislative agenda unreconciled.

Transparency

Updated websites, regular publication of newsletters, flyers, and brochures on the profile of the LGU – plus a radio program – show that some (albeit few) local governments in the region provide access to information to their constituents and have promoted transparency in their dealings and operations. Most LGU

financial documents, however, are not easy to access, especially those pertaining to disbursements and expenditures.

Participation

Local governments, particularly the high-income (1st and 2nd class) ones, have accredited NGOs represented in the special bodies. Their accreditation, composition, and functions are in accordance with the prescription in RA 7160. However, in most LGUs participation of accredited representatives of community organizations and traditional leaders are limited to membership in local special bodies (LSB) and identifying priorities. They have no participation in the implementation of projects, especially those involving the 20 percent development fund.

Development Planning

All sampled LGUs have development plans, thanks to skilled development and planning officers and staff. In one LGU, the development and planning officer serves as orchestrator of prioritizing implementation of projects. The CIDA/LGSPA project contributed to this success by providing capacity support through LGU staff trainings.

Revenue Generation

Of the LGUs interviewed, two are able to generate at least 10 percent of their respective total revenues from local sources: real property taxes, taxes on goods and services, income from economic enterprises, and miscellaneous revenues such as regulatory fees, service/user charges. This is even though these LGUs are still highly dependent on IRA. The rest of the LGUs covered by the RFA are totally dependent on IRA and do not have revenue generation-related systems and procedure in place. Concerned officials interviewed refer to, among others, very poor real property tax collection as one of the major causes of very low productivity in revenue generation. Legal titling of real estate is not generally observed in the region, which makes real property assessment difficult. Some LGUs are planning to have their respective local tax code, formulate/update real property map, and develop an indexing system that will facilitate access for records of real property.

Resource Allocation and Utilization of IRA

By not implementing devolution in the ARMM LGUs, the rationale of providing LGUs with share in the IRA to fund devolved functions, is rendered for naught. Annual budgetary expenditures of LGUs covered by the RFA do not prioritize funding for basic services because of the misunderstanding that it is the regional departments of health, agriculture and fisheries, social welfare and development, and environment and natural resources that are primarily responsible to deliver such services. Funding for basic services is provided by LGUs on a case-to-case basis

because these are not considered regular programs. ARMM regional officials in turn perennially complain of lack of sufficient funding from national government. For this reason, field offices of ARMM regional offices, which are the bulwark in the delivery of basic services, maintain skeletal staff. As a result delivery of basic services to ARMM citizens suffers miserably.

All sampled LGUs have inadequate capability in sound budgeting as they failed to comply with statutory and mandatory obligations. For this reason, technical assistance is needed for financial management training, emphasizing the allowable allocation according to the requirements of laws and mandates.

Financial Accountability

A mixed bag of reactions was encountered in trying to get budget documents as part of the RFA, reflecting the range of financial transparency among LGUs in the region. For instance, an audit commission official complains that a local chief executive refuses to be audited. A local official in another LGU, meanwhile, required permission from a former local chief executive before copies of the annual budget for the past three years could be obtained for use in the RFA. A budget officer of yet another LGU refused to provide copies of the annual budget. But then there were, two LGU respondents provided free access to all documents needed in the RFA.

A COA auditor suggests that due to the “unique” situation in the ARMM, guidelines limiting pre-audit to certain specified transaction must be revised to allow pre-audit to all financial transactions of LGUs within ARMM. Most LGUs in ARMM do not have basic financial management system and therefore need help to improve their capacity with regards to financial accountability. Toward this end, partnership with the Commission on Audit (COA), Bureau of Local Government Finance (BLGF), and the Department of Budget and Management (DBM) should be pursued. Appropriate technical from these offices is needed especially because neither BLGF nor DBM has a regional presence in ARMM.

Customer Service

Higher income (1st and 2nd) class LGUs have civil application processes. The application for business permits, building permits, real property assessment, and certificates of occupancy are made easily accessible or provided in one-stop shops. Most LGUs, though, still have to provide staff to man inquiry desks, along with a system to track customer inquiries to civil registration needs.

Human Resource Management and Development

Higher income class LGUs interviewed have human resource management and development systems based on merit and fitness of its staff and security of tenure of

permanent positions is respected. This is made possible through the establishment of an effective human resource planning, effective recruitment and selection process, employee performance evaluation, human resource and career development, installation of an incentive-and-award system, the presence of a grievance machinery, and observance of Civil Service rules and regulations.

Some of the other LGUs are patriarchal, with relatives and political allies and supporters of local officials given priority in hiring of employees, regardless of qualifications and in disregard of existing civil service rules and regulations. It is for this reason that regional employees assigned in provincial and municipal offices are against devolution – to avoid being subjected to the highly partisan/feudal attitudes of some local chief executives.

II. Social Services

Conflict and Poverty

The unresolved political problem has armed conflicts bursting intermittently between the Armed Forces of the Philippines (AFP) versus the Moro Islamic Liberation Fund (MILF) or the MNLF in some areas in the provinces of Maguindanao, Lanao del Sur, Basilan, and Sulu. In fact, the conduct of RFA in the island of Basilan could not be done because on the scheduled date of interviews of officials of Isabela City and the Province of Basilan last April 20, 2010, a violent terrorist attack took place resulting in several deaths of civilians and security personnel and damaging buildings, including a Catholic church.

An interview with the regional Department of Social Welfare and Development (DSWD) and Department of Interior and Local Government (DILG) reveals that massive internal displacement of persons (IDP) and disruption of local government services (if there are any at all) and commerce are direct results of the conflict. In Maguindanao, IDPs stay in cramped evacuation centers for months without adequate sanitation. And yet the affected LGUs have not contributed to alleviate physical conditions in these evacuation centers. A former PNP official alleges that conflict in ARMM is aggravated by loose firearms in the hands of warlords and their minions. This also makes *rido* (clan war) uncontrollable. Complicating this precarious situation is the presence of kidnapers and bandits in some ARMM areas.

Local government response to conflict in general is to declare by ordinance their respective territories as zones of peace, such as what the municipality of Kapatagan in Lanao Del Sur has done. To resolve crimes and address the spiraling of violence of *rido*, some municipalities have set up their respective indigenous dispute resolution councils composed of LGU officials, Tribal/Traditional Leaders, religious personalities, and others. These mechanisms apply customs, traditions, and in appropriate situations the rule of Shari'ah in resolving conflicts.

Non-Devolved Offices

As previously discussed, LGUs assume only supportive roles to non-devolved functions performed by the field offices of the regional offices on health, social welfare and development, education, agriculture and fisheries, and environment and natural resources. In practice there are no permanent inter-governmental links or defined roles between the Autonomous Regional Government and the LGUs in the non-devolved offices. Coordination and support are on a case-to-case basis.

Relationship between the Regional Government and Local Government Units

Politically, the Regional Governor exercises general supervisory powers over provincial governors and city and municipal mayors. Economically, LGUs receive 35 percent of revenues collected by the ARG, shared among them in percentage terms as follows: 45/35/20 among provinces, municipalities, and barangays, and 50/50 between cities and barangays.

Local Initiatives

ARMM Provinces: Bringing Development to Where It Matters

One former mayor interviewed for the RFA says, “Whether there is devolution or not LGUs must be in the frontline and obligated to deliver basic services to the people.” Some respondent LGUs took initiatives on their respective identified priorities as follows:

- Upi partnered with local businessmen in the municipality to produce organic fertilizer with commercial quantity for business. It also established a Lumad-Muslim-Christian conflict preventive and resolution mechanism, which proved effective in preventing and resolving inter-tribal conflict.
- Wao initiated production of dairy products and organic fertilizer and massive mobilization of personnel out of its 20 percent development fund to protect its forest resources in accordance with its Forest Land Use Plan.
- Lanao del Sur has embarked on massive planting of fruit trees. It is the only LGU in the region that built a modern Provincial Health Office, which it is maintaining out of the capitation fund from an impressive 60,000 PhilHealth enrollees.
- By its well-coordinated projects and programs, and with the help of donor communities and strong political will of the local chief executive, Kapatagan was converted from a “war zone” into a zone of peace and development

Regional Agricultural Initiatives

For the period 2003 to 2009 the Regional Department of Agriculture (DA) has been implementing national funded projects in ARMM such as the following: a) *Ginintuang Masaganang Ani* (GMA) Programs, consisting of rice and corn seeds and livestock;

b) Crop Protection, consisting of Integrated Pest Management (IPM) and Farmers Field School (FFS); c) Promotion of Farm/Home Resources Management Services/ Farm Youth Development (4H) ; c) Special Programs/Projects Assisted, consisting of Gulayan ng Masa Program, Bayan Anihan Project (Gawad Kalinga/Non-Gawad Kalinga) – Pandag and Datu Paglas, International Organization of Migrant (IOM) Livelihood Assisted Projects (Pandag), and Farm-to-Market Road (Sultan Kudarat).

In addition, in Basilan, special projects were implemented such as: *Programang Gulayan ng Masa*, Hybrid Rice Techno-Demo, Inbred Rice Varietal Test, Procurement of Propagated Durian Seedlings, MRDP-construction of Multi-Purpose Drying Pavement, ACEF- newly approved relocation and upgrading of Rubber Processing Facilities, Agri Kalikasan–Vermi Composting Facilities/Shredder Machines for a composting project in support of Organic Farming, and Small Water Impounding Projects (SWIP) with assistance from Bureau of Soils and Water Management (BSWM) and National Irrigation Project (NIA).

The Case of Pandag

Pandag is one of the newly created municipalities in the province of Maguindanao that did not qualify to receive a share from IRA from the national government. Apparently, Pandag it fell short of the requirement for the creation of new municipality as provided for in RA 7160. For this reason, the mayor has to partially subsidize payment of salaries of personnel and for the connection of electric power cables to the municipality. The barangays in the municipality also agreed to pool their resources together to finance the construction of barangay halls, one at a time, in every barangay. The mayor also contributed financially for such construction, and even donated six hectares of land for the municipal site.

Municipalities without Internal Revenue Allotment

The municipalities that are not qualified to receive Internal Revenue Allotments are:

Table 2: Municipalities without Internal Revenue Allotment

Province	Municipalities	Number of Municipalities
Basilan	Akbar; Al-Barka; Hadji Muhammad Ajul; Hadji Muhtamad.	4
Maguindanao	Datu Blah Sinsuat; Northern Kabuntalan; Datu Angal Midtimbang; Mangudadatu; Pandag; Datu Hoffer Ampatua; Datu Salibo; Shariff Saydona Mustapha;	8

The creation of these municipalities by the Regional Assembly was based on MMA Act 25 that allows lower criteria in the creation of local government units. However, MMA

25 was no longer applicable when these municipalities were created because RA 9054 provides that pending the enactment of a new regional Local Government Code by the Regional Assembly, RA 7160 applies in the ARMM. These municipalities created by the ARMM Regional Legislative Assembly are below the standards set by RA 7160 in terms of income and population, thus disqualifying them from receiving IRA.

These 12 municipalities face a blank wall regarding where to source out funds to sustain their respective personnel, as well as the maintenance, operation and delivery of basic services. In 2009, the Office of the President provided financial assistance to these municipalities in the amount of P2 million per municipality. These municipalities continue to lobby for assistance from the national government, since the regional government has not provided them appropriations. Such omission is in violation of RA 9054, which requires the ARG to provided funds for local government units it created below the minimum requirements set under RA 7160. Initially, internal arrangements were made such that their respective “mother” municipalities provided some financial subsidy (though there is no available data to verify the exact amount provided by the “mother” LGU). This practice however, is not legally sustainable.

CONCLUSION

1. Local government units in exercising their prerogatives and using resources devolved upon them have initiated projects and programs addressing environmental, agricultural, economic, health, and social issues.
2. The devolution mandated under the Local Government Code of 1991 is not fully exercised by local government units in the region. Neither is it implemented by the regional government in the ARMM because of neglect, as well as miscomprehension of the law governing devolution.
3. Transparency and accountability in governance must be given adequate focus to maximize the use of resources of LGUs more particularly the IRA for effective delivery of public services.
4. Without any sources of revenues in sight and without IRA, the 12 substandard municipalities in the region are crippled and bereft of any capability to deliver even the most basic public function of a municipality.
5. The combination of too much loose firearms, *rido*, and formal conflict has hampered development in the region.

RECOMMENDATIONS

1. The law on devolution must be clarified without delay and implemented by the regional government and by the local government units, with the assistance from the donor communities, through various capacity development programs.
2. Amend the Regional Local Government Code (MMA Act 25) to conform with the provisions of RA 9054;

3. Existing auditing rules and regulation must be fully applied by the Commission on Audit (COA) in LGU transactions. A study on the applicability of pre-auditing disbursement for all programs and projects must also be pursued. Appropriate donor capability building projects must continue to be implemented to further advance the pursuit for transparency and accountability in the governance of LGUs.
4. A capability-building project focused on the implementation of devolved functions, including budgeting in accordance with existing laws and policies and particularly the proper utilization of the IRA must be implemented with the participation of LCEs, members of the provincial, city, and municipal councils, budget officers, treasurers and accountants.
5. With respect to the 12 substandard municipalities, the regional government must provide them with the required support in accordance with RA 9054. Otherwise, having them returned to their respective mother municipalities must be considered.
6. The national government's policy to dismantle private armies as announced by the incumbent president must also be implemented within the areas covered by ARMM.
7. To address *rido*, the customary system of settling disputes and rule of law including Shari'ah must be applied.
8. The peace process must be brought to fruition by the implementation of the GRP-MNLF 1996 Peace Agreement and stirring the GRP-MILF peace talks to a successful conclusion.

About the Writer

Atty. Randolph C. Parcasio is a peace advocate lawyer and is actively engaged in the efforts of civil society in Mindanao to encourage the Moro Islamic Liberation Front (MILF) and the Government of the Republic of the Philippines (GRP) to resume peace talks. Because of his involvement in handling cases of Muslim human rights victims, Atty. Parcasio was invited to join the MNLF Peace Panel in the GRP-MNLF Peace Talks from 1993 to 1996, and acted as one of the legal counsels and negotiator for the MNLF. As such he contributed to the incorporation of some vital provisions of the 1996 GRP-MNLF Peace Agreement. He later served as the Regional Executive Secretary of the Autonomous Region in Muslim Mindanao under the administration of regional Governor Nur Misuari. As ARMM Executive Secretary and MNLF Legal Counsel, he co-drafted the legislative bill that was made the basis of Republic Act 9054 which amended Republic Act 6734 otherwise known as the Organic Act of the Autonomous Region in Muslim Mindanao. Atty. Parcasio also served as consultant to various development agencies such as the United States Agency for International Development (USAID) and the Japan International Cooperation Agency (JICA).



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