

What ails local service delivery of public goods and services?

Allan S. Layug

Before reforms aimed at improving local service delivery (LSD) of public goods and services can be instituted, it is important to take into particular account the various problems underpinning the provision of these public goods and services and to understand the Philippine decentralization framework in general. Having such understanding will lead to: (a) a deeper analysis of what ails LSD of public goods and services in the Philippines, with the view of effectively addressing them; (b) the design and efficacy of reforms aimed at achieving the Millennium Development Goals (MDGs); (c) a choice of alternative modalities and strategies of service provision informed by realities on the ground; and (d) a long-term strategic agenda sensitive to development constraints and supported by opportunities.

In this regard, this *Policy Note* zeroes in on a realistic account and snapshot of the problems underlying LSD in the Philippines as well as their prospective solutions. The account is culled from the key findings of a recent joint study of the Philippine Institute for Development Studies and the United Nations Children's Fund (PIDS-UNICEF) titled, "Improving Local Service Delivery of the MDGs in Asia: the Case of the Philippines." The problems outlined are examined on the basis of the three components of the Triangulation Framework for LSD that was developed in the study, namely, (a) policy, (b) institutions, and (c) finance.¹ Against such a backdrop, this

¹ For an elaborate discussion of this Triangulation Framework, see A. Layug (2009).

PIDS Policy Notes are observations/analyses written by PIDS researchers on certain policy issues. The treatise is holistic in approach and aims to provide useful inputs for decisionmaking.

The author is Supervising Research Specialist at the Institute. The views expressed are those of the author and do not necessarily reflect those of PIDS or any of the study's sponsors.

Note also enumerates the solutions that are deemed to be important components of any policy reform with the promise of a high development impact.

Attainment of the MDGs: what's the status?

Before outlining the problems of LSD and finding ways on how to solve them, it is useful to present the rate of progress toward achieving the MDGs in the areas of public goods and services such as education, health, and water that were the focus of the PIDS-UNICEF study. In particular, it will also be useful to look at the performances of Agusan del Sur and Dumaguete City as the LSD study sites.

Based on the Philippines Progress Report on the MDGs, the Philippines has been faring well (meaning, with high probability) in attaining some MDG targets and goals. These include targets for poverty reduction, nutrition, gender equality, reduction of child mortality, combating of HIV/AIDS, malaria and other diseases, and access to safe drinking water and sanitary toilet facility. However, the Report notes that the country has been failing in others such as in Goal 2 (achieve universal education) and Goal 4 (improve maternal health and access to reproductive health services).

Table 1 shows the rate of progress on the MDGs at the national level. Unfortunately, the data mask and do not reveal the uneven trends among the regions. Some regions are on track in achieving most of the goals while

others are lagging in some of them. This can be partly gleaned from the performance indicators of the two LSD study sites of Agusan del Sur and Dumaguete City shown in Tables 2 and 3. Although Agusan del Sur did poorly than the national performance in terms of elementary level cohort survival rate, completion rate, dropout rate in SY 2007–2008, and maternal death rate in 2005, it did well than the national performance in terms of net enrolment rate in SY 2007–2008, infant death rate, percentage of deliveries by health professionals, fully immunized children, TB morbidity rate, and percentage of households with access to safe drinking water and sanitation. In contrast, Dumaguete City did better than the national performance in terms of elementary level cohort survival rate, completion rate, dropout rate in SY 2007–2008, and percentage of households with access to safe drinking water and sanitation in 2005, but it did poorly than the national performance in terms of elementary level net enrolment rate in SY 2007–2008 and the infant mortality rate in 2005.

Problems underlying local service delivery of public goods and services

So what ails the local service delivery of public goods and services? What are the underlying causes? And what brings about the unevenness in the rate of progress among regions? Below are the problems categorized under the three components of the Triangulation Framework of LSD, namely, policy gaps, institutional deficits, and financial constraints.

Table 1. Philippines MDG rate of progress at the national level

MDG Goals and Targets	Baseline (1990 or year closest to 1990)	Current Level (2005/2006 or year closest to 2005/2006)	Target by 2015	Average Rate of Progress (1990–2005/06 or year closest to 2005/06) (a)	Required Rate of Progress (2005/2006– 2015) (b)	Ratio of Required Rate to Average Rate (l = b/a)	Probability of Attaining the Targets
Eradicate extreme poverty and hunger							
A. Proportion of families below							
Subsistence threshold ^a	20.40	10.20 (2003)	10.20	-0.85	0.00	0.00	High
Poverty threshold ^a	39.90	24.40 (2003)	19.95	-1.29	-0.37	0.29	High
B. Proportion of population below							
Subsistence threshold ^a	24.30	13.50 (2003)	12.15	-0.90	-0.11	0.13	High
Poverty threshold ^a	45.30	30.00 (2003)	22.65	-1.28	-0.61	0.48	High
Prevalence of malnutrition among 0–5 year-old children (% underweight), based on international reference standards ^b	34.50	24.60 (2005)	17.25	-0.66	-0.74	1.11	High
Proportion of households with per capita intake below 100 percent dietary energy requirement ^b	69.40	56.90 (2003)	34.70	-1.25	-1.85	1.48	High
Achieve universal primary education							
Elementary participation rate ^c	85.10 ^c	84.44 ^d (2005–06)	100.00	-0.05	1.37	28.98	Low
Elementary cohort survival rate	68.65 ^c	69.90 ^d (2005–06)	84.67 ^k	0.09	1.48	16.54	Low
Elementary completion rate	66.50 ^c	67.99 ^d (2005–06)	81.04 ^k	0.11	1.30	12.26	Low
Improve maternal health							
Maternal mortality ratio	209.00 ^e	162.00 ^f (2006)	52.20	-3.62	-12.20	3.37	Low
Increase access to reproductive health services							
Prevalence rate of men and women/couples practicing responsible parenthood	40.00 ^g	50.60 ^f (2006)	80.00	0.82	3.27	4.01	Low
Reduce child mortality							
Under 5-mortality rate (per 1,000 live births)	80.00 ^g	32.00 ^f (2006)	26.70	-3.00	-0.59	0.20	High
Infant mortality rate (per 1,000 live births)	57.00 ^g	24.00 ^f (2006)	19.00	-2.06	-0.56	0.27	High
Combat HIV and AIDS, malaria, and other diseases							
HIV prevalence	<1%	<1% (2005)	<1% ^j	0.00	0.00	0.00	High
Malaria morbidity rate (per 100,000 population) ^h	123.00	59.00 (2004)	24.00 ^j	-4.57	-5.83	1.28	High
Ensure environmental sustainability							
Proportion of households with access to safe drinking water	73.70 ⁱ	80.20 (2004) ^j	86.80 ^j	0.50	0.60	1.20	High
Proportion of households with sanitary toilet facility	67.60 ⁱ	86.20 (2004) ^j	83.80	1.33	-0.22	0.17	High

Rate needed to reach target/current rate of progress <1.5 High; 1.5 to 2.0 Medium; >2.0 Low

Sources: ^a TC on Poverty Statistics (former TWG on Income Statistics, NSCB); ^b National Nutrition Survey (NNS), FNRI; ^c DECS Statistical Bulletin SY 1991–1992;

^d DepEd-Basic Education Information System (BEIS); ^e 1993 National Demographic Survey, NSO; ^f 2006 Family Planning Survey, NSO;

^g National Demographic and Health Survey (NDHS), NSO; ^h Field Health Service Information System-DOH; ⁱ 1990 Census of Population and Housing, NSO;

^j Annual Poverty Indicator Survey, NSO; ^k Target in the Philippine EFA 2015 Plan; ^l Target by 2010 based on the MTPDP, 2004–2010.

[†] Beginning SY 2002–2003, participation rate was derived based on the age group consisting of 6–11 years old for elementary and 12–15 years old for secondary whereas the previous system used 7–12 and 13–16 years old for elementary and secondary, respectively.

Table 2. Selected elementary level education indicators for local service delivery areas, SY 2007–2008

	Net Enrolment Rate	Cohort Survival Rate	Completion Rate	DropOut
Philippines	75.52	65.65	64.30	1.16
<i>Region 7</i>	72.65	69.52	67.17	2.38
Negros Oriental	68.06	64.30	62.43	2.20
Dumaguete City	53.85	74.49	73.08	0.43
<i>Caraga</i>	74.80	66.46	65.57	0.98
Agusan del Sur	76.97	57.41	56.48	1.65

Source: PIDS-UNICEF Joint LSD Study, 2009.

Table 3. Selected health indicators, 2005

	Maternal Death Rate	Infant Death Rate	% of Deliveries by Health Professional	Fully Immunized Child	TB Morbidity Rate	Household with Safe Water	Household with Sanitation
Philippines	0.7	9.7	68.4	83.7	159.0	81.8	73.9
<i>Region 7</i>	0.5	9.4	74.2	83.9	140.2	82.8	66.0
Negros Oriental	0.8	5.0	50.3	75.2	104.7	64.4	58.3
Dumaguete City	0.3	14.3	91.8	83.8	90.1	100.0	99.6
<i>Caraga</i>	1.7	7.4	50.4	78.5	162.8	81.9	78.2
Agusan del Sur	1.4	5.8	54.7	75.8	111.7	67.2	65.6

Source: PIDS-UNICEF Joint LSD Study, 2009.

mothers in rural areas are different and must thus be taken into account so that policies can realistically be complied with and effectively implemented.

Governance framework good only on paper.

Improving local service delivery requires that the elements of good governance—participation, transparency, efficiency, accountability, and predictability or rule of

law—are present and followed to the letter in all aspects of service provision. However, as evidenced in the key findings of the PIDS-UNICEF study, in most instances, what exists are the following: lack of people's real involvement in general assemblies for informed choices (participation),

lack of transparency in procurement of goods and services (transparency), mispending/overspending on some projects such as roads and school buildings (efficiency), patronage

Policy gaps

One-size-fits-all approach. Part of the problem in not being able to improve the LSD of public goods and services is because public policies are treated as if they are applicable and implementable across regions and service providers regardless of geography, socioeconomic development and political situation, among others. For instance, while the practice of BEmONC and CEmONC² to ensure maternal and child health is a good policy since it adheres to the international standard of obstetric care, the fact, however, is that local situations and needs of poor pregnant

² There was a paradigm shift in maternal care from the risk approach to the Emergency Obstetric Care (EmOC) approach. The latter approach, which is based on the lessons learned in Women's Health and Safe Motherhood Projects, treats all pregnant women to be at risk of complications at childbirth. In accordance with the Maternal, Neonatal, and Child Health and Nutrition (MNCHN) Strategy of the Department of Health under Administrative Order 2008–2009, EmOC now includes two facilities for improved maternal and neonatal health: Basic Emergency Obstetric and Newborn Care (BEmONC) and Comprehensive Emergency Obstetric and Newborn Care (CEmONC).

by local officials of their political bailiwick (accountability), and graft and corruption which limits the availability of public resources for local service delivery of public goods and services (predictability).

Lack of link between LSD and local development. To improve LSD, it must have a strong link with local development. In Agusan del Sur and Dumaguete City, however, there is a weak link between the two. This results in suboptimal development outcomes for human capital development, well-being of the people, and economic growth stimulation. Part of the reason is the indecisiveness of the national government in balancing, if not choosing between, redistributive policies and growth-enhancing policies. Corollary to this, there is difficulty in deciding on the trade-off between equity (developing rural areas for improved service delivery and human development) and efficiency (creating more economic activities in urban areas with less opportunity costs than in rural regions).

Need for a stronger people-centered paradigm in doing LSD. The importance of participatory governance has been established in both theory and practice. In Agusan del Sur and Dumaguete City, local officials seem to share among themselves a universal espousal of a people-centered concept of service delivery. What is lacking, though, is the provision of a democratic space for a real participation of the people in all aspects of service provision vital for their capabilities (opportunities) and functionings (achievements). Real people

empowerment would be realized when people—despite being functionally illiterate, marginalized, and poor—are given a sense of importance in crafting local policies that cater to their preferences and needs.

Need for performance benchmarking. Given that there are goals and targets for MDG-critical public goods and services, what are the local indicators for measuring performance? Local performance benchmarks (input and output indicators) for service delivery have yet to be made consistent with the outcome indicators in the Local Governance Performance Monitoring System (LGPMS) and the Community-Based Monitoring System (CBMS).³ This would therefore require an improved monitoring and evaluation mechanism and good quality data.

Lack of an innovative incentive system. The short supply, if not lack of, incentives has a negative effect on the performance of service providers. For service providers, especially public servants, an effective incentive system should be institutionalized at all levels of government to ensure their effective performance. Financial constraints should not be used as an excuse for not being able to design an innovative incentive system for stakeholders and service providers.

³ This is not to say that the LGPMS does not have any problem, particularly in being a self-assessment tool for local governance. What is being underscored here is the fact that LGUs have yet to measure up even to this not-so-perfect monitoring system.

While inadequacy of funds is definitely one of the causes for the limited provision of public goods and services, it is compounded by the complacency of LGUs in just accepting this resource constraint without doing anything about it. Thus, their financial capabilities to shoulder devolved financial responsibilities become suspect.

Institutional deficits

Unclear assignment of roles and accountabilities. The plethora of institutional actors creates unclear assignment of roles in service delivery and blurs the lines of accountabilities. In education, for example, the roles and accountabilities of institutions such as Local School Boards (LSBs), School Governing Councils (SGCs), and Parent-Teachers-Community Associations (PTCAs) are not clarified. In health, LGUs have no clear understanding of their role in the devolved health care functions. In water supply, the multiplicity of water-related institutions results in lack of clear assignment of duties, overlapping functions, and uncoordinated planning and monitoring.

Scarcity of capabilities. The devolved functions to service providers, mainly LGUs, demand commensurate capacities and capabilities. The problem of ineffective service provision results from limited, if not lack of, capacities and capabilities of those who are supposed to deliver. This is evident in the weak regulatory framework, inefficient coordination, and fragmented functions in the water delivery sector. The same negative effects are also seen in the education and health sectors.

Cultural pathologies. A set of cultural and bureaucratic norms of inefficiencies, dysfunctions, lack of innovation and productivity, wastage and complacency seem to characterize many institutional actors. And with the absence of a transformative leadership and effective change management to end these cultural pathologies, the local public servants, bureaucrats, and other service providers become accustomed to a low quality of LSD performance. People are short-changed in the process.

Dysfunctional politics. Local service delivery is compromised and the welfare of the people sacrificed when local chief executives (LCEs) exercise the traits of dysfunctional politics. These are seen in their grant of more funds to their political bailiwicks, peddling of political favors in exchange for votes and political support, and disbursement of funds for favored projects without the benefit of rational planning and strategic development agenda.

Financial constraints

Financial complacency. While inadequacy of funds is definitely one of the causes for the limited provision of public goods and services, it is compounded by the complacency of LGUs in just accepting this resource constraint without doing anything about it. Thus, their financial capabilities to shoulder devolved financial responsibilities become suspect.

Fiscal dependency. Although LGUs in the LSD study sites are more dependent on Internal Revenue Allotments (IRAs) than the average

LGUs, they have however performed better than average in terms of own-source-revenue (OSR) generation in 2003–2007. It is the imperative to mandate LGUs to improve their OSR and make it, rather than the IRA, the lifeblood in financing LSD. For LGUs with low tax rates and scarce investment opportunities, dependency and complacency should not be the options. There are always several ways to innovate for economic empowerment, fiscal discipline, and good financial management.

Less investment in rural areas. Rural development impacts on LSD. Thus, a shift from spending to investment in rural areas would allow for more economic opportunities there and must be encouraged. Spending in rural areas should therefore not only be about making them survive but also about creating public and private investments for rural economic development (OECD 2009). This by no means suggests that the trade-off between redistributive versus growth-enhancing policies discussed earlier has been resolved in favor of the former. It only means that rural regions must not lag behind as urban areas prosper, especially since poverty in the Philippines has a 70 percent rural face.

Some solutions recommended

In response to the underlying problems outlined, the following solutions are hereby being recommended.

Policy effectiveness

Adaptive and responsive approach. An adaptive and responsive approach catering to the

specific needs and preferences of local leaders, communities, and people would be more practical in addressing the LSD problems. For example, the DepEd budgeting for MOOE should not be the same across schools because school profiles, local situations, and needs vary.

Minimum service standards. The difficulty of evaluating LGU performance in LSD is as much a result of the LGUs' incapacities, lack of political will, and the decentralization design as the lack of minimum service delivery standards. The national government must initiate and formulate Minimum Service Delivery Standards for every sector or for the sectors under LGU responsibility. Defining such a "minimum," setting its implementation guidelines, and formulating its required monitoring and evaluation system is a fertile area of study. A deeper look into it will help concretize an otherwise abstract accountability. Would-be beneficiaries could also use it as a barometer of their local officials' performance or as guide during elections. This therefore establishes a strong correlation between LSD performance and electoral winnability.

...A shift from spending to investment in rural areas would allow for more economic opportunities there and must be encouraged. Spending in rural areas should therefore not only be about making them survive but also about creating public and private investments for rural economic development.

Crafting pro-poor and LSD-oriented public-private partnership (PPP) frameworks. One of the findings of the PIDS-UNICEF LSD study calls for more private sector participation in the provision of basic services, in particular, in the delivery of MDG-related services. A study on PPPs related to LSD and poverty reduction would thus be useful to: (a) formulate and implement PPP policy frameworks that really target and serve the poor; and (b) create an enabling framework that improves LSD and ensures incentives for the private sector. Commonly undertaken PPPs such as service contracts, build-operate-transfer, and concessions should be studied with a view of formulating more pro-poor and LSD-oriented PPP policy frameworks. In terms of the MDGs, the creation of a roadmap for the MDGs by the Philippine Business for Social Progress (PBSP)⁴ is a step in the right direction. But a more important input to the developmental role of business or the private sector is an impact assessment of local private sector initiatives in accordance with such roadmap and other MDG-related roadmaps.

National strategy for demand side accountability. Without the facilitative and enabling conditions as well as institutions for democratic governance to be provided by the government, Filipinos, especially the poor, would be deprived of the opportunity to become development partners rather than

beneficiaries. "Institutionalizing the process of people empowerment shall require the political participation of the poor through capacities and institutions that allow them to participate actively in decisionmaking. This process increases their level of confidence and self-reliance" (MTPDP 2004–2010: 173). A good area of research would be the crafting of a national strategy for demand-side accountability as a form of people empowerment.

Institutional governance

Strengthening LGU capabilities. As frontline service providers, LGUs must have the needed capabilities for effective LSD. These include, among others, (a) better performance of functions assigned to them under the 1991 Local Government Code (LGC); (b) strengthening of local special bodies such as local development councils (LDCs) and local school boards (LSBs) as a way of empowering the communities to participate in decisionmaking, development planning, health budgeting, and others; (c) practice of efficient resource management and sound fiscal policy and discipline; and (d) practice of good governance.

Creating champions and ensuring local leadership and ownership of LSD agenda. The PIDS-UNICEF study posits that local leaders are key to an improved LSD. Hence, the need for an effective local leadership that owns up and champions the LSD agenda cannot be overemphasized. Effective local leadership would be characterized, among others, by: (a)

⁴ The roadmap is titled "Responding to the millennium development challenge: a roadmap for Philippine business."

an institutionalization of the reform culture and effective change management; (b) prioritization of human development concerns and the MDGs; (c) practice of democratic governance to create enlarged spaces for participation by NGOs and the local communities themselves; (d) practice of efficient financial administration for improved MDG-related services; and (e) practice of good governance.

Naming, “shaming,” and praising LCEs.

Related to the above is a fertile area of research on LCEs, with the main objective of finding and publishing a piece on “Model LCEs.” The piece will zero in on both the best and bad performers in terms of LSD, in particular, and local governance, in general. The study would help link good and bad performance on LSD to electoral winnability by naming, “shaming,” and praising LCEs (depending on performance) with the use of national and local mass media for effective information dissemination. This would hopefully raise the consciousness of constituents and help them learn to demand better services from their LCEs.

Institutionalizing and sustaining the performance gains of bureaucrats.

Can performance gains be sustained beyond the local politicians’ terms of office? Key to improving LSD is the contribution of local bureaucrats. Local politicians may come and go, but local bureaucrats usually stay beyond the former’s term of office. Thus, performance gains of previous administration can be

Key to improving LSD is the contribution of local bureaucrats...Thus, performance gains of previous administration can be sustained if the best practices and programs, with their underlying success factors, are institutionalized by the local bureaucrats themselves.

sustained if the best practices and programs, with their underlying success factors, are institutionalized by the local bureaucrats themselves. This would entail a lot of capacity development among local bureaucrats geared toward the achievement of development outcomes over the longer term.

Making local special bodies work effectively.

The 1991 LGC provides for the creation of local special bodies (i.e., LSBs, LDCs, and local peace and order councils) to help catalyze good local governance and effective delivery of services. If anecdotal evidence pointing to their ineffectiveness is anything to go by in measuring their performance, then these local special bodies have yet to function based on the objectives set in the LGC. An empirical study on local special bodies would be useful.

Strengthening civil society participation.

Governance framework entails real participation of civil society to complement the roles of government and the private sector in the pursuit of public interest. Important areas for further research could include: (a) impact assessment of the participation of nongovernment organizations

(NGOs) and people's organizations (POs) in local special bodies; (b) impact assessment of local civil society organizations (CSOs) in contributing to the improvement of LSD per sector; (c) a study on how CSOs can help establish the link between local officials' performance on service delivery and electoral winnability; and (d) a study on "Model NGOs and POs"—based on national or international comparative assessment.

Politics for an improved LSD. Politics plays a big role in the provision of public goods and services. One way on how to make it work is to make local leaders accountable to the people; hence the necessity of a National Strategy for Demand Side Accountability as discussed above, which would empower the people to make their public servants accountable. Another interesting study would be on how political dynasties have made an impact on local development within their jurisdictions. An LSD-related research question would be: Are the local constituents better or worse off in having political dynasties governing them and delivering their public goods and services?

Financial sustainability

Enhancing resource management and fiscal capacity. To encourage LGUs to capitalize on

their corporate powers such as relying on locally-sourced revenues, the following policy and financial reforms are needed: (a) improvement in local revenue administration and financial management; (b) aggressive and inclusive local economic development; (c) depoliticizing of the revision of schedule of market values of real property; (d) increase of taxing powers of LGUs; and (e) practice of credit financing. To supplement LGUs' absorptive fiscal capacity, meanwhile, measures that need to be prioritized include, among others, the following: (a) enhancement of local development planning and budget management; (b) efficient bureaucracy and public administration; (c) reduction or eradication of corruption and wastage and practice of transparency and accountability in financing; and (d) institutionalization of a Multi-Year Expenditure Framework, Organizational Performance Indicator Framework, and Cost Reduction Measures.

Push for local fiscal reforms. Since the passage of the 1991 LGC, there have been bills on local fiscal reforms filed in both Houses of Congress. However, due to political constraints, almost all of these bills did not become laws. A congressional review and executive prioritization of these bills are therefore important to push for these reforms. Creating strong political constituency, especially among stakeholders, for effective lobbying, and harnessing the power of influence of international lending and donor organizations to make local fiscal reforms as

Politics plays a big role in the provision of public goods and services. One way on how to make it work is to make local leaders accountable to the people; hence the necessity of a National Strategy for Demand Side Accountability...which would empower the people to make their public servants accountable.

part of their “conditionality” would create a positive impact on patronage-driven legislative behavior. Section 17 (b), (c), and (f), among other provisions of RA 7160, should also be amended to make clear expenditure assignments and accountabilities of both national and local governments.

Allocative and operational efficiency. LGUs should practice allocative and operational efficiency to rationalize the use of scarce resources and limited funds. The mandated 20 percent allocation for development from IRA of every LGU should be optimized. This can be done by allocating most of the amount on socioeconomic development sectors which yield high human development dividends. Allocating on these human priority concerns also guarantees sustainability since every centavo spent on them creates long-term positive development impact. Practicing operational efficiency by rationally utilizing funds on programs, activities, and projects (PAPs) related to MDG-related services would also ensure sustainability as scarce resources are maximized for greater gain mostly of the poor beneficiaries. Practicing both allocative and operational efficiency would ensure better use of the people’s taxes and maximize the benefit of investment from nongovernment and external sources.

Barangay financial management and economic governance. Since barangays are frontline service providers, it is important to study their financial management to improve their spending and revenue generation efforts. The

20 percent IRA is too costly a public resource to be wasted on mismanagement or corruption. The income that could be generated from barangay taxes, among other locally sourced revenues, is too valuable not to spend wisely on social services and economic-enhancing activities. Capacity building in barangay financial management would go a long way in ensuring that public money is raised and spent efficiently and equitably on development projects and programs. Barangays and their constituents as well as civil society, the private sector, and international donors should be consulted on how best to manage and be accountable for barangay financial resources.⁵

Fiscal localization of the MDGs. Can LGUs perform better in meeting the MDGs if financial responsibilities for the MDGs are decentralized to them? At present, the DILG serves as lead agency for the localization of the MDGs by virtue of Social Development Committee (SDC) Resolution No. 1, Series of 2003. With its MDG Localization Framework, it guides local initiatives and advocacies on MDGs along desired outcomes. Its interventions cover four areas: “(a) policy formulation, (b) tool development, (c) capacity building, and (d) documentation and replication of good practices” (NEDA 2005). An important study could be one that looks into the feasibility and effectiveness of real

⁵ For discussions on the role of barangays in LSD vis-à-vis their devolved financial responsibilities and economic governance, see Layug et al. (forthcoming) and Lavado et al. (2009).

In order for LGUs to meet the challenge of improved local service delivery, creating economic opportunities, encouraging business development, and broadening space for entrepreneurial activities must be done. Local economic development may be anchored on rural nonfarm economy for empowering local communities.

localization of the MDGs by giving more financial resources to LGUs and making them more directly responsible and accountable for their MDG-related performance. Whether this localization will be devolved to the provinces, cities, or municipalities, and whether it will be done per sector or per MDG target are subjects for further research. The important idea is to practice burden sharing where both national and local governments work hand in hand in realizing the MDGs.

Local economic development. In order for LGUs to meet the challenge of improved local service delivery, creating economic opportunities, encouraging business development, and broadening space for entrepreneurial activities must be done. Local economic development may be anchored on

rural nonfarm economy for empowering local communities. National government agencies, LGUs, the business sector, and civil society organizations must work collectively to create facilitative and enabling conditions for local empowerment, human development, and people's well-being. 

References

- Layug, A. 2009. Triangulation framework for local service delivery. PIDS Discussion Paper Series No. 2009-37. Makati City: Philippine Institute for Development Studies.
- _____, R. Lavado, and I.M. Pantig. Forthcoming. Do barangays really matter in local service delivery? Some issues and policy options. Makati City: Philippine Institute for Development Studies.
- Lavado, R. A. Layug, and I.M. Pantig. 2009. Focus on barangay economic development. PIDS Policy Notes No. 2009-11. Makati City: Philippine Institute for Development Studies.
- National Economic and Development Authority and United Nations Development Programme. 2007. *Philippines midterm progress report on the Millennium Development Goals*. Manila.
- Organization for Economic Cooperation and Development. 2008. Innovative service delivery: meeting the challenges of rural regions [online]. OECD Rural Policy Conferences, Germany, 3–4 April. Accessed from www.oecd.org/dataoecd/14/42/41063088.pdf.
- Philippine Institute for Development Studies (PIDS). 2009. Improving local service delivery for the MDGs in Asia: the case of the Philippines. PIDS Discussion Paper Series No. 2009-34. Makati City: Philippine Institute for Development Studies and United Nations Children's Fund.

For further information, please contact

The Research Information Staff
Philippine Institute for Development Studies
NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, 1229 Makati City
Telephone Nos: (63-2) 894-2584 and 893-5705
Fax Nos: (63-2) 893-9589 and 816-1091
E-mail: alayug@pids.gov.ph; aslayug@up.edu.ph; jluguton@mail.pids.gov.ph

The *Policy Notes* series is available online at <http://www.pids.gov.ph>. Reentered as second class mail at the Business Mail Service Office under Permit No. PS-570-04 NCR. Valid until December 31, 2009.