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Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Improving Local Service Delivery for the MDGs in Asia: the Case of the Philippines

Philippine Institute for Development Studies

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Improving Local Service Delivery for the MDGs in Asia: The Case of the Philippines

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FINAL REPORT

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Abstract

This report argues that improving local service delivery (LSD) is about improving people's lives. It is premised on the idea that better provision of public goods and services is a prerequisite to realizing human capabilities, thus expanding human freedoms and enhancing human lives for a better society. It investigates on improving local delivery of MDG-critical services such as education, health, and water, with a view to formulating sectoral decentralization policy frameworks that would serve as inputs to national strategies and plans in improving LSD in the Philippines. It develops a Triangulation Framework as a tool of analysis that provides a perspective on how to better understand the dynamics of LSD systems and the requirements for improving them through the interdependence of policy, institutions, and finance. Corollary argument is that institutional actors take a primordial role in improving LSD systems and practices despite policy and financial gaps and development challenges.

Policy, institutional and financial analyses at the national level are provided in contextualizing the sectoral discussions on primary and secondary education, maternal and child health, and potable water based on sector analysis and performance outcomes in the LSD areas of Agusan del Sur and Dumaguete City. The main thrusts of the sectoral discussions are the key findings, issues and challenges, reforms and recommendations, and areas for further research. The cross-cutting key findings are: (a) seeming universal espousal of people-centered service delivery; (b) critical role of LCEs in improving LSD; (c) scarcity of resources; (d) practice of needs-based prioritization of local officials; (e) need for constant capacity development of local governments; (f) crucial role of the national government in providing support; (g) imperative to balance national, regional and local development plans; (h) presence of success/failure factors related to service standards; (i) nexus of supply-side and demand-side of governance; (j) omnipresence of politics even in matters of local service delivery; and (k) limited availment of opportunities for public-private partnerships. Based on the key findings, the major conclusions are: (i) the three sectors, *i.e.* education, health, and water supply, are complementarities, and require holistic frameworks; (ii) decentralization can only create an enabling environment for local service delivery if and only if it is designed properly; (iii) improvement of local service delivery systems and practices depends greatly on the interdependence of policy, institutions, and finance; (iv) accountability could serve as an analytic framework of local service delivery; and (v) local service delivery systems do not exist in vacuums but are played out in oftentimes unfavorable political, economic, and social milieu.

Key words: local service delivery, decentralization, triangulation, institutions, governance, Millennium Development Goals, Philippines

Executive Summary

This report argues that improving local service delivery (LSD) is about improving people's lives. It is premised on the idea that better provision of public goods and services (e.g., education, health, and water) is a prerequisite to realizing human capabilities, thus expanding human freedoms and enhancing human lives for a better society.

This report is important for three reasons. **First**, it assesses LSD systems and practices in the Philippines based on the performance of select three sectors, i.e., education, health, and water. **Second**, based on the sectoral analyses and comparative assessment, it explores how LSD systems and practices can be improved in order to formulate sectoral decentralization policy frameworks that would serve as inputs to national strategies and plans in improving LSD in the country. **Third**, although only decentralization assessment of the three sectors is done and not of the whole gamut of decentralization per se, it is able to:

- provide a perspective on how to assess the impact of decentralization on LSD since the enactment of the Philippines' Local Government Code of 1991 (LGC);
- assess the progress of the Philippines in meeting the Millennium Development Goals (MDGs), particularly those related to primary and secondary education (Goals 2 and 3), maternal and child health (Goals 4 and 5), and potable water supply (Goal 7);
- assess how institutional actors have been responsive to and held accountable for their powers and responsibilities in practicing *supply-side governance* for providing critical MDG-related services as a way to meet the rights-based needs of Filipinos, especially the poor; and
- assess how Filipinos have been empowered to practice *demand-side governance* for good performance and better results.

This report develops a Triangulation Framework for local service delivery as a contribution to the regional study on "Improving Local Service Delivery for the MDGs in Asia." Triangulation Framework is a framework of analysis that provides a perspective on how to better understand the dynamics of LSD systems and the requirements for improving them, with a view to replicating best practices and to derive lessons from dysfunctional ones. It is a triangulation because LSD, say of education, is better understood and improved if viewed

from three angles or components, i.e., policy, institutions, and finance; or, more specifically, good policy environment and effectiveness, efficient intergovernmental fiscal and financial system, and accountable institutional actors. Although the logic of triangulation is premised upon the interdependence of the three components, this paper argues that institutional actors are primary for at least three reasons: (i) local institutional actors such as local government units (LGUs) are at the forefront of service provision; (ii) despite financial constraints and policy gaps, local institutional actors can deliver innovative practices and exercise political will; and (iii) local institutional agency entails empowerment and accountability of different actors—civil society, LGUs, private sector—that can be galvanized and held accountable for the common purpose of providing local public goods in the most efficient, equitable, and sustainable manner. Corollary argument is that governance is the key in helping catalyze institutional change and improving LSD to achieve such goals as quality of life, empowered citizenry, and responsive leadership based on normative entitlements and against the backdrop of development constraints and limited opportunities for reforms. The values (rights, equity, quality, and sustainability) and principles of governance (efficiency, participation, transparency, accountability, and predictability) both lay the groundwork for delivering services and serve as indicators in assessing LSD. Improving LSD, therefore, is a function of the triangulation of policy, institutions, and finance within value-based and principle-oriented governance framework.

A major thrust and strategy in improving LSD in education, health, and water sectors is to address the key issues and challenges of each sector and take into account sector reforms and recommendations based on sector performance as inputs to national development plans, strategies, and programs.

In primary and secondary education, the key policy, institutional, and financial issues and challenges viewed from the national level are, among others:

- the imperative of ensuring sustainable performance gains;
- low quality of education;
- shortage of education inputs;
- quality of the teaching staff;
- inadequate spending for education;

- slow implementation of RA 9155, Philippine EFA 2015, and Basic Education Sector Reform Agenda (BESRA);
- the need to strengthen school-based management (SBM);
- tension between central and local authorities, on one hand, and the Department of Education (DepEd) and field offices, on the other; and
- weak if not dysfunctional Local School Boards (LSBs) and School Governing Councils (SGCs).

Based on sector analysis and performance outcomes in the LSD areas of Agusan del Sur and Dumaguete City, the policy, institutional, and financial reforms needed and the recommendations are as follows:

- Improve the utilization of allocated maintenance and operating expenses (MOOE);
- Clarify the roles and accountabilities of institutions such as LSBs, SCGs, and Parent-Teachers-Community-Associations (PTCAs) for greater coordination;
- Improve compliance to compulsory basic education;
- Improve funding effectiveness to address equity;
- Clarify the accountabilities for education outcomes at different levels;
- Advance school empowerment through SBM;
- Undertake greater coordination between the DepEd and the Department of Public Works and Highways (DPWH), for example, in school building program;
- Implement greater LGU spending per capita; and
- Build and enhance fund management capability of PTCAs.

In maternal and child health, the key policy, institutional, and financial issues and challenges viewed from the national level are, among others:

- slow reduction of maternal mortality ratio;
- sustaining the progress in improving child health, particularly Under Five Mortality Rate (U5MR), Neonatal Mortality Rate (NMR), and Infant Mortality Rate (IMR);
- weak responsiveness of health care system;

- weak coordination among LGUs in bridging the gaps in health governance and operations, which are crucial factors for effective delivery of maternal and child health;
- institutional capacity deficits, resulting in, among others, the inability of LGUs to deliver the devolved services such as curative and preventive health care. These capacity deficits include (i) technical, financial, institutional, and managerial capacities of LGUs for devolved health functions and responsibilities, and (ii) supervisory, policy-making, standard-setting, technical assistance to LGUs by the central government and its regional agencies. Adding to this woe is the “hands-off attitude” of the Department of Health (DOH) on those devolved functions despite dismal performance of the LGUs in ensuring improved maternal and child health in particular and health care in general;
- lack of active involvement and effective leadership of local chief executives (LCEs) in fully realizing the benefits of maternal and child health services;
- too much or too little Magna Carta Benefits for health workers; and
- contentious role of traditional birth attendants (TBAs).

Based on sectoral analysis of the performance of LSD areas in terms of maternal and child health, the key policy, institutional, and financial issues are as follows:

- The disconnect between policy and local situations in terms of availability, access, affordability, and effectiveness of facility delivery in hard-to-reach barangays in Agusan del Sur;
- Lack of link between budgets and accomplishments;
- Inadequate resources for programs not supported by the DOH, such as iron supplements for antenatal care;
- Problem of sustainability and coherence between two programs such as Pantawid Pamilyang Pilipino Program (4Ps) and provision of prenatal care;
- Charging of user fees by rural health units (RHUs) from all patients regardless of capacity to pay;
- Problem of membership, expansion of coverage, and ensuring government health insurance (PhilHealth) benefits to indigent population, and the

discouraging community health insurance programs of LGUs such as the one in Negros Oriental;

- Ambiguous role of the barangay in health financing;
- Shortage of health workers and lack of funds for their incentives and benefits; and
- Inefficient local procurement of medicines and not maximized benefits of Inter-Local Health Zone (ILHZ).

The key sector reforms and recommendations for improving maternal and child health are as follows:

- Clear understanding by the LGU of its role in health care in order to perform better its devolve functions;
- Need for data collection efficiency and accuracy, especially for Field Health Services Information System (FHSIS), use of data at all levels, providing incentives for barangay health workers (BHWs), and compulsory submission of data by the private sector;
- Addressing the shortage of health workers by encouraging LGUs to raise revenues and reward them through performance-based grants for improved revenue generation;
- Mobilizing societies by (i) strengthening the role of BHWs or the grassroots health workers, and (ii) creating an environment for private sector involvement in areas not undertaken by the government, such as in providing modern contraceptives, and others;
- Need for sustainable and accountable financing by linking planning and budgeting, and performance targets and results;
- Identifying the true poor for PhilHealth membership beyond political expediency;
- Selective imposition of user fees for maternal and health care programs, that is, giving exemptions to poor clients and giving outpatient benefit-package to indigents;
- Investing in infrastructure, logistics, facilities, and management capacity to ensure efficient and effective use of scarce resources, such as less costly

procurement of medicines by LGUs from the National Drug Program-Project Management Unit (NDP-PMU) than from medical representatives;

- Avoiding one-size-fits-all strategy for the health sector, as this strategy does not consider the geographic, socio-economic, and cultural nuances of local practices; an example is the DOH policy of facility-based delivery, which takes time for the locals to implement;
- Enhancing the quality of maternal and child health by strengthening the role of the provincial health officer (PHO) in monitoring and evaluating the provision of services by all providers; and
- Rethinking the decentralization-cum-devolution of the health sector, with hybrid decentralization as an alternative and possibly more suitable design of decentralization for the health sector.

In water supply, the key policy, institutional, and financial issues and challenges viewed from the national level are, among others, the

- problem of households' access to and coverage by potable water supply;
- lack of water supply, which is not adequately addressed by the President's Priority Program on Water (P3W);
- low quality of service in terms of continuity of water supply and inefficient LGU-managed water systems;
- water inadequacies for families, especially the poor in rural areas;
- multiplicity of water-related institutions, resulting in lack of clear assignment of duties, overlapping functions, and uncoordinated planning and monitoring;
- high degree of uncertainty in implementing Executive Order (EO) 279, specifically Section 12 (d), which mandates LGUs to support LGU-managed water systems in their jurisdiction; and limited investment in the water sector; and
- weak regulatory framework owing to unclear assignment of powers and functions, lack of capacities of regulatory authorities, and fragmented accountabilities due to lack of transparency in sector performance, among others.

In light of the water-sector analysis of the performance of LSD areas, the key sectoral policy, institutional, and financial issues facing the LGUs are

- limited financial resources resulting in poor local public water service delivery in many areas;
- graft and corruption, which significantly limits public resources allocated to local water service delivery;
- low compensation in government, which does not motivate personnel to perform effectively;
- lack of emphasis on sanitation as a public function related to water service delivery;
- weak and fragmented organizational structures resulting in disorderly local water service delivery;
- gender-blind planning and implementation of local water service delivery projects;
- limited overall support for Barangay Waterworks and Sanitation Association (BWASA) and similar other rural local water providers; and
- limited tie-ups and partnerships with the private sector, NGOs, and other players in local water service delivery.

The key policy, institutional, and financial challenges facing the whole local water service delivery sector of Dumaguete City and Agusan del Sur are as follows:

- Promoting the institutional capacity of local water service delivery providers through consistent capacity building programs;
- Enhancing the management and regulatory functions of local public institutions through appropriate legislation;
- Improving the financial performance of local water service delivery providers through development of cost-effective technologies and other means;
- Promoting integration and streamlining of activities through strong cooperation among involved institutions;
- Exploring other sources of financing and investment through the involvement of the private sector, donors, and other fund sources; and
- Promoting equity and fairness by considering gender and waterless communities in local water service delivery.

The needed key policy, institutional, and financial reforms and recommendations at least for the LGUs based on the water-sector analysis of the performance of LSD areas are as follows:

- LGUs should prioritize and provide more funding to local public water service delivery,
- LGUs should develop a local moral recovery program and an effective local check and balance system that will penalize offending and corrupt public officials and employees,
- LGUs should develop forms of incentives so that its personnel will perform their functions effectively,
- LGUs should give emphasis to sanitation as a function directly related to water provision,
- LGUs should establish and strengthen provincial, municipal, and barangay water and sanitation (Watsan) units to integrate the water and sanitation functions under one roof and to address the fragmentation in functions in local water service delivery at all levels;
- LGUs must consider gender issues in the planning and implementation of local water service delivery projects,
- BWASAs and water providers in rural areas should be strongly supported, and
- Tie-ups and partnerships with other sectors should be established.

The study highlights major findings and provides some conclusions and cross-cutting recommendations. The major findings are as follows:

- Seeming universal espousal by LCEs of people-centered concept of service delivery;
- Critical role of LCEs in improving LSD as proof of the argument that institutional actors should take a primordial role in local governance for effective service delivery systems and practices;
- Scarcity of resources (e.g., “soft” and “hard infrastructure” and financing), which serves more of a challenge than an intractable problem hindering innovative ways of delivering services;
- The practice of needs-based prioritization by local officials, that is, prioritizing development plans that cater to the needs of constituents;

- Need for constant capacity development of local governments in Agusan del Sur and Dumaguete City—given their important function as frontline service providers;
- The crucial role of government in providing or enhancing financial, technical, and institutional development to LGUs and other service providers;
- The imperative to balance national and local development plans as a way of enhancing rather than retarding local autonomy;
- Presence of success and failure factors in measuring up to service standards such as MDGs and national targets embodied in the Medium-Term Philippine Development Plan (MTPDP) 2004–2010;
- The nexus of supply-side and demand-side of governance where local service providers, particularly local public officials, are duty-bound to provide services to the public as empowered right-holders and co-beneficiaries of effective service delivery;
- Omnipresence of politics even in matters of LSD where it can have both good and bad effects depending on how it is used; and
- Limited availment of opportunities that public–private partnerships can bring about as catalyst for effecting change systems and desirable outcomes.

Five conclusions are arrived at based on the discussions and key findings from survey results, focus group discussions (FGDs), key informants interviews (KIIs), and literature review. These conclusions, not necessarily in order of importance, are

- that the three sectors—education, health, and water—are complementarities as human development priorities and, therefore, require holistic policy, institutional, and financing frameworks;
- that decentralization can only create an enabling environment for LSD if it is designed properly, with rightsizing and proper phasing;
- that the improvement of LSD systems and practices depends greatly on the logic of interdependence of policy, institutions, and finance, each of which contributes and impacts synergistically on one another;
- that accountability—be it in its “for whom,” “to whom,” upward and downward characteristics—is in and by itself could serve as an analytic framework of LSD, highlighting *demand-side accountability* or the people’s

- rights-based demand for better services and *supply-side accountability* or the service providers' duty to provide service that impact on people's lives; and
- that LSD systems do not exist in vacuums but are played out in oftentimes not favorable political, economic, and social milieu, and their dynamics underpin the success and failure factors of delivering for the people.

From the major findings and analyses, cross-cutting recommendations are formulated. These recommendations bear impact on policy, institutions, and finance for an improved LSD.

For policy effectiveness, the recommendations are

- an adaptive and responsive approach rather than a prescriptive approach to policy-making and implementation,
- adoption of an inclusive human development approach that guarantees targeting the real beneficiaries—the poor,
- aggressive promotion and effective implementation of performance-based and results-oriented incentive system, and
- the imperative to link local development plans with regional and national plans for greater development impacts.

For institutional governance, the recommendations are as follows:

- Create champions and ensure the local leadership and ownership of LSD agenda;
- Enhance strategic alliances and partnerships with civil society, the private sector, and donors for synergistic collaborative undertakings that reap development dividends sustainably; and
- Strengthen LGU capacities and capabilities commensurate to the demand for effective LSD.

The recommendations to ensure financial sustainability are as follows:

- Rational spending and investing in human development priority concerns—such as primary and secondary education, maternal and child health, and water supply—to ensure long-term development impacts;

- Practicing allocative and operational efficiency to address the problems of resources constraints;
- Enhancing resources management and fiscal capacity from the LGU's own-source revenues rather than from its internal revenue allotment (IRA) to guarantee financial self-sufficiency than IRA dependency; thus, giving substance to local autonomy.

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Abbreviations and Acronyms

3Ds	Devolution, deconcentration, and delegation
3Fs	Functionaries, function, and funds
4Ps	Pantawid Pamilyang Pilipino Program
ACA	Additional Compensation Allowance
AO	Administrative Order
AECID	Agencia Española de Cooperacion Internacional para el Desarrollo
ADM	Alternative Delivery Mode
ALS	Alternative Learning Systems
ADC	Annual Depreciation Cost
AIP	Annual Investment Plan
APIS	Annual Poverty Indicators Survey
ADB	Asian Development Bank
ABC	Association of Barangay Councils
AFP	Armed Forces of the Philippines
AusAID	Australian Agency for International Development
ATM	Automated Teller Machine
ARMM	Autonomous Region of Muslim Mindanao
AWT	Average Water Tariff
BAO	Barangay Affairs Office
BHS	Barangay Health Station
BHW	Barangay Health Worker
BNP	Barangay Nutrition Program
BNS	Barangay Nutrition Scholar
BWSA	Barangay Water Services Association
BWASA	Barangay Waterworks and Sanitation Association
BEC	Basic Education Curriculum
BESRA	Basic Education Sector Reform Agenda
BEIS	Basic Education Information System
BEmOC	Basic Emergency Obstetric Care
BEmONC	Basic Emergency Obstetric and Newborn Care
BWD	Bayugan Water District
BMI	Body Mass Index
BSP	Boy Scouts of the Philippines
BOT	Build-Operate-Transfer
BIR	Bureau of Internal Revenue
BLGF	Bureau of Local Government Finance
CO	Capital Outlay
CALABARZON	Cavite, Laguna, Batangas, and Rizal Economic Zone
CHD	Center for Health Development
CENRO	City Environment and Natural Resources Officer
CHO	City Health Office
CPDO	City Planning and Development Office
CSO	Civil Society Organizations
CGMA	Classroom Galing sa Mamamayang Pilipino Abroad
CSR	Cohort Survival Rate
COA	Commission on Audit
CHED	Commission on Higher Education

CBO	Community-based Organization
CBMS	Community-Based Monitoring System
CBTS	Competency-based Teacher Standards
CEmOC	Comprehensive Emergency Obstetric Care
(CEmONC)	Comprehensive Emergency Obstetric and Newborn Care
CIP	Comprehensive Improvement Project
CDA	Cooperative Development Authority
CAR	Cordillera Administrative Region
CPC	Country Programme for Children
CONSTEL	Continuing Studies Via Television
DBM	Department of Budget and Management
DepEd	Department of Education
DECS	Department of Education, Culture, and Sports
DENR	Department of Environment and Natural Resources
DOF	Department of Finance
DOH	Department of Health
DILG	Department of Interior and Local Government
DOLE	Department of Labor and Employment
DPWH	Department of Public Works and Highways
DSWD	Department of Social Works and Development
DTI	Department of Trade and Industry
DBP	Development Bank of the Philippines
DEPES	Distance Education for Public Elementary Schools
DCWD	Dumaguete City Water District
ECCD	Early Child Care and Development
ECCE	Early Childhood Care Education
EFA	Education for All
ESC	Education Service Contracting
EVS	Education Vouchers System
EMIS	Educational Management Information System
EASE	Effectiveness and Affordable Secondary Education Project
EmOC	Emergency Obstetric Care Approach
ENRO	Environment and Natural Resources Officer
EIA	Environmental Impact Assessment
EO	Executive Order
EPI	Expanded Immunization Program
FIES	Family Income and Expenditure Survey
FP	Family Planning
FPS	Family Planning Survey
FFCCCI	Federation of Filipino-Chinese Chamber of Commerce and Industry
FBO	Faith-based Organization
FHSIS	Field Health Services Information System
FGD	Focus Group Discussion
FAP	Foreign-Assisted Project
F1	<i>FOURmula ONE</i> for Health
FIC	Fully Immunized Child
FAPE	Fund for Assistance to Private Education
GP	<i>Garantisadong Pambata</i>
GAA	General Appropriations Act

GF	General Fund
GTZ	German Technical Cooperation
GSP	Girl Scouts of the Philippines
GASTPE	Government Assistance to Students and Teachers in Private Education
GESP	Government Elementary School Profile
GFI	Government Financial Institution
GOCC	Government-Owned and Controlled Corporation
GPRA	Government Procurement Reform Act
GSSP	Government Secondary School Profile
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
HSRA	Health Sector Reform Agenda
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HH	Household
HDR	Human Development Report
IRR	Implementing Rules and Regulations
IP	Indigenous People
IMR	Infant Mortality Rate
IYCF	Infant and Young Child Feeding
ICT	Information and Communication Technology
ICT4E	ICT for Education
IMCI	Integrated Management of Childhood Illnesses
IPHO	Integrated Public Health Office
IIP	Interim Improvement Project
ILHZ	Inter-Local Health Zone
IRA	Internal Revenue Allotment
IBRD	International Bank for Reconstruction and Development
INSET	In-Service Training Program Fund
JBIC	Japan Bank for International Cooperation
KII	Key Informants Interview
KRT	Key Reform Thrust
KOT	Knock-Out Tigdas
LBP	Land Bank of the Philippines
LET	Licensure Exam for Teachers
LCE	Local Chief Executive
LGC	Local Government Code
LGU	Local Government Unit
LHB	Local Health Board
LSB	Local School Board
LSD	Local Service Delivery
LWUA	Local Water Utilities Administration
MOOE	Maintenance and Operating Expenses
MWCI	Manila Water Company, Inc
MWSS	Manila Waterworks and Sewerage System
MMR	Maternal Mortality Ratio
MNCHN	Maternal, Neonatal and Child Health and Nutrition Strategy
MWSI	Maynilad Water Services, Inc.
MINSSAD	Mindanao Sustainable Settlement Area Development

MDGs	Millenium Development Goals
MIMAROPA	Mindoro Oriental, Mindoro Occidental, Marinduque, Romblon and Palawan
MDFO	Municipal Development Fund Office
MECS	Ministry of Education, Culture and Sports
MPS	Mean Percentage Score
MTPDP	Medium-Term Philippine Development Plan
MTPDPHE	Medium-Term Philippine Development Plan for Higher Education
ME3	Monitoring and Evaluation for Equity and Effectiveness
MWT	Monthly Water Tariff
MBFHI	Mother-Baby Friendly Hospital Initiative
MICS	Multiple Indicator Cluster Survey
MC-IHDC	Multi-Sectoral Committee on International Human Development Commitment
MHO	Municipal Health Office
MPDO	Municipal Planning and Development Office
MAPEH	Music, Arts, Physical Education and Health
NAT	National Achievement Test
NAPC	National Anti-Poverty Commission
NAPC-WASCO	National Anti-Poverty Commission-Water Sanitation Coordinating Office
NCR	National Capital Region
NCBTS	National Competency-Based Teacher Standards
NDHS	National Demographic and Health Survey
NDP-PMU	National Drug Program-Project Management Unit
NEDA	National Economic and Development Authority
NG	National Government
NGA	National Government Agency
NHS	National High School
NAMCYA	National Music Competitions For Young Artists
NNC	National Nutrition Council
NNS	National Nutrition Survey
NOH	National Objectives for Health
NSAT	National Secondary Achievement Test
NSO	National Statistics Office
NSMW	National Schools Maintenance Week
NWRB	National Water Resources Board
NWRC	National Water Resources Council
NAWASA	National Waterworks and Sewerage Authority
NFP	Natural Family Planning
NMR / NN	Neonatal Mortality Rate
NER	Net Enrolment Rate
NBS	Newborn Screening
NGO	Non-Government Organization
ODA	Official Development Assistance
OMC	Operation and Maintenance Cost
OPIF	Organizational Performance Indicators Framework
OBP	Oupatient Benefit Package
OSR	Own-Source Revenue

PTCA	Parent-Teacher-Community-Association
PWS	Patin-ay Waterworks System
PESO	People Empowerment Saves One
PS	Personal Services
PERA	Personnel Economic Relief Allowance
PA-BEAM	Phil-Australia Basic Education Assistance for Mindanao
PBSP	Philippine Business for Social Progress
LGSP	Philippine-Canada Local Government Support Program
PCWS	Philippine Center for Water and Sanitation
PDAF	Priority Development Assistance Fund
Philhealth/PHIC	Philippine Health Insurance Corporation
PHS	Philippine Health Statistics
PIDS	Philippine Institute for Development Studies
PITC	Philippine International Trading Center
PNSDW	Philippine National Standards for Drinking Water
PDO	Planning and Development Office
PNN	Post Neonatal Mortality
P3W	President's Priority Program on Water
PD	Presidential Decree
PEAC	Private Educational Assistance Council
PESFA	Private Education Student Financial Assistance Program
PBET	Professional Board Examination for Teachers
PAPs	Programs, activities, and projects
PIP	Program Implementation Plan
PWD	Prosperidad Water District
PENRO	Provincial Environment and Natural Resources Officer
PHO	Provincial Health Officer
PHT	Provincial Health Team
PPDO	Provincial Planning and Development Office
PHN	Public Health Nurse
PPPs	Public-Private Partnerships
REACH	Reaching All Children Project
RDC	Regional Development Council
RA	Republic Act
RHU	Rural Health Unit
RWSA	Rural Water Supply Association
SMWHP	Safe Motherhood and Women's Health Program
SFI	School First Initiative
SBM	School-based Management
SBP	School Building Program
SGC	School Governing Council
SIP	School Improvement Plan
SEDP	Secondary Education Development Program
SEDIP	Secondary Education Development and Improvement Project
SEC	Securities and Exchange Commission
SBA	Skilled Birth Attendant
SSIP	Small-scale Independent Provider
SDC	Social Development Committee
SEMP	Social Expenditures Management Project
SWD	Social Welfare and Development

SEF	Special Education Fund
SONA	State of the Nation Address
SIE	Statement of Income and Expenditure
SOCCSKSARGEN	South Cotabato, Cotabato, Sultan Kudarat, Sarangani and Gen. Santos City
SUCs	State Universities and Colleges
STRIVE	Strengthening Implementation of Basic Education in Selected Provinces in Visayas Project
STEP	Student Technologists and Entrepreneurs of the Philippines
SR-MICS	Sub-Regional–Multiple Indicator Cluster Survey
SPLD	Social Policy and Local Development
TESDA	Technical Education and Skills Development Authority
TC	Technical Committee
TLE	Technology and Livelihood Education
TEP	Textbook Exchange Program
TEEP	Third Elementary Education Project
TBA	Traditional Birth Attendant
TIMMS	Trends in International Mathematics and Science Study
TFR	Total Fertility Rate
TPC	Total Project Cost
TB	Tuberculosis
TINA	Tubig Imnonon Natong Agusanon
U5MR / UFMR	Under Five Mortality Rate
USP	Unified School Profile
UNICEF	United Nations Childrens Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Funds for Population Activities
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
VIP	Ventilated Improved Pit Privy
WFR	Wanted Fertility Rate
Watsan	Water and sanitation
WD	Water District
WSP	Water Supply Provider
WHSMF	Women’s Health and Safe Motherhood Project
WB	World Bank
WHO	World Health Organization
WHT	World Health Team
WSSD	World Summit for Social Development

CHAPTER 1

Introduction

1. Background, Purpose, and Three Core Assumptions of the Study

1.1 Background and Purpose of the Study. The rationale for undertaking research into the local service delivery (LSD) in the Philippines is premised on the salient need for major improvements in delivery of public goods and services, especially to the poor, as a way of achieving the Millennium Development Goals (MDGs). This requires analyzing decentralized arrangements to better understand and improve LSD systems and policies, their financing characteristics and institutional set-up, and alternative modalities of service delivery. However, to better analyze and understand decentralization as a key factor in an improved LSD, it has to be studied vis-à-vis a set of specific public services such as education, health, and water. This will provide for a more focused discussion and analysis, which in turn can highlight the success and failure factors as determinants of the efficacy of decentralizing services within particular sectors, such as primary and secondary education for the education sector, maternal and child health for the health sector, and potable water supply and sanitation for the water sector. Appropriate sectoral decentralization policy frameworks can be derived from such sector-specific discussions and analyses. These frameworks could impact on national development policies and plans.

The aims of the study are three-fold:

- 1) to analyze and conduct a comparative assessment of (i) key issues, (ii) the background and rationale of decentralization and other local services policies, (iii) the legal and policy frameworks of government functions at different administrative levels, (iv) the role of government in policy and administration at different administrative levels, (v) sector financing and inter-government fiscal transfers, (vi) LSD systems, and (vii) the services monitoring systems in the three sectors;
- 2) to assess local services policies on actual service delivery in two CPC 6 focus areas—Agusan del Sur and Dumaguete City—based on household and facility mapping surveys, focus group discussions (FGDs), and key informant interviews (KIIs), with focus on identifying health, education, and potable water systems; good practices in and bottlenecks that hamper LSD, particularly in terms of (i) availability of basic

supplies, e.g., essential medicines, textbooks, and human resources; (ii) accessibility and utilization of services; (iii) adequacy of coverage relative to service standards; and (iv) effectiveness of quality of care and services; and

- 3) to identify key findings and recommend policy reforms, program corrections, and resource re-allocation to generate better outcomes.

1.2 Three Core Assumptions of the Study. This study works on the following assumptions:

1. That decentralization, though not an end in itself and not a panacea, is a work in progress (despite its existence for almost two decades since the enactment of the 1991 Local Government Code) and a pivotal means in attaining better development outcomes, such as improved service delivery and accountable governance for a better quality of life among Filipinos, especially the poor;
2. That an improved LSD system depends on a logic of triangulation-cum-interdependence of policy, institutions, and finance, but that institutional actors take a primordial role in filling in the policy and financial gaps, which are the usual constraints attending LSD, via local governance for the MDGs;
3. That the identification, analysis, and comparative assessment of key issues and challenges of the education, health, and water sectors do not provide for an impact assessment of decentralization in general but only a framework of analysis for an improved service delivery of MDG-critical sectors; such analysis may provide for appropriate sectoral decentralization policy frameworks as inputs to national development policies, plans, priorities, and MDG strategies.

On first assumption. Decentralization—defined as the transfer of authority and power from central to subnational tiers of governments—holds great potential in improving the delivery of public services and the attainment of the MDGs. Though not a sufficient condition for development and not a panacea to development problems, it is a necessary condition in helping catalyze meaningful change processes geared towards poverty reduction. Its designs—political, administrative, fiscal, and market-driven—and its required institutional governance would necessarily impact on its implementation and desired results. Decentralization would also hinge on its proper phasing and rightsizing; the capacities of local governments and their political will to bring about development change and outcomes; their cooperation, coordination, and collaboration with civil society groups and the private sector; and the efficient fulfillment of new supervisory and regulatory roles of the national

government, among others. In other words, effective decentralization to improve LSD entails not only the transfer of functionaries, functions, and funds (3Fs) to local governments but also the devolution of powers, authority, and resources to the extent commensurate to the roles, responsibilities, and capacities of the LGUs in achieving better development outcomes. But far more important for decentralization to work sustainably is to factor in the Philippine political dynamics. A nuanced analysis of decentralization should take into account the political dynamics—e.g., co-dependency of local-local relations (LGUs-congresspersons; provinces-cities-municipalities-barangays; business elites-LGUs), national-local relations (President-LGUs; senators-LGUs) for mutual political incentives or benefits (e.g., funds for projects in exchange for voter mobilization, etc.), lack of political will among institutional actors to create transformative change, weak political institutions, and disempowered citizenry to practice demand-side accountability. If these dynamics are considered, one can better understand why, despite almost two decades of decentralization, the Philippines has not catalyzed positive change, at least in the revolutionary sense of really improving the lives of Filipinos.

On second assumption. The Triangulation Framework considers LSD as a triangulation of policy, institutions, and finance based on their logic of interdependence. The institutions, specifically institutional actors, take a central role in addressing key development issues and constraints as a result of policy and financial gaps. Three reasons are advanced why institutional actors are pivotal: (i) local institutional actors such as LGUs are at the forefront of service provision; (ii) despite financial constraints and policy gaps, local institutional actors can deliver through innovative practices; and (iii) local institutional agency entails empowerment and accountability of different actors, which when tapped can deliver desired outcomes.

On third assumption. An assessment of LSD somehow provides an assessment of decentralization in the Philippines. A caveat is in order though: Decentralization is multi-faceted and LSD is only one among its complex dimensions; hence, to assess decentralization in light of the latter can be myopic, if not problematic. For a comprehensive and in-depth assessment, the other two aspects-cum-rationales for decentralization—democratic governance and local development—will have to be factored in and their complex dynamics considered. These two aspects are in themselves, like LSD, a composite of variegated policy, institutional, and financial characteristics. Further, examining the effects of decentralization

via LSD would require a comparative nationwide data in a disaggregated level in order to make a comparative assessment of the LSD-related performance of LGUs. The present quantitative and qualitative surveys do not amount to such needed data. Moreover, assessing the effects of decentralization vis-à-vis LSD would require baseline information (i.e., data before decentralization) and complete results chain (inputs, outputs, outcomes, and impacts) of all decentralized sectors or services, which is simply absent so far. At best, what can be understood, analyzed, and assessed are the processes as well as the *partial* results chain (inputs, outputs, and to some extent outcomes, depending on what is achievable) of LSD under a decentralized set-up. For example, the focus is to understand how the process of service delivery converts funds into outputs, and analyzing the different factors—found in both supply and demand side—that intervene between funding (or expenditures), inputs, outputs, and, to a lesser extent, outcomes. In other words, LSD (based on some measurable results chain) is only an indicator of the effects of decentralization. The issues, challenges, and problems of LSD, together with the normative principles and values underpinning them, only provide a framework of analysis for an improved service delivery of MDG-related services and not a framework for impact assessment of decentralization in general. The evidence and lessons from the study will therefore be suggestive rather than conclusive of the effects of decentralization.

1.3 Organization of the Report. This report is organized into two major parts. Part One is about the policy, institutional, and financial analyses of basic education, maternal and child health, and potable water, with discussions on their respective policy and legal frameworks, major strategies and programs, and trends and challenges. The analysis is found in the discussion on trends and challenges, not on the preceding discussions on policy and legal frameworks and major strategies and programs, which merely lay down key policies and laws as well as strategies and programs (hence, no impact assessment as might be expected) relative to the three sectors. The rationale is premised on the idea of interrogating the outcomes despite the plethora of policies and programs. The same is true with Part Two, where sectoral analyses of primary and secondary education, maternal and child health, and potable water are juxtaposed with the discussions on household surveys, facility mapping

surveys, public data and documents, FGDs, and KIIs in two Sixth Country Programme for Children (CPC 6)¹ areas of Agusan del Sur and Dumaguete City.



Photo by: Allan Layug

The reasons for choosing these areas have to do with their rural and urban make-up, political subdivision (municipalities of Agusan del Sur and capital city of Negros Oriental), geographical location (one in Mindanao and another in Visayas, both in southern part of the Philippine archipelago).

¹ Sixth Country Programme for Children (CPC 6) is a five-year program of cooperation between United Nations Children's Fund (UNICEF) and the Government of the Philippines from 2005–2009. The overall aim is to promote and protect children's rights in the Philippines and improve their well-being. It builds on and carries forward the Child Friendly Movement (CFM) that was adopted in the last CPC V—a nationwide campaign urging all sectors of society to realize this overall aim through programs and projects on education, health and nutrition, child protection, local governance, children's and women's rights and welfare.



Agusan del Sur Provincial Capitol. Photo by: Ida Marie Pantig.

The report begins with an introductory chapter highlighting the three core assumptions of the study, overview of decentralization in the Philippines, and the triangulation framework for LSD. This introductory chapter is necessary for a regional study, of which this study forms a part. It informs about the problems and challenges of decentralization in the Philippines, and about the Triangulation Framework for LSD—the framework of analysis developed by the Philippine Institute for Development Studies (PIDS) just for this study. Chapters 2, 3, and 4 provide policy and institutional analyses of primary and secondary education, maternal and child health, and potable water supply, respectively. Chapter 5 provides financial analysis of LSD, highlighting the national government and LGU spending for MDGs in the LSD study areas. Chapters 6, 7, and 8 discuss the LSD of education, health, and water, respectively, highlighting the survey results—both of household surveys and facility mapping surveys—as well as the FGDs and KIIs. Sectoral programs, activities, and projects (PAPs); sectoral performance; and key issues and challenges are also discussed in these chapters. Chapter 9 provides a comparative assessment based on the sectoral analyses of the three sectors in Chapters 5, 6, and 7, highlighting key policy, institutional, and financial cross-cutting issues and challenges. Chapter 10 concludes with key findings and provides policy reforms and

recommendations. Chapter 11 provides some cross-cutting and sectoral areas for further research per sector.

1.4. Methodology. This study conducted a survey aimed at providing an understanding of the supply and demand factors and processes in service delivery of the education, health, and water sectors, particularly in two study areas in Dumaguete City in Negros Oriental and the municipalities of Sibagat, Bayugan, and Prosperidad in Agusan del Sur. The survey had three modules with specific objectives. They are: (i) a household module to obtain information on clients' education, health, and water services (with follow-up FGDs with households not using the services); (ii) a facilities or service provider module to gather information on the operations of service providers, and (iii) a module for key informants of different levels of governments, including LGUs, that fund or manage the service providers. The household module is linked to the Sub-Regional–Multiple Indicator Cluster Survey (SR-MICS), which contains a wealth of information on the study areas, although there are some data gaps (e.g., detailed information on water, and locations of service providers). A sub-sample of the SR-MICS in the two study areas were re-interviewed for the household module of the LSD study. Of the 1,507 SR-MICS sampled households in Agusan Del Sur, 183 households in five selected barangays were targeted for study. In Dumaguete City, all the 158 SR-MICS sampled households were targeted for interview. PIDS designed the survey instrument in July-August 2008 and pre-tested it in Metro Manila in September 2008. The National Statistics Office (NSO) regional offices in Negros Oriental and CARAGA conducted field interviews in October 2008. PIDS encoded the household survey results in November 2008, and analyses of the same were done thereafter.

FGDs and KIIs were conducted in March 2009 in Dumaguete City and in the municipalities of Sibagat, Bayugan, and Prosperidad. There were 20 participants for the Agusan del Sur FGD covering the three municipalities. The Dumaguete City FGD was attended by 11 participants from six barangays: Poblacion, Batinguel, Bunao, Daro, Tinago, and Calindagan. KIIs and facility surveys in both study areas were also conducted. The local chief executives interviewed consisted of 2 governors (Agusan del Sur and Negros Oriental), 1 mayor (Dumaguete City), and 7 barangay captains (for Agusan del Sur: Barangay Bahbah in Prosperidad, Barangay Afga in Sibagat, and Barangay Bucac in Bayugan; for Dumaguete City: Barangays Poblacion, Batinguel, Bunao, and Daro). Local finance committees in the provincial, municipal, and barangay levels were also interviewed regarding planning,

budgeting, financing, and delivery of services in study areas. Interviews were also conducted with the service providers on the three sectors in the study areas.

2. Overview of Decentralization in the Philippines

2.1 The 1991 Local Government Code.² In 1991, the Philippines enacted Republic Act (RA) 7160, or the Local Government Code (LGC),³ the key instrument of decentralization in the country.⁴ This LGC is “considered to be one of the far-reaching decentralization reforms in the developing world” (World Bank and ADB 2003:117). It transferred to subnational tiers of government—provinces, cities,⁵ municipalities, barangays⁶—important powers and functions previously mandated to the central government.

The promulgation of LGC 1991 was in accordance with Section 3, Article X of the 1987 Philippine Constitution which declares that:

The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative and referendum, allocate among the different local government units their powers,

²The 1991 LGC is a legal culmination of a struggle for local autonomy and democratic governance of Filipinos. Although the evolution of local government system in the Philippines started during three centuries of Spanish colonization, where a highly centralized regime headed by the Spanish Governor General in Manila governed local governments [*barangays* (village), *pueblos* (municipalities), *cabildos* (cities), provinces (*provincias*)], it was only in the 1950s onwards when incremental national legislations on decentralization saw the light of day, to wit: Local Autonomy Act of 1959, the Barrio Charter Act of 1959, the Decentralization Act of 1967, the 1973 Philippine Constitution, and 1983 Local Government Code. The 1987 Constitution, crafted after the famous 1986 People Power Revolution deposing Ferdinand Marcos, was key to the realization of political devolution. See Capuno (2005: 204-44), Brillantes (1998: 38-57), and Tapales (1998:113-23).

³ LGC of 1991 or R.A. 7160 was approved on October 10, 1991 and was implemented on January 1, 1992. The Department of Interior and Local Government (DILG) provided for the LGC’s Implementing Rules and Regulations (IRR) on April 2002.

⁴In light of three broad categories of different country approaches to decentralization, the Philippines, like Indonesia, is considered to be a fast-starter compared with incrementalists (China and Vietnam) and caution movers (Cambodia and Thailand). It is categorized as fast-starter for having introduced “major structural, institutional, and fiscal reforms in response to a sudden and far-reaching political stimulus” such as “basic elements of a decentralization framework, subnational democratic elections, and substantial resource sharing...” (White and Smoke 2005: 6).

⁵Cities are classified as either independent cities or component cities; the former are so-called because they are highly urbanized and are not part of their mother provinces, while the latter are so-called because they are politically part of the provinces and are treated like municipalities.

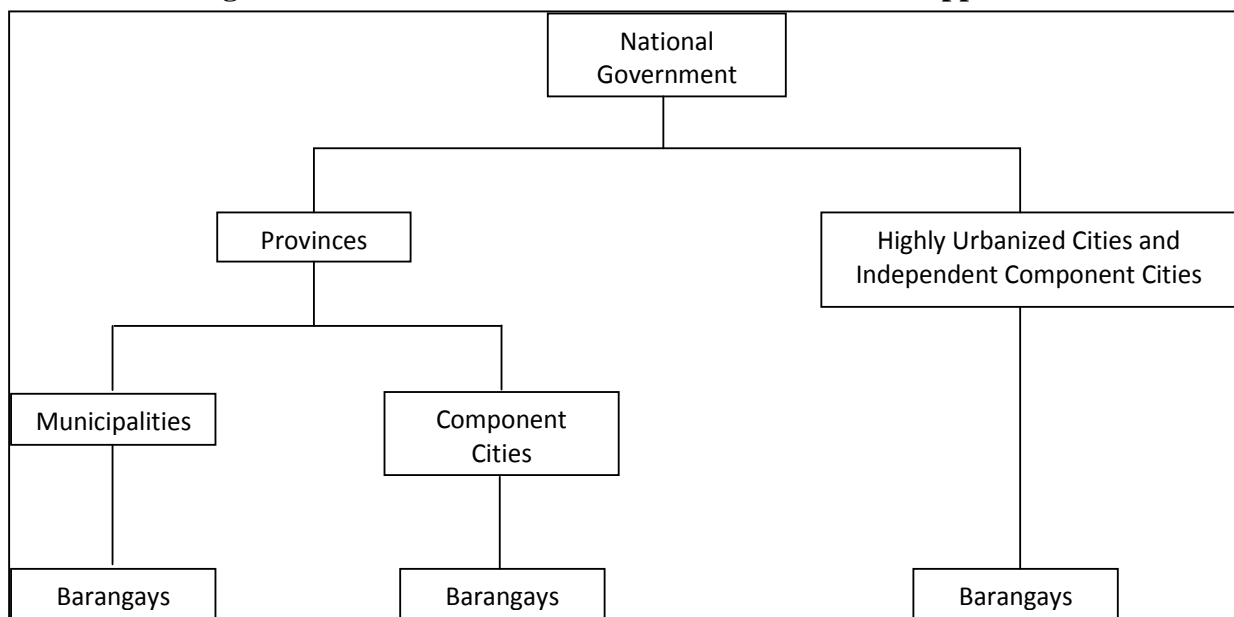
⁶A barangay is the Filipino equivalent of village. In the Philippines, it is the basic political unit of government. Also, in the Philippines, the term LGU can refer to any of the subnational tiers of government, i.e., province, city, municipality, and barangay.

responsibilities and resources and provide for the qualifications, election, appointment, removal, terms, salaries, powers, functions and duties of local officials and all other matters relating to the organization and operation of the local units.

Further, Section 5, Article XI, provides for local autonomy, to wit: “The State shall ensure the autonomy of local governments.” Local autonomy means, among others, granting local government taxing authority and expenditure management responsibilities, as well as powers for delivery of basic services. This local autonomy should be within legally prescribed limits and under the general supervision of the President of the Philippines.

2.2 Subnational Tiers of Government. The structure of local governments in the country is given in Figure 1.1.

Figure 1.1 Structure of Local Governments in the Philippines



Source: Ocampo and Panganiban, 1985.

At present, there are 81 provinces, 136 cities, 1,495 municipalities, and 42,008 barangays. Elected local chief executives (LCEs) head each LGU. Section 48 of the LGC provides that each LGU shall be governed by an elected legislative council (Sanggunian) such as the Sangguniang Panlalawigan for the province, Sangguniang Panlungsod for the city, Sangguniang Bayan for the municipality, and the Sangguniang Barangay for the barangay. Also, just like the national government exercising supervisory powers over all subnational

governments (Sec. 25) as the process of decentralization proceeds from the national government to the local governments, each higher level LGU also exercises some supervisory powers over lower-tiers within prescribed limits, that is, without violating the autonomy of each tier in the hierarchy. As mandated by the 1991 LGC, provinces exercise some degree of supervision over municipalities and component cities (Sec. 29), which in turn, supervise their respective barangays (Sec. 32). Moreover, all LGUs, except for barangays, undergo classification by the Department of Finance (DOF) every four years based on their individual revenues. DOF's classification ranges from first class (having the highest income) to sixth class (having the lowest income). Further, key local government institutions help LGUs in catalyzing good governance and delivering on development outcomes. These are the local school boards (Title Four of 1991 LGC), local health boards (Title Five), local development councils (Title Six), and local peace and order councils (Title Seven).

2.3 Local Government Functions and Responsibilities. The mandated functions and responsibilities of LGUs before the 1991 LGC were limited to: (i) levying and collecting of local taxes for the national government; (ii) regulation of business activities within their respective territorial jurisdictions; and (iii) administration of garbage collection, public cemeteries, public markets, and slaughterhouses.

The 1991 LGC decentralized four major categories of functions and responsibilities to the LGUs, namely:

- Efficient service delivery,
- Management of the environment,
- Economic development, and
- Poverty alleviation.

As provided for in Section 17 of the 1991 LGC on "Basic Services and Facilities," these devolved functions and responsibilities are in the areas of

- agricultural extension and research,
- social forestry,
- environmental management and pollution control,
- primary health and hospital care,
- social welfare services,
- repair and maintenance of infrastructure,

- water supply and communal irrigation, and
- land use planning.

Further, 1991 LGC Section 447 (Municipal Governments), Section 458 (City Governments) and Section 468 (Provincial Governments) define the functions and powers of the different local authorities. In terms of service delivery, one of the main tasks of the provincial government is to coordinate the delivery of basic services since they are assigned functions that require inter-jurisdictional provision of services such as district and provincial hospital. Meanwhile, cities and municipalities directly manage, implement, monitor, and evaluate service provision to the barangays, such as primary health care, construction, repair, and maintenance of public school buildings and facilities.

2.4 Local Government Financing. The 1991 LGC provides for intergovernmental fiscal relations between NG and LGUs (vertical fiscal relation) and between and among LGUs (horizontal fiscal relation). Vertical fiscal relation between NG and LGUs are in the areas of:

- shares in internal revenue taxes (Sec. 284),
- shares (40% other than the 40% internal revenue allotment [IRA]) of LGUs from the gross collection in the exploitation of national wealth within their respective areas preceding the fiscal year (Sec. 290),
- shares from the proceeds of government agencies or government-owned or controlled corporations in utilizing and developing national wealth (Sec. 291),
- borrowings of LGUs either from private or public sources (Sec. 297), and
- local budgets submission and review.

Section 284 provides for the 40% share in the national internal revenue taxes of LGUs. A differentiated allotment scheme is followed, as shown below:

- Provinces – 23%
- Cities – 23%
- Municipalities – 34%
- Barangays – 20%

This revenue-sharing is based on an allotment formula:

- Population – 50%

- Land area – 25%
- Equal sharing – 25%

Each barangay shall receive a minimum of P80,000 per annum depending on its population to be charged against the 20% share of the barangay from IRA.

Also, LGC grants LGUs credit financing powers “to create indebtedness and to enter into credit and other financial transactions” (Sec. 295) for human development and other purposes. These may be in the form of (i) loans and credits from any government or domestic private bank and other lending institutions (Sec. 297); (ii) issuance of bonds and other long-term securities subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission (Sec. 299); (iii) inter-LGU loans, grants, and subsidies (Sec. 300); (iv) loans from foreign sources through national government (Sec. 301); and (v) contracts with the private sector (Sec. 302).

In Book II of the 1991 LGC, LGUs are granted taxing and revenue-raising powers. Section 129 states that “Each local government unit shall exercise its power to create its own sources of revenue and levy taxes, fees, and charges subject to the provisions herein, consistent with the basic policy of local autonomy.”

Examples of local revenue-generating sources are:

1. **Province:** real property tax, tax on transfer of real property ownership, tax on business of printing and publication, franchise tax, sand and gravel tax, professional tax, amusement tax on admission, and annual fixed tax per delivery truck or van of manufacturers or producers of or dealers in certain products;
2. **Municipalities:** tax on business, fees and charges, fishery rental or fees and charges, fees for sealing and licensing of weights and measures, and community tax;
3. **Cities:** cities—either highly urbanized or independent component cities—may levy and collect among others any of the taxes, fees, and other impositions which the province or municipality may impose; and
4. **Barangays:** taxes and fees, service charges, and contributions.

2.5 Decentralization as an enabling policy environment for Local Service Delivery. In the Philippines, one promise of decentralization is better LSD for an improved quality of life (de Leon 2005: 319-20; Manasan 2007: 275). However, for decentralization to realize this, certain prerequisites—mainly about policy, institutions, and finance—must be met.

First, the design of decentralization—its 3Ds (devolution, deconcentration, delegation) and/or its political, administrative, financial, and market-based characteristics—needs to be based on right-sizing and proper phasing of intergovernmental transfer of powers, functions, and responsibilities. The abrupt transfer of powers, functions, and responsibilities, especially on the decentralization of certain sectors such as health, social services, and agriculture, has created a mismatch between LGUs' powers and responsibilities and their institutional and financial capacities. This has impacted on the delivery of services and public goods. In health, for example, the cost of devolution (PS and MOOE), has made the LGUs, particularly the provinces, incapable of delivering public goods and services; hence, the clamor to return health service responsibilities to the national government.

Second, the institutional actors—both local and national—should be capacitated and imbued with a sense of urgency to own up the LSD agenda as a way to make decentralization work through innovative ideas, capabilities, and political will. With many LCEs not having the required capabilities and political will to own up the LSD agenda, people suffer from poor quality of education and poor health and sanitation. A Filipino child who cannot wait for improved services to ensure his right to a bright future and healthy life becomes a victim of ineptitude, political grandstanding, and indifference.

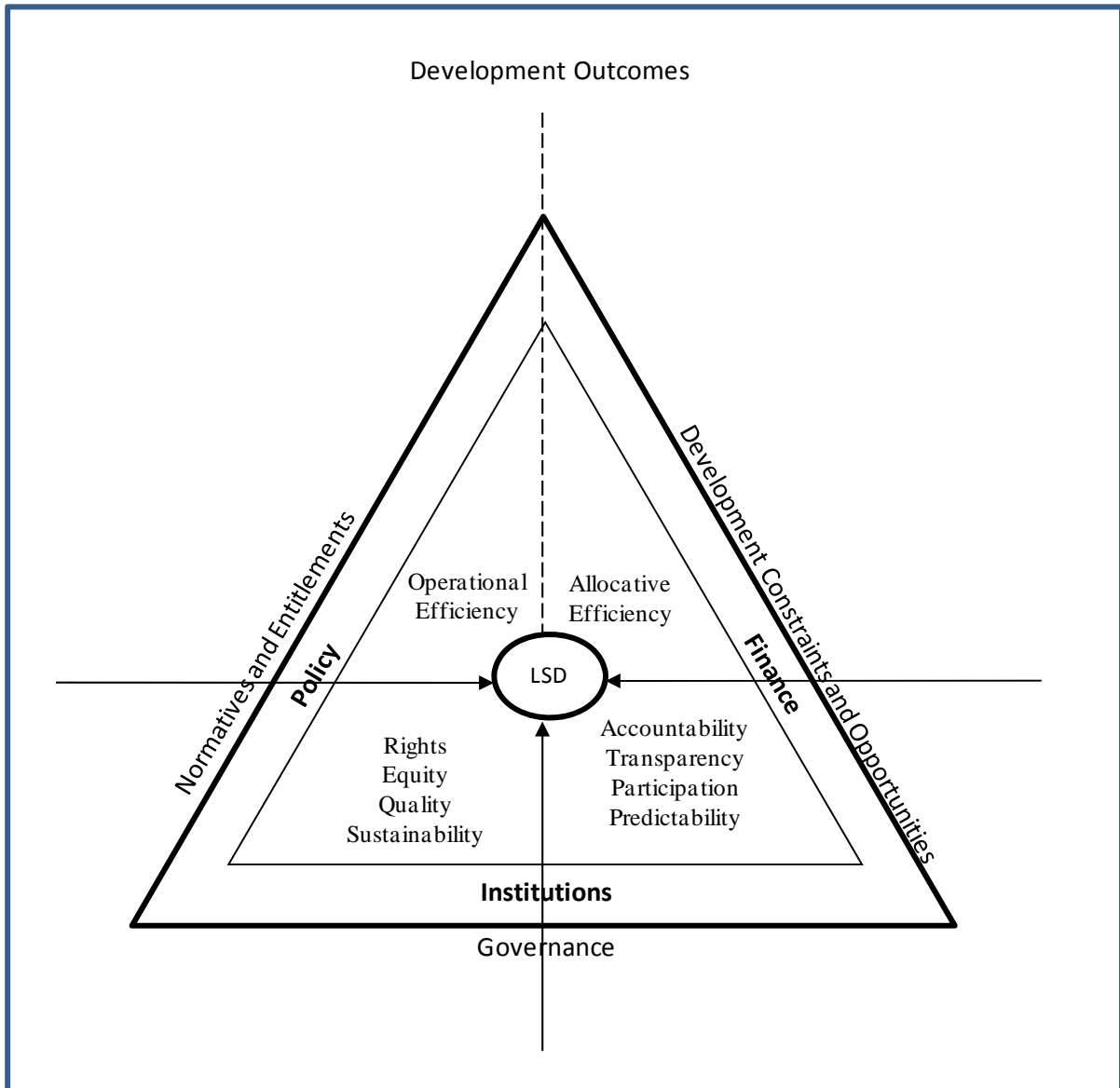
Third, the 3Fs—functions, functionaries, and funds—demand no less than commensurate transfer and burden-sharing of the required capacity-building, institutional development, and financial sustainability. The resultant resource constraints and institutional deficits experienced by LGUs, mostly by 5th- and 6th-class municipalities and their barangays, as well as the low-income provinces, greatly impact on the quality and quantity of services delivered. Saddling these resource-starved LGUs with costly devolved functions in health, education, and water, for example, compounds their inability as institutional functionaries in meeting the supply-side of governance and the basic needs of their people.

Given these problems of decentralization and their impact on LSD systems and practices, the challenge is to address them in a manner that puts premium on the logic of interdependence of policy, institutions, and finance. This by no means argues that decentralization is the all-sufficient reason for an improved LSD because the relationship between decentralization and effective service delivery is only associative rather than causative, especially when the policy, institutional, and financial components are not really attended to and valued as interrelated.

3. LSD Triangulation Framework

3.1 Triangulating Local Service Delivery. The literature on LSD identifies its linkages with local governance and local development (World Bank 2004c). This study identifies it as being triangulated by policy, institutions, and finance, and more specifically by good policy environment and effectiveness, efficient intergovernmental fiscal and financial system, and accountable institutional actors, as shown in **Figure 1.2**. Triangulating LSD provides a tool of analysis on how to better understand the dynamics of LSD systems and the requirements for improving them, with a view to replicating best practices and to learning from dysfunctional ones.

Figure 1.2 LSD Triangulation Framework⁷



The idea behind triangulating LSD is that effective LSD would require an integrative approach encompassing the interplay of policy, institutions, and finance, all in their local, national, intergovernmental, and sectoral levels. Viewed this way, LSD becomes a complex interdependence of three components, each of which should contribute to the effective provision of public goods and services. Simply put, the three vital components cannot be taken in isolation. The effective functioning of one depends on the effective functioning of the other components. Without good policies on health, education, and potable water, for example, there would be no enabling policy and legal environment for the intergovernmental

⁷ This Triangulation Framework was conceptualized and developed by Allan Layug of PIDS for this LSD study.

transfer, use, and generation of fiscal resources, as well as for the harnessing and strengthening of the capacities and innovations of institutional actors that will implement policies for decentralized sectors. An assessment of LSD would therefore entail policy, institutional, and financial analyses, each providing a perspective on how LSD should be practiced under decentralization. Such triangulated analysis would serve as the overarching framework on how to examine and improve the three sectors' performance, their issues and challenges, and their needed policy reforms.

3.2 Primacy of Institutions (or Local Institutional Actors). Underlying the normative argument of the Triangulation Framework is the claim that institutions or local institutional actors are the key driving force for effective LSD. Institutions, following Douglas North (1990, 2005), are defined as “the humanly devised constraints that shape human interaction.” Johannes Jutting (2003: 13-4) classifies them into four divisions: economic institutions, political institutions, legal institutions, and social institutions. In this study, institutions are equated with the actors that breathe life into them. The idea is that institutions serve the very purpose for which they are created when the actors—say bureaucrats, public administrators, LCEs and other local officials, national political appointees and elected officials, civil society, and the private sector—make them work for the common good, or in the case of service delivery, for better and quality services to their public clientele. Institutions, then, taken in their *agential* characteristic, that is, through their actors than simply in their *organizational* or *structural* characteristics, become nothing but the actors that make them work. The sustainability of good practices, reforms, and normative trajectories, for example, will greatly hinge on the actors' agency (e.g., ingenuity, leadership, political will, coordination, and synergy) to institutionalize them beyond their administration, regime, or stay in office.

The primordial import of institutional actors then serves as the value added of the study, aside from the household survey and cross-sectoral issues on maternal and child health, primary and secondary education, and potable water. There are at least three reasons why this is the case: (i) local institutional actors, such as LGUs, are at the forefront of service provision; (ii) despite financial constraints and policy gaps, local institutional actors can deliver out of innovative practices; and (iii) local institutional agency entails empowerment and accountability of different actors—civil society, LGUs, private sector—that can be

galvanized and held accountable in light of the common purpose of providing local public goods in the most efficient, equitable, and sustainable manner.

These reasons need further explanation. First, as enshrined in Article X of the 1987 Philippine Constitution and the 1991 LGC, local institutional actors, mainly LGUs, are the key players in delivering local public goods such as health, education, and water. National actors such as government departments and agencies, Congress, as well as international donors (UNICEF, USAID, World Bank, and ADB, among others), may be partners for effective service delivery, but the main actors responsible for the service delivery are the local institutional actors, which are presumed to know best the local solutions to local problems. Second, and most important, when there are policy gaps and limited budget, or when incentives from the national level are wanting, the more the local institutional actors need to experiment, innovate, and create opportunities such as resource generation and rational spending for effective LSD. Local autonomy would be more meaningful if it is made to assume responsibilities from which the top leadership had reneged. Third, the collective agency of different institutional actors at the local level—LCEs, legislative bodies such as *sanggunians*, local health and school boards, CBOs, FBOs, NGOs, and the private sector—can be harnessed as an empowerment tool for LSD and a performance-based accountability mechanism of local constituents.

3.3 Values and Principles of LSD Triangulation Framework. LSD must be value-based, i.e., rights-based, gender-responsive, equity-oriented, and sustainability-grounded. The right to education, health, and water must be an acknowledged right of every Filipino. It must be an entitlement that duty-bearers or service providers must respect by way of providing for the objects of such a right—education, health, and water. They must not hold back on their responsibilities to provide ECCD, elementary education, and secondary education to every Filipino child, especially in poorer areas such as CARAGA and the Autonomous Region of Muslim Mindanao (ARMM). Gender-responsiveness must also underpin policies for LSD. Every woman, mother, and child deserves no less than the same rights and entitlements as every man. Duty-bearers must be gender sensitive to all right-holders. Human development, which can be achieved through education and health outcomes, ought to be pursued for the benefit of every Filipino regardless of gender. There must also be social bias toward the poor, not in paper but in “doable” policies, activities, and programs (PAPs), such as ECCD, maternal and child health program, and potable water supply and sanitation. Decentralization

must work to the best interest of the poorest of the poor, according to the dictum that those who have less in life should have more in human development-based PAPs. An equity-oriented LSD guarantees that decentralization is pro-poor, that is, it is able to reach the “unreachable” or the marginalized despite ethnic diversities and socio-economic factors. Lack of financial resources should not be the lame excuse to do nothing. Duty-bearers or service providers should find ways to provide local public goods to the poor, especially in the poorest areas in Mindanao, despite lack of human and financial resources, low IRA, lack of investments, etc. Sustainability should be the hallmark of LSD in order for PAPs to have a lasting development impact, despite changing political leaderships, for example. A good indicator of sustainable PAPs is when the communities and beneficiaries themselves become partners of development, that is, when they are empowered to participate in the planning, implementing, monitoring, evaluating of PAPs that bear impact on their lives. Community-based development PAPs, therefore, would imbue on the beneficiaries a sense of ownership, which could give them reasons to take good care of PAPs that benefit them, and to hold the local leadership accountable to them in implementing and delivering PAPs.

3.4 Principles of Decentralization. Effective LSD should cohere with decentralization theorem: “Each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize the benefits and costs of such a provision” (Oates 1972: 35). It must also conform to the principle of subsidiarity where services are deemed to be delivered effectively by lower levels unless the higher levels make a better job.

3.5 Governance as a Key Factor to Effective LSD. This study defines governance as the sound institutional management of decentralization process for development vis-à-vis LSD. It builds on ADB’s institutional understanding of governance as “the institutional environment in which citizens interact among themselves and with government agencies/officials” (ADB 2004:3). Hence, in relation to LSD, it develops “institutional governance” as an effective modality of LSD by virtue of (i) the triangulation of policy environment and effectiveness, intergovernmental fiscal and financial system, and institutional functionaries; (ii) the primacy of local institutional actors as main drivers of LSD; (iii) the interaction of decentralization (decentralization theorem and principle of subsidiarity) and governance principles (efficiency [allocative and operational], transparency, accountability, participation, and predictability/rule of law) and values (rights, gender-responsiveness, equity, and sustainability) for effective LSD. Institutional governance links itself up with LSD and local development outcomes as

the foundation for effective LSD. In laying the groundwork for effective LSD, it is guided by the abovementioned key governance principles.

Allocative efficiency refers to the way by which scarce resources are properly distributed or allocated where they are expected to produce the optimum desirable development impact. *Operational efficiency* is based on allocative efficiency, only that it refers to sound “operations” or modalities and not on allocations per se. Here, resources are maximally used without wastage, achieving the greatest outputs from minimum inputs.

Accountability refers to the answerability of institutional actors (e.g., public actors, service providers, decision-makers) for their public actions. It also means a democratic social compact between power-holders or duty-bearers and citizens or right-holders based on the fundamental democratic principle that public actors are obligated to be accountable to citizens, and the latter have the right to demand accountability. On the one hand, it is the *duty* of power-holders to be answerable for their policy actions that impact on people’s lives, and on the other hand, it refers to the people’s *right* to hold public office-holders answerable for their responsibilities. Accountability has three characteristics:⁸ upward, horizontal, and downward. Upward accountability refers to central supervision of local service delivery. Horizontal accountability refers to local oversight or monitoring among local institutional actors, such as by local politicians or local bureaucrats and sanggunians and local courts of LGUs. Downward accountability is about responding to local needs and the power of citizens to hold local leaders to account for their development promises (World Bank 2005a: 19).

Transparency is about the availability and accessibility of accurate and timely information about PAPs on service provision to the local public. It may also be about unambiguous specification of implementing rules and regulations of LSD policies. Further, transparency empowers the local public by giving them the power to hold local service providers accountable for such concerns as procurement, for example. In the process, transparency lessens corruption.

⁸ In the literature, accountability is further characterized into accountability *for whom* and *to whom*. These characteristics are discussed in light of the findings in the two study areas and as one of the conclusions in Chapter 10.

Participation highlights the fact that people are at the heart of development and, therefore, are important partners/agents of development than mere beneficiaries. Participation is correlative to empowerment and accountability in the sense that local constituents have the power to participate in designing, implementing, and assessing PAPs for effective LSD and can take service providers and politicians to account for their policies, programs, and projects.

Predictability means that LSD is governed by policy consistency, clear guidelines and regulatory frameworks, and strict implementation of laws, regulations, and policies, and not by adhococracy or by the whims of the powers that be.

CHAPTER 2

Policy and Institutional Analysis: Primary and Secondary Education

1. Policy and Legal Framework

1.1 **1987 Philippine Constitution.** In the Philippines, the legal mandate to provide for education⁹ in general, and primary and secondary education¹⁰ in particular is enshrined as a state obligation in the 1987 Constitution. Section 1 of Article 14 states: “The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all.” Section 2 elaborates on the state duty to provide and the citizen’s right to claim quality education on the following provisions:

The state shall:

- (1) Establish, maintain, and support complete, adequate, and integrated system of education relevant to the needs of the people and society;
- (2) Establish and maintain a system of free education in the elementary and high school levels. Without limiting the national right of parents to

⁹ The Philippine education system took a trifocal structure in 1994/1995—that is, having a three-layered system composed of basic education, vocational education, and higher education. Three government agencies supervise the education system. Each is responsible for each layer: the Department of Education (DepEd) for basic education, Technical Education and Skills Development Authority (TESDA) for technical and vocational education, and Commission on Higher Education (CHED) for higher education. DepEd’s mandate covers elementary, secondary, and non-formal education, including culture and sports. RA 7796 of 1994 mandates TESDA to supervise post-secondary, middle-level manpower training and development. RA 7722 of 1994 mandates CHED to administer tertiary education (See Manasan, et al. 2008: 9; Soliven, P. and Reyes, M. 2008:5)

¹⁰ The Implementing Rules and Regulations of RA 9155 defines basic education, early childhood, elementary education, and secondary education: “Basic Education is the education intended to meet basic learning needs which lays the foundation on which subsequent learning can be based. It encompasses early childhood, elementary and high school education as well as alternative learning systems for out-of-school youth and adult learners and includes education for those with special needs. Early Childhood refers to the level of education that intends to prepare 5-6 year old children (one year before Grade One) for formal schooling and at the same time narrow down adjustment and learning gaps. This level focuses on the physical, social, moral and intellectual development through socialization and communication processes. Elementary education shall refer to the first stage of free and compulsory, formal education primarily concerned with providing basic education and usually corresponding to six or seven grades. Elementary education can likewise be attained through alternative learning system. Secondary education shall refer to the stage of free formal education following the elementary level concerned primarily with continuing basic education usually corresponding to four years of high school. Secondary education can likewise be attained through alternative learning system” (IRR of RA 9155). At present, children 3–5 years old are prepared for Early Childhood, instead of children 5–6 years old, the former age eligibility.

rear their children, elementary education is compulsory for all children of school age;

(3) Establish and maintain a system of scholarship grants, student loan programs, subsidies, and other incentives which shall be available to deserving students in both public and private schools, especially to the underprivileged;

(4) Encourage non-formal, informal, and indigenous learning systems, as well as self-learning, independent, and out-of-school study programs, particularly those that respond to community needs; and

(5) Provide adult citizens, the disabled, and out-of-school youth with training in civics, vocational efficiency, and other skills.

Most important for the financial aspect of education is Section 5, which states: “The State shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment.”

1.2 1991 Local Government Code. Since education is not a devolved sector,¹¹ the LGUs have only limited functions for delivery of education services. Sec. 17 of the 1991 LGC mandates every LGU to provide education services. For a barangay, the main service is maintenance of the day care center. For a municipality or city, construction, maintenance, and repair of infrastructure, such as school buildings and other facilities for public elementary and secondary schools (LGC 1991: 7–8). Municipalities or cities also have indirect education functions since they have responsibility to implement social programs and projects on child and youth welfare, street children, and juvenile delinquents. There is no mention of education services for the province except for general provisions on social welfare services, specifically “Industrial research and development services, as well as the transfer of technology” (LGC 1991: 8). Further, Sec. 98 of the 1991 LGC mandates the establishment of a Local School Board (LSB), headed by the LCE, in every province, city, or municipality. The primary task¹²

¹¹ Education has not been devolved in the Philippines for political reason. Public schoolteachers have traditionally served as election officers during elections. Devolution would make them vulnerable to local politics, and could compromise the election results in particular and the integrity of the election system in general.

¹² As spelled out in Sec. 99 of the 1991 LGC, the functions of Local School Boards are: “(a) Determine, in accordance with the criteria set by the Department of Education, Culture, and Sports, the annual supplementary budgetary needs for the operation and maintenance of public schools with the province, city, or municipality as

of a LSB is to administer, supervise, and regulate the use of Special Education Fund (SEF), which is sourced from the 1% special levy on real property tax collected by the LGUs. The purpose of SEF is to improve education in public schools by making it accessible to many students and by promoting high standards of teaching. SEF may be appropriated for the following: “(1) Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools; (2) Establishment and maintenance of extension classes when necessary; and (3) Sports activities at the division, districts, municipal, and barangay levels” (LGC 1991: 35–36).

1.3. Basic Education-Related Laws. There is an assortment of laws related to basic education. There are those relating to early childhood care education (ECCE). RA 6972, or the Day Care Law, enacted in 1992, mandates the establishment of one day care center in every barangay nationwide to make education accessible especially to poor families in remote areas. Complementing RA 6972 is RA 8980, or the Early Child Care and Development (ECCD) Act, enacted in 2000, which provides for a comprehensive policy and a National System for ECCD.

The Education Act of 1982 applies to both formal and non-formal systems in public and private schools in all levels of the country’s education system. This law fulfills the constitutional provision of the state’s duty to promote every Filipino child’s right to a relevant quality education based on the principle of equality in providing access to, and equity in, quality of basic education regardless of sex, creed, religion, socio-economic status, political leanings, cultural or ethnic backgrounds, and physical and psychological makeup.

RA 7798, which amended Section 25 of the Education Act of 1982, provides for the legal establishment of new national schools and the conversion of existing schools from elementary to national elementary schools or from secondary to national secondary schools or tertiary schools. This law takes a differential treatment of any school that is organized as a

the case may be, and the supplementary local cost of meeting such needs which shall be reflected in the form of an annual school board budget corresponding to its share of the proceeds of the special levy on real property constituting the Special Education Fund and such other sources of revenue as this Code and other laws or ordinances may provide; (b) Authorize the provincial, city or municipal treasurer, as the case may be, to disburse funds from the Special Education Fund pursuant to the budget prepared and in accordance with existing rules and regulations; (c) Serve as an advisory committee to the sanggunian concerned on education matters such as, but not limited to, the necessity for and the uses of local appropriations for education purposes; and (d) Recommend changes in the names of public schools within the territorial jurisdiction of the local government unit for enactment by the sanggunian concerned” (LGC 1991: 35-36).

stock corporation, exempting it from enjoying government subsidy, incentive, and assistance, except those given to individual students and teachers in the form of scholarship, student loans, or other forms of subsidy.

Geared towards development of infrastructures related to education services, RA 7880 or the Roxas Law, titled “The Fair and Equitable Allocation of the DECS’ Budget for Capital Outlay,” mandates the DepEd to appropriate its budget for capital outlay following the principle of allocative efficiency and equity, that is, taking into account the number of school children in all legislative districts and the number of usable classrooms except the 10% to be allocated in accordance with the implementation of the policy as may be determined by DepEd.

Related to Sec. 235 of 1991 LGC pertaining to “Additional Levy on Real Property for the Special Education Fund (SEF)”, there is a complementary RA 5547, or which creates a SEF “to be constituted from the proceeds of an additional real property tax and a certain portion of the taxes on Virginia-type cigarettes and duties on imported leaf tobacco.”

Involving the private sector in the education service provision, RA 8525, “An Act Establishing an Adopt-A-School-Program,” allows private entities to assist a public school, whether elementary, secondary, or tertiary, especially those located in any of the 20 poorest provinces identified by the national government agencies such as Presidential Council for Countryside Development. Assistance from the private sector can be in the areas of staff and faculty development through training and further education; construction of facilities; upgrading of existing facilities; provision of books, publications, and other instructional materials; and modernization of instructional technologies. The Government Assistance to Students and Teachers in Private Education (GASTPE) is another mandated program involving private-sector participation in basic education. Tuition subsidies are provided by the government to students who wish to enroll in private high schools.

Addressing equity issue, especially those related to indigenous peoples (IPs), RA 8371, the “Indigenous People’s Right Act,” mandates the state to provide children from IP communities the right to education in any form and at any level of the education system. Catering to the special needs of children whose rights have been violated, RA 7610, the

“Special Protection for Children Act,” seeks to provide special education to children who are victims of abuse, exploitation, discrimination, and violence.

Mindful of the important role of teachers in basic education, RA 7784, “An Act Strengthening Teacher Education in the Philippines,” seeks to establish Centers of Excellence based on the principle of healthy competition among schools and universities for teaching effectiveness. Also, in making teaching a fulfilling profession as a state duty by virtue of Sec. 5, Article 14 of the 1987 Constitution, RA 4670, the “Magna Carta for Teachers,” provides for just compensation and decent benefits to teachers.

One of the most important laws having to do with the governance of basic education is RA 9155 enacted in 2001, which is discussed below.

1.4 Governance of Basic Education Act of 2001 (RA 9155). This law renames the Department of Education, Culture, and Sports (DECS) to Department of Education (DepEd).¹³ This law is a major policy reform initiated by the Government of the Philippines immediately after the World Education Forum in 2000 in Dakar, where the goals of the second Education for All (2001–2015) were set. This law provides for a new governance framework for basic education that is built on decentralization. This “new governance framework supports **decentralization by empowering field offices and, especially, the schools to take a more active role in initiating and undertaking cost-effective innovations at the local level**, based on the premise that decision-making at the lowest level will result in greater efficiency, accountability, and manageability (emphasis in original; Caoli-Rodriguez 2007: 4).” This law, therefore, adheres to the principles of shared governance, empowerment of principals, school-based management, and inclusion. Shared governance because the provision of basic education is the responsibility by both the national and field offices composed of regions, divisions, schools, and learning centers. DepEd is

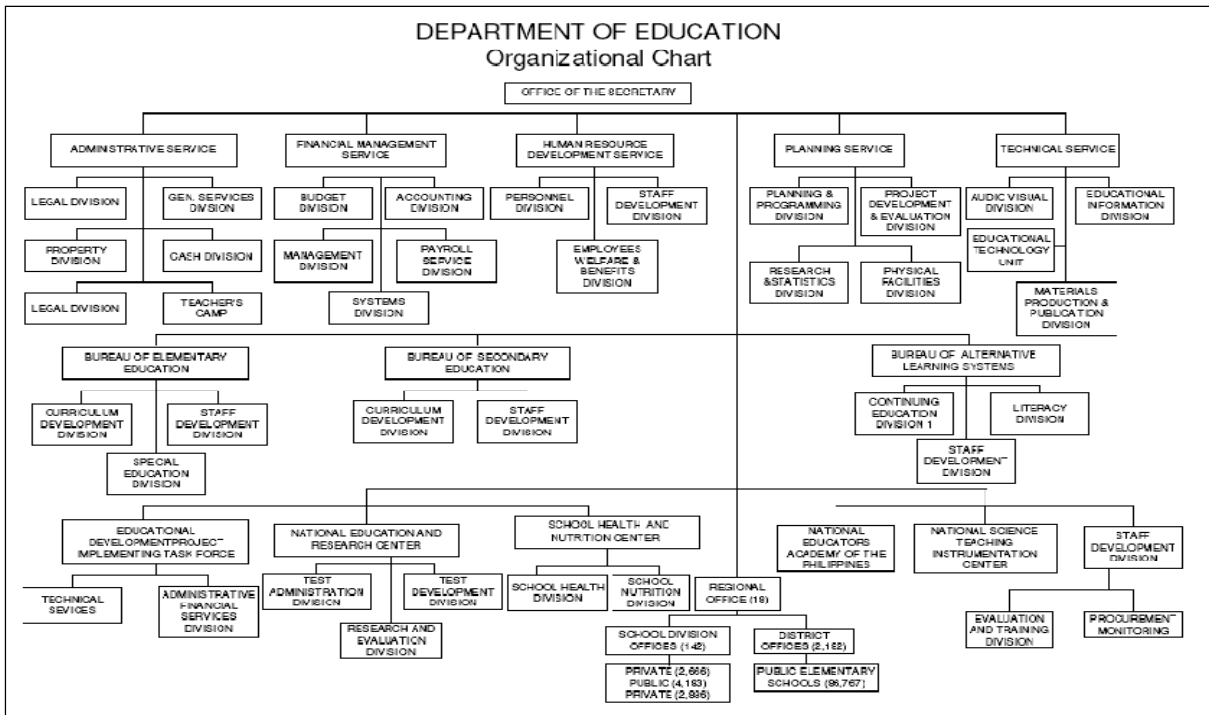
¹³ The history of education in the Philippines, and its central education authority for that matter, dates back to the Spanish, American, and Japanese colonialism. After World War II, the central education authority was named Department of Education, replacing Department of Instruction, through Executive Order No. 94 series of 1947. During this period, the Bureau of Public and Private Schools regulated and supervised public and private schools in the country. When martial law was declared by President Ferdinand Marcos through Proclamation 1081 in 1972, the Ministry of Education and Culture (MEC) was instituted, 13 regional offices were established, and other major organizational makeovers were implemented in the whole educational system. The Education Act of 1982 (Batas Pambansa Blg. 232) renamed the MEC into the Ministry of Education, Culture and Sports (MECS), which later became the Department of Education, Culture and Sports (DECS) in 1987 through Executive Order No. 117. DECS was further changed into Department of Education (DepEd) through RA 9155 of 2001.

mandated to “set the general directions for educational policies and standards and establish authority, accountability and responsibility for achieving higher learning outcomes” while field offices are required to translate the national policies into programs, projects, and services that are developed, adapted, and offered for local needs. Also, it is based on the empowerment of principals because their leadership roles are acknowledged as a key factor in improving education outcomes and, therefore, need to be strengthened. Further, it is based on school-based management because only when schools are empowered to concentrate on actual delivery of education services, within the context of transparency and accountability, can access and quality of education be guaranteed. Lastly, it is premised on the principle of inclusion in that its definition of basic education encompasses early childhood education, elementary and secondary education, and alternative learning systems (ALS) for out-of-school youth and adult learners, and special education for those with special needs.

2. Institutions: Actors and Their Roles and Responsibilities

2.1. Organizational Chart of DepEd. Since education is not yet a devolved sector in the Philippines, the institutional arrangement is still one of hierarchical structure, with DepEd at the top of the hierarchy, and its Secretary with most power and authority supervising the field offices—regional offices, school divisions, district offices, and private and public schools, as shown in **Figure 2.1**.

Figure 2.1 Organizational Chart, Department of Education



Source: Department of Education.

2.2. Functional Arrangement of Education Sector’s Institutional Actors. Prior to the passage of RA 9155, functional institutional arrangement was DepEd-centered. King (1999) shows this in **Table 2.1**. Decentralizing powers and authority to sub-national levels or to lower hierarchies were embedded into functional and institutional arrangements in RA 9155 and in Basic Education Sector Reform Agenda (BESRA).

Table 2.1 Responsibilities and Management in the Philippine Education System*

Function Activities	DECS	Regional	Division	District	Schools	LGUs
Policy formulation and legal action	●					
Budget Allocation	●	●	+	+	+	+
Teacher recruitment and deployment			●	●	+	
Recruitment and deployment of principals and supervisors			●			
Teacher salaries	●	●	●	+	+	
In-service training						
Principals	●	●	●	+	+	
Supervisors	●	●				
Non-teaching personnel	●	●	●			
Allocation of funds for INSET	●	●	+			
Textbook procurement	●		+		+	
Procurement of other instructional materials		●	●		+	
Procurement of other supplies	●	●	●		+	
Curriculum development materials	●		+			
Student assessment	●	●	●	●	●	
Educational Management Information System (EMIS)	●	●	●	●	●	
Education projects management	●		+		+	
School building						
Allocation of funds	●	+	+	+	+	
Construction and rehabilitation	●	+	+	+	+	
Maintenance and repair			●	●		+
Planning for new schools	●	●	●	+	+	+

● Indicates current involvement of each level in decisionmaking and financial management.

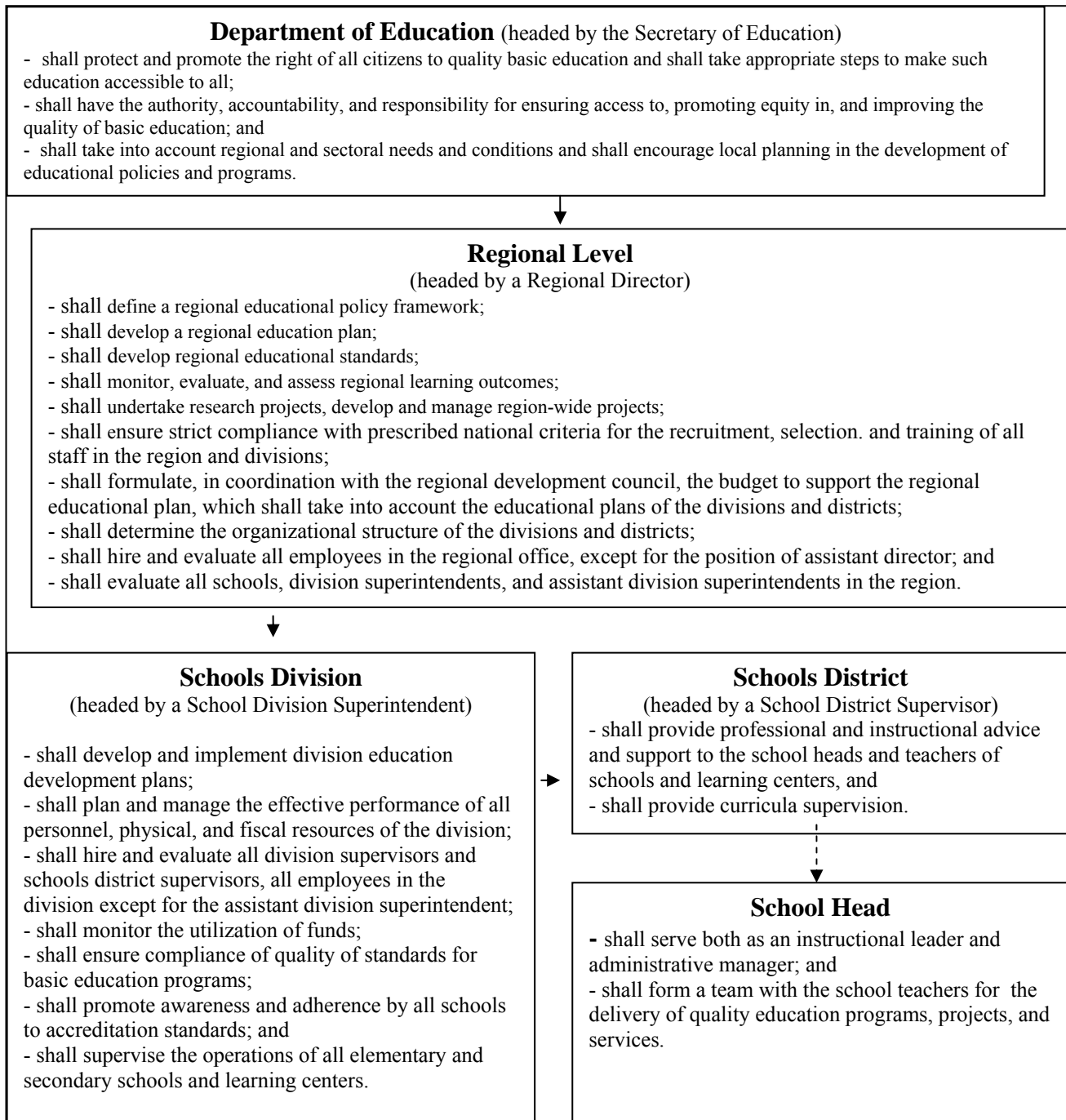
+ Indicates proposed system within the context of decentralization.

Source: *Adapted from Elizabeth King (1999) *Education Decentralization. In 1998 Philippines Education Sector Study. Asian Development Bank.*

With the passage of RA 9155, DepEd has turned itself into two major structural arrangements: the central offices at national level, with the primary task of overall administration of education system; and the field offices at local level, with the decentralized functions of coordinating and administering DepEd's mandate. With RA 9155, therefore,

governance of basic education becomes shared and is geared towards principal empowerment through school-based management (SBM). As stipulated in the law, “Governance of basic education begins at the national level. It is in the field offices at the regions, divisions, schools and learning centers where this is translated into programs, projects, and services developed, adapted and offered to fit the local needs.” Based on the provisions of the law, the functions and responsibilities of the different layers of deconcentrated education system are given in **Figure 2.2**. Though **Figure 2.2** may give the impression that there are five levels of education governance based on RA 9155, there are in fact only four. The school districts are not to supervise the schools but provide staff function to the Division; hence, the broken arrow signifying such non-supervisory function. This is actually the reason why the Association of District Supervisors is proposing to amend RA 9155. This is indicative of the resistance to change and could be the factor for the slow implementation of decentralization, among other issues.

Figure 2.2 Functional Arrangement of Institutional Actors of the Education Sector



Source: Republic Act 9155.

3. Key Strategies and Programs¹⁴

3.1 Medium-Term Philippine Development Plan (MTPDP) 2004–2010. The Philippine development agenda and poverty reduction strategy is articulated in the Medium-Term

¹⁴ For studies, surveys, programs, and projects on basic education, see Philippine Human Development Report (2009: 66–7).

Philippine Development Plan (MTPDP) 2004–2010, which prioritizes achieving universal basic education, among others (**Table 2.2**). The goals, strategies, and plans for basic education are:

1. promotion of early childhood development;
2. closing the classroom gap, which requires enhancing the school building program, adoption of double-shift classes, and expansion of Education Subcontracting Program and Provision of Scholarship and Financial Assistance Programs for High School Students;
3. installing distant learning system in conflict-ridden areas;
4. upgrading formal basic education curriculum and teachers specifically on mathematics, science, and English teaching and learning;
5. institutionalization of core values in the curriculum;
6. providing and connecting computers in every public high school for teaching and learning;
7. continuing the implementation of the Optional High School Bridge Program;
8. strengthening madrasah education and indigenous peoples education;
9. promoting school-based management for better education outcomes;
10. upgrading the quality of pre-service teacher education and providing continuum with in-service training; and
11. rationalization of the education budget through multiyear education planning and normative financing.

The early childhood and basic education targets are given in **Table 2.2**

Medium-Term Public Investment Plan (MTPIP) translates MTPDP's policy thrusts into key programs, activities, and projects (PAPs). In 2007, the education sector's allocation for the MTPIP was P145.56 billion, with 87% going to basic education alone. The country's overall education strategy is anchored on the National Education for All (EFA) 2015 Plan and the attainment of the MDGs.

Table 2.2 Early Childhood and Basic Education Plan Target, Philippines 2005–2010

Indicator	Baseline 2002	Indicative Target	
		2005	2010
Early Childhood Education			
1. Gross Enrolment Rate (public and private, SY 2003–2004) Day care centers (1,392,268: 23.73%) Preschools: public (408,596: 10.37%)	77	80	100
2. Percentage of Accredited ECE Providers/Workers Percentage of accredited DCC (23,665) Percentage of accredited DCW (23,610)	55.80 55	71 70	86 85
3. Percentage of preschool teachers having attained the required academic qualification	100		100
Formal Basic Education			
4. Net Intake Rate in Grade I Public (6 years old) Private (7 years old) Public and private (6 years old)	n.a. n.a. 47.10	n.a. n.a. 52.38	n.a. n.a. 61.19
5. Net Enrolment Ratio Elementary (6-11 years old) Secondary (12-15 years old)	90.05 58.03	91.02 67.48	93.01 83.73
6. Cohort Survival Ratio Elementary (Grade 6) Secondary (Year 4)	69.84 65.83	73 67.96	78 71.51
7. Dropout Rate (School leavers Rate) Elementary Secondary	7.34 13.10	5.52 11.24	4.32 8.14

Source: *Medium-Term Philippine Development Plan (MTPDP) 2005-2010*.

3.2 The Philippine National Action Plan for EFA 2015 Goals (Philippine EFA 2015).

Adopted in 2006, EFA 2015 Plan is the country's master plan for basic education. It provides for an overarching policy framework for basic education aimed at making every Filipino acquire basic competencies to achieve functional literacy for all.

It has four component objectives, as follows:

- Universal coverage of out-of-school youths and adults in the provision of basic learning needs.

- Universal school participation and elimination of dropouts and repetition in the first three grades.
- Universal completion of the full cycle of basic education schooling with satisfactory achievement levels by all at every grade or year.
- Total community commitment to attainment of basic education.

Six production tasks are outlined in the Plan to achieve these component objectives. These are

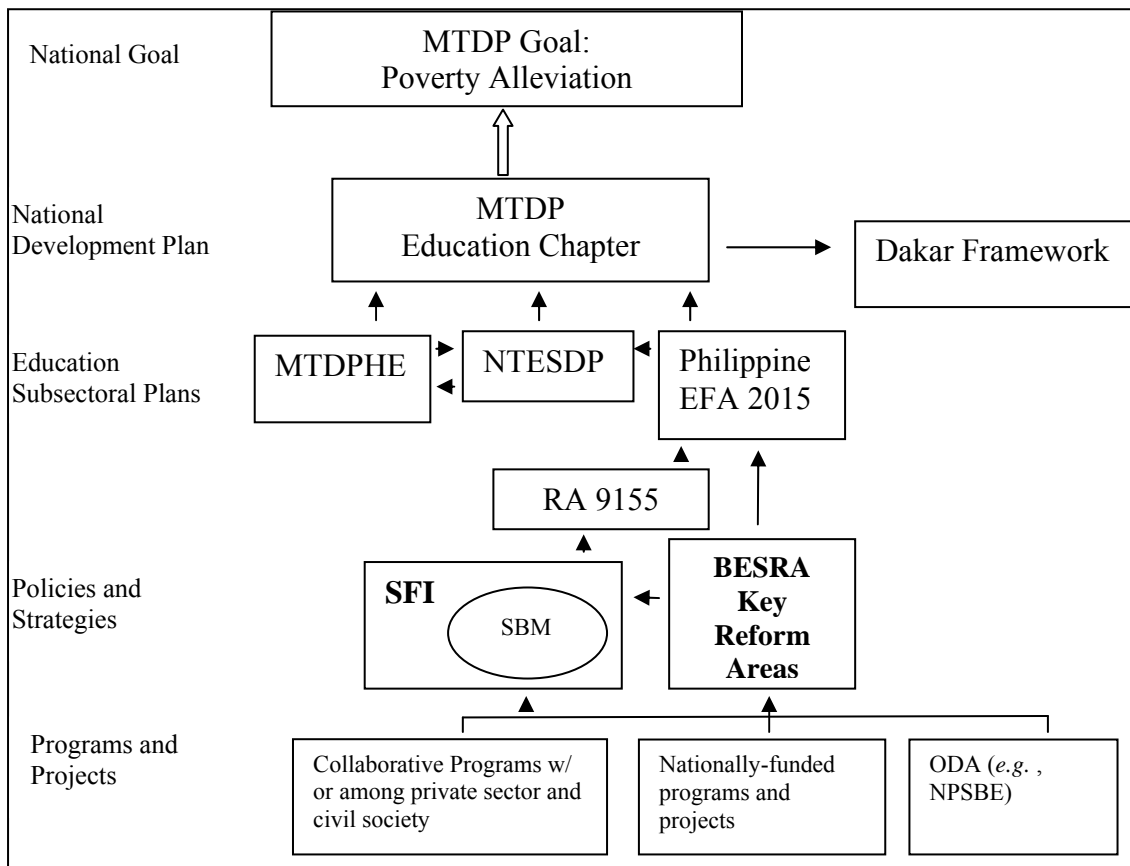
- Making every school continuously perform better;
- Making expansion of ECCD coverage yield more EFA benefits;
- Transforming nonformal and informal interventions into an alternative learning system (ALS) to yield more EFA benefits;
- Getting all teachers to continuously improve their teaching practices;
- Adopting a 12-year cycle for formal basic education; and
- Continuing enrichment of curriculum development in the context of pillars of the new functional literacy.

These production tasks are further complemented by three enabling tasks for successful implementation and replication, namely:

- Providing adequate funding for countrywide attainment of EFA goals;
- Creating network of community-based groups to improve governance for local attainment of EFA goals; and
- Monitoring progress in effort towards attainment of EFA goals.

The EFA goals, as embedded in the Philippine national plans, are presented in **Table 2.3**.

Table 2.3 EFA in the Philippine National Plans



Source: Country Profile commissioned for the EFA Global Monitoring Report 2008, *Education for All by 2015*.

3.3 School First Initiative (SFI) and School-Based Management (SBM). School First Initiative (SFI) 2005–2010 reinforces the country’s decentralization thrust in the education sector and is further articulated in the DepED’s BESRA. Enacted four years after RA 9155 was enacted, it complements EFA 2015 Plan in improving the policy environment conducive to quality education outcomes. It was designed to address certain education sector performance-related problems, especially on the widening resource gap and increasing dropout rates. In focusing on improving learning outcomes, it empowers local education stakeholders—teachers, principals, school managers, parents, local communities, and public officials—by giving them autonomy and control over resources. Further, it “decentralizes the system by distributing accountability across national, regional, and school levels” (World Bank 2006b: 29).

SBM is the key component of SFI’s move to decentralize the education sector. It involves deconcentrating some decision-making powers and functions to principals, school heads, teachers, students, and local communities. Reducing bureaucratic restrictions to better deliver

education services is the rationale for SMB. The idea is that local stakeholders can maintain education standards and realize education outcomes and impacts if given more autonomy and control over resources and school management. The advantages of SBM over traditional DepEd-centered approaches to school management include, among others, empowering schools, bringing senior administrators closer to stakeholders and making them accountable, making schools responsible for the management and implementation of their school improvement plans.

SMB was piloted through the Third Elementary Education Project (TEEP), one of the Official Development Assistance (ODA)-assisted projects that will be discussed below.

3.4 Basic Education Sector Reform Agenda (BESRA) 2005–2010. As a key reform strategy of DepEd to address the shortcomings in the implementation of RA 9155, especially with the centralized decision-making of DepEd and the lack of institutional capacities of field offices, DepEd formulated the BESRA in mid-2005. BESRA’s overarching objective is to achieve the MDGs and the EFA goals. The underlying idea is for local communities to take active role in performance-based and results-oriented school improvement. Reform strategies that were translated into policy actions in BESRA were based on successful local piloting of SBM and referencing on international standards and best practices in school improvement. BESRA’s policy actions are summarized under five reform thrusts, which are in turn translated into PAPs based on BESRA 2006 Program Implementation Plan. **Table 2.4** shows the complementarities of these reform thrusts and PAPs.

Table 2.4 BESRA in a Nutshell

BESRA Key Reform Thrusts	Focus of 2006 PIP
KRT 1: Get all schools to continuously improve	Getting schools to better manage their operations for improved learning through SBM
KRT 2: Enable teachers to further enhance their contribution to learning outcomes	Enabling more teachers to practice competency-based teaching through the Teacher Education and Development Program
KRT 3: Increase social support for attainment of desired learning outcomes	Providing better instructional support for learning quality assurance through the establishment of Quality Assurance and Accountability System
KRT 4: Improve impact on outcomes from complementary early childhood education, alternative learning systems, and private sector	

participation	
KRT 5: Change the institutional culture of DepEd to better support the key reform thrusts	Ensuring that resources are focused on achieving the desired outcomes by instituting an Outcome-Focused Resource Mobilization and Management

Source: DepEd, BESRA Progress Report, as of August 31, 2008.

3.5 DepEd's Key Programs. To crystallize the EFA 2015 goals, MTPDP targets, and MDGs on education, DepEd has formulated and implemented some priority thrusts through programs and projects. The priority thrusts are the following:

- Make quality basic education accessible to all.
- Reduce the number of out-of-school youths and adults.
- Leapfrog the quality of basic education into global standards.
- Increase spending for basic education from all possible sources (public national and local, private sources, ODA).
- Tighten the system of governance and enhance school-based management.

These thrusts have been translated into PAPs. Key PAPs are in the areas of (i) closing the gap in basic learning resources; (ii) providing new resources for learning; and (iii) scaling up relevant programs (DepEd 2008a).

In closing the gap in critical learning resources, DepEd has spent its resources in

- building almost 30,000 classrooms for the past four years (**Table 2.5**),
- providing computer access to more than 3,000 high schools,¹⁵
- increasing the number of textbooks per student with the view to achieving a 1:1 book-to-pupil ratio for the core subjects (**Table 2.6**),
- creating teacher and principal items¹⁶ (**Table 2.7**) to realize 1 school-1 principal ratio,
- giving more scholarships than building more high schools through Education Service Contracting (ESC) and Education Vouchers System (EVS) (**Table 2.8**),
- embarking on school-feeding program for young school children (**Table 2.9**), and

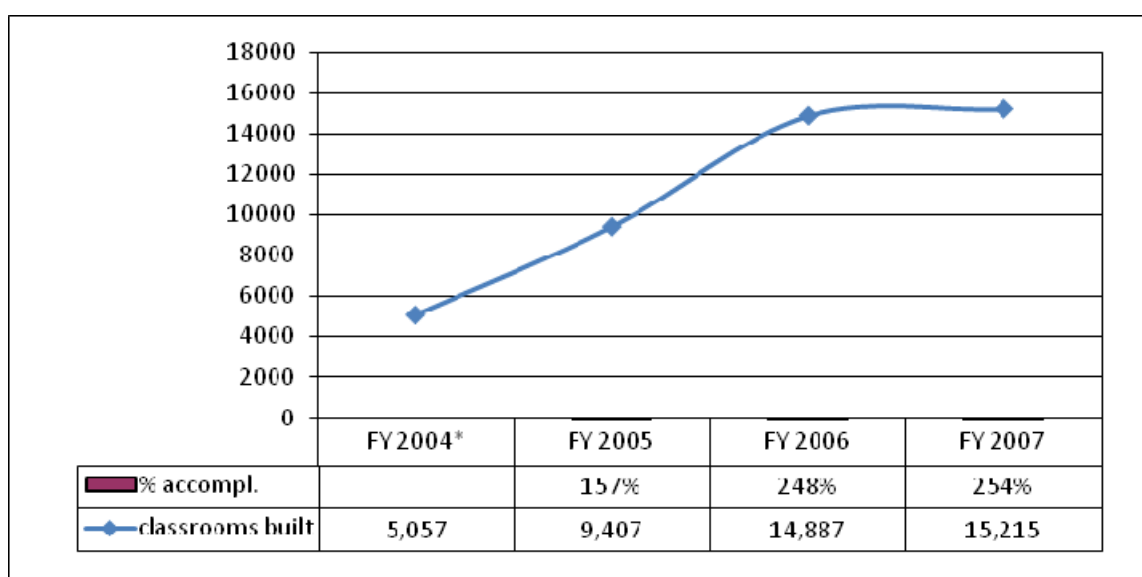
¹⁵ As of 15 July 2008, DepEd has provided computers to 4,769 public high schools (100%), and internet access to 1,383 public high schools (29%). It will provide computers to 1,670 newly opened high schools within the year. See DepEd Sona Commitments, Performance Report 2008.

¹⁶ For the period 2004-2008, a total of 43, 717 teacher items and 9, 248 principal items have been created.

- constructing a school building in every barangay to minimize cost of going to far-flung schools.

In 2001, the number of barangays without elementary schools was 1,617. In 2007, this was reduced to 267 (17%). The reason given for non-completion of target is the non-availability of sites for school purposes. As of July 2008, the total number of municipalities without high schools is only 4. These are in San Vicente, Ilocos Sur; Poona Piogapo, Lanao del Norte; Tangcal, Lanao del Norte; and Tagoloan, Lanao del Sur (DepEd 2008b).

Table 2.5 Classrooms Built, 2004–2007



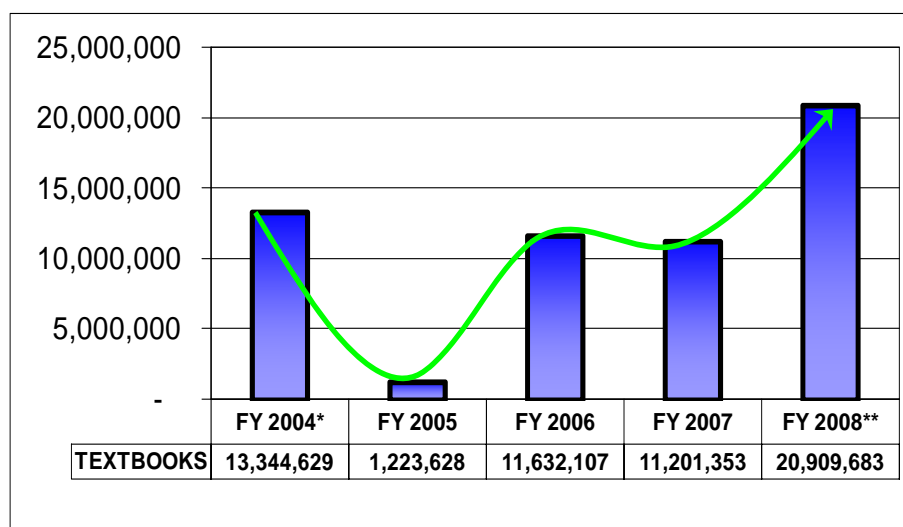
Note/s:

¹ The figures represent the number of constructed school buildings by various sources (DepED, private donors and NGOs through Adopt-A-School Program; School Building Program being implemented by other agencies such as DPWH, AFP, DOLE and DTI, DepED Foreign-Assisted Projects, and PDAF).

² From January to April 2008, DepED has constructed 4,485 classrooms in priority areas, which represents 75% accomplishment against the target of 6,000 classroom per year.

Source: SONA Commitments, Performance Report, DepEd, 2008.

Table 2.6 Number of Textbooks Per Student, 2004–2008



Notes:

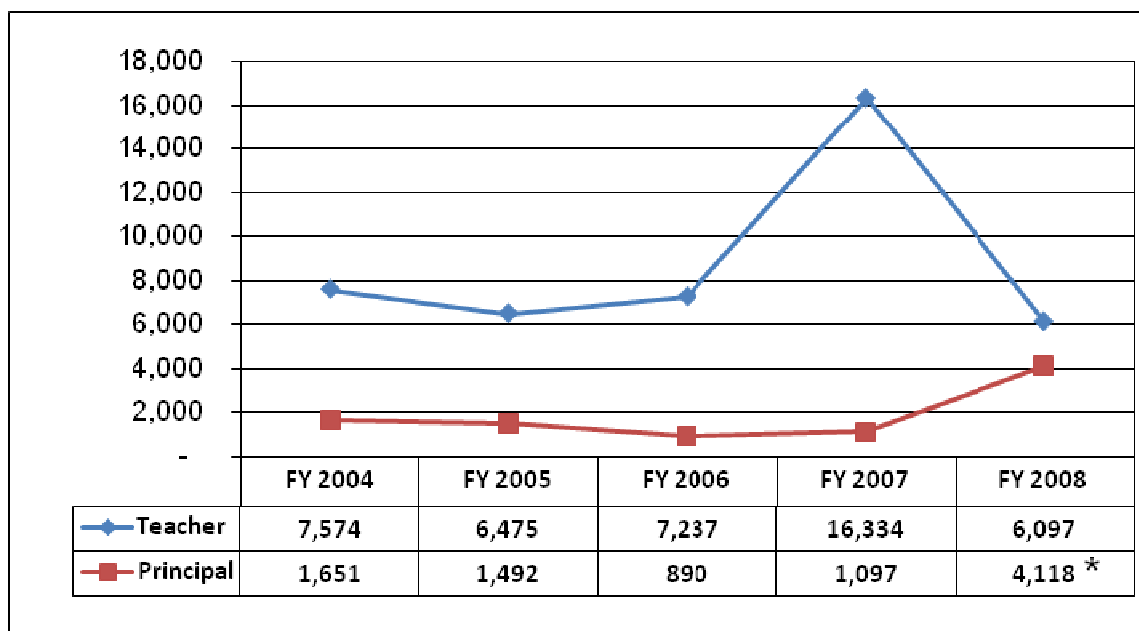
^{1/}A total of 58.3 million textbooks and 1.2 million teachers' manuals for the priority subjects have been procured and delivered since 2004, benefiting 17 million students. The textbook-to-pupil ratios attained from these procurement activities range from 1:1 to 1:2.

^{2/} There is a 29% decrease (from P43.55 to P31.08) on the unit cost of Elementary Textbook and Teachers Manual and 12% decrease (from P48.30 to P42.65) for Secondary Textbook and Teachers Manual based on the most recent procurements.

^{3/} DepED partnered with civil society organizations, Coca-Cola Bottling, Inc., and KAAKBAY, CDI to ensure transparency of bidding and that exact quantities are delivered to recipients. To date, these organizations reported no defective deliveries on physical quality such as printing, binding, or packaging defects on those textbooks.

Source: SONA Commitments, Performance Report, DepEd, 2008.

Table 2.7 Teacher and Principal Items, 2004–2008



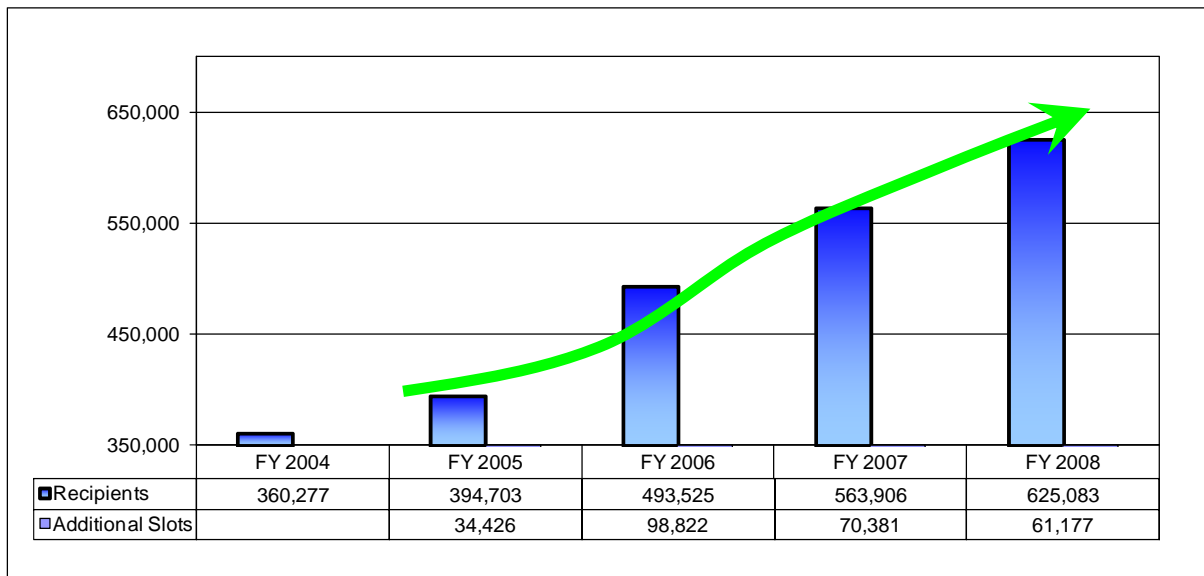
Notes:

^{1/} A total of 43,717 teacher items and 9,248 principal items have been created for the period, 2004–2008. For FY 2008, principal items include 1,818 school heads (OICs, TICs) whose items were converted to principal items.

^{2/} The current national teacher-pupil ratio stands at 1:36 for elementary level and 1:42 for secondary level.

Source: SONA Commitments, Performance Report, DepEd, 2008.

Table 2.8 Education Service Contracting and Education Vouchers System

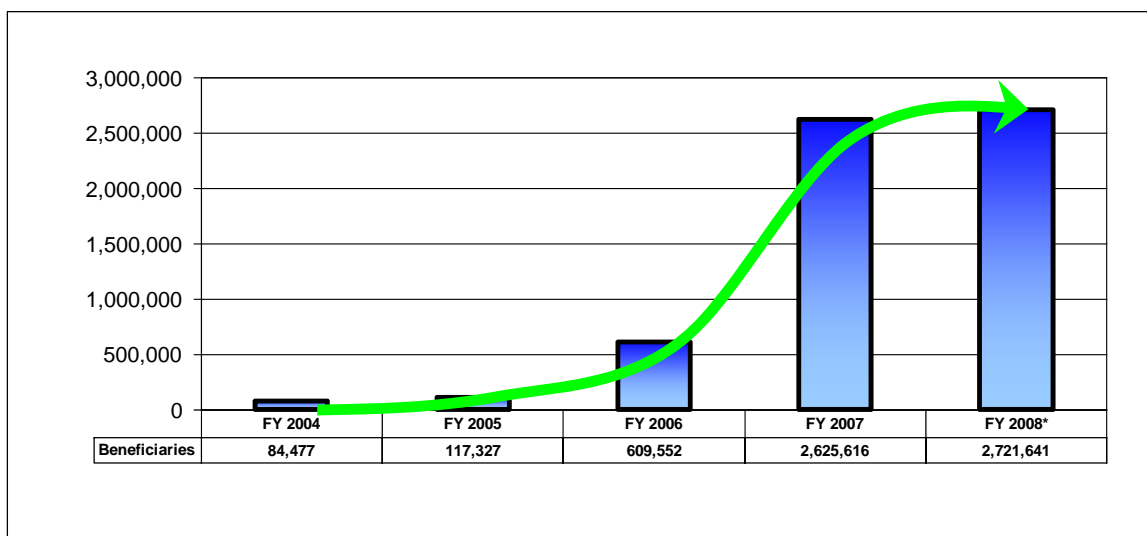


Notes:

^{1/} SY 2007–2008: 563,906 grantees at P5,000 per slot; SY 2008–2009: 625,083 grantees at P5,000 per slot, except for NCR’s new slots with P10,000 each; 475,560 grantees are under Education Service Contracting, while 88,346 grantees are under Education Vouchers System. Average tuition fee in NCR among participating private high schools is P25,000 per school year.

Source: SONA Commitments, Performance Report, DepEd, 2008.

Table 2.9 School-Feeding Program



Notes:

^{1/} DepED has been implementing the Food-for-School Program to preschoolers and Grades 1–6 in the food-poor priority areas/provinces.

Source: SONA Commitments, Performance Report, DepEd, 2008.

In providing new resources for learning, DepEd has worked to provide additional MOOE for specialized schools, SBM grant, basic science and math equipment (DepEd 2008a), and for strengthening English, Science, and Math education by training teachers and developing curriculum (DepEd 2008b). **First**, DepEd worked to provide supplemental budget for

elementary and secondary schools. The budget is intended for co-curricular activities and special curricular offering to promote holistic development of public school children, as well as for schools specializing in Science, Math, Arts, Sports, Special Education, and Technical-Vocational Education to serve as breeding grounds for future scientists and talents. **Second**, DepEd worked to provide SBM grant, a block of fund for schools, in order to support expenditures entailed by institutionalizing SBM approach at school governance. The SBM grant, which used to be called Schools First Initiative Fund, caters more to low-performing schools in terms of education outcomes such as participation, completion, and achievement. Aimed at enabling schools and their stakeholders to better improve delivery of education services, the grant can be used to set up SBM structures such as school governing council, or develop school-level plans as blueprints for improved outcomes. DepEd's Standards and Framework for Improved School-Based Management Practice is the assessment tool in gauging the SBM practice of schools. This standard is designed to "create a critical mass of schools that can self-lead towards the attainment of higher learning outcomes" (DepEd 2008a). A total of 4,600 schools benefited from this grant in 2006 and approximately 10,000 schools in 2007. **Third**, DepEd also worked to provide science equipment, laboratories, and workshops. In 2007, it initiated the Science Equipment Mass Production Project aimed at bridging the gap between scientific theory and practice in schools. Through provision of science and math equipment, students are able to apply scientific concepts for better experimentation and improved learning. In 2008, a total of 1,812 priority high schools benefited from such provision. Construction of science laboratories and holding of technical-vocational workshops have been initiated to complement the DepEd's equipment-provision initiative in order to improve quality of co-curricular programs in selected high schools. Fourth, in strengthening English, Science, and Math Education, resources have been spent on teaching training and curriculum development. A total of 7,446 (53%) non-major teachers in high school now possess Certificates in Science and Math Education, while another 3,670 (26%) teachers are now enrolled in Science and Math courses. This complements the training of 152,389 teachers in English, Science, and Math. Further, the use of English as medium of instruction has been strengthened by requiring 3 (English, Science, Math) out of 5 subjects in elementary level, and 5 (English, Science, Math, Technology Livelihood Education, and Music, Arts and Physical Education or MAPE) out of 8 subjects in secondary level to be taught in English.

DepEd has also scaled up relevant programs such as in Early Childhood/Preschool Education, GASTPE, Madrasah education, and Information and Communication Technology (ICT) in basic education, Alternative Delivery Modes of Learning, and Alternative Learning Services. **First**, DepEd expanded its financial contribution to educating children 5 years old and below. It spent P250 million for early childhood education programs in 2006, P500 million in 2007, and P2 billion in 2008.¹⁷ **Second**, DepEd increased the beneficiaries for the GASTPE program, benefiting a total of 607,085 students in 2007, with 507,677 beneficiaries for ESC and 99,408 beneficiaries for EVS. DepEd also coordinated with the private sector through the Private Educational Assistance Council (PEAC) and the Fund for Assistance to Private Education (FAPE) for an improved system of granting student scholarships. **Third**, DepEd expanded the Madrasah education program to 17 regions in 2007; sent the second batch of 9 Filipino Muslim scholars to the University of Brunei Darussalam to earn a full-time Certificate in Teaching Arabic as a Second Language and School Administration Program; and has continued forging arrangements with other universities in countries such as Indonesia and Australia to increase the number of Filipino Muslim scholars for better implementation of the program. **Fourth**, DepEd ventured into technology-based interventions which include, but are not limited to: (i) ICT-based Distance Education Program in pursuit of the goals of Project REACH or Project: Reaching All Children, (ii) ICT for Education (ICT4E) that aims to help teachers integrate ICT in their students' learning, and (iii) Continuing Studies Via Television (CONSTEL) that aims to train and upgrade competencies of elementary and secondary teachers in English, Science and Mathematics through tele-lessons. **Fifth**, to address the basic education needs of learners in sparsely populated areas and those encountering problems attending formal school system (e.g., student workers, over-aged learners, students at risk of dropping out, special children, and children with disabilities), DepEd instituted Alternative Delivery Mode (ADM) programs in selected schools nationwide. For elementary education, these include Multi-grade Education and the Distance Education for Public Elementary Schools (DEPES). For secondary education, these are the Open High School and the Project EASE (Effectiveness and Affordable Secondary Education). **Sixth**, to address the basic education needs of out-of-school youths and adults, DepEd tripled its spending in 2007 (from P45 million in 2006) for the Alternative Learning System (ALS) program, which involves the delivery of non-formal education services to

¹⁷ E.O. 685 (2008), "Expanding Preschool Coverage to include children in day Care Centers," signed into law on January 10, 2008, was instrumental for the increase in budget and coverage.

these clientele in collaboration with NGOs and LGUs. ALS has a system for Accreditation and Equivalency which facilitates the mainstreaming of learners to formal education.

3.6 Private Sector and Civil Society Programs. Understanding the value of partnership with private sector and civil society organizations in achieving EFA 2015 goals, MTPDP targets, and MDGs, DepEd has involved these organizations in the planning, financing, implementation, and monitoring of programs in basic education. The following are the major programs (**Table 2.10**):

Table 2.10 Major Programs Involving Private Sector and Civil Society in the Provision of Critical School Resources, 2000–2006*

Program	Description	Management	Contributions	Legal Basis/Sustainability
Adopt-a-School	Established through the Adopt-a-School Act of 1998, serves as an invitation and a campaign for private entities to become active partners in the delivery of basic education services by giving assistance in the provision of classrooms, among others Launched in 2000	Managed by a Secretariat attached to the Office of the Secretary of DepEd	Classrooms, desks, textbooks, teacher training, food and nutrition supplements	Founded on a law; but the DepEd should sustain efforts to bring in the private sector and to intensify advocacy to appeal to them based on the framework of corporate social responsibility
Sagip Eskwela (Save School)	Started in 2004, brings in cash donation from various private organizations and individuals for the construction of new classrooms and repair of school buildings damaged by typhoon and other calamities	Managed by the Adopt-a-School Secretariat	Classroom construction and repair	Pursuant to Adopt-a-School Law. Sustainability depends on DepEd leadership
Brigada Eskwela	Started in 2002, the nationwide mobilization activity is community-led and involves parents and other community members to give in-kind contributions (e.g., labor, cleaning instruments, plants, etc.) to repair classroom and furniture, as well as other contributions to improve the school environment at the beginning of every school year	Managed by the Adopt-a-School Secretariat	Classroom and school furniture repair, provision of cleaning instruments, building and repair materials	Presidential Memorandum Order No. 170 (2005) institutionalization of National Maintenance week as a special week for Brigada Eskwela
Operation Barrio School–Federation of Filipino-Chinese Chamber of Commerce and Industries, Inc.	Through its Operation Barrio School, the Federation of Filipino-Chinese Chamber of Commerce and Industry (FFCCCI) is building 2,500 schools in poor areas throughout	FFCCCI builds and then turns the school building over to DepEd	Two-classroom school building construction	Pursuant to Adopt-a-School Law

	the Philippines.			
Classroom Galing sa Mamamayang Pilipino Abroad (CGMA) – Classrooms from Filipinos Overseas	Through the Department of Labor and Employment, the Classroom Galing sa Mamamayang Pilipino Abroad (CGMA) project solicits support from Filipinos to build 10,000 classrooms in identified priority elementary and secondary schools across the Philippines. The initiative began in 2003.	Implemented in cooperation with the DOLE, OWWA	Classroom construction	DOLE Department Order 170 (2005)

Source: *Adapted from Country Profile commissioned for the EFA Global Monitoring Report 2008, Education for All by 2015.

3.7 ODA in Basic Education. DepEd has capitalized on its partnership with foreign bilateral and multilateral donors in providing critical resources and in complying with global standards for effective learning and teaching. Official Development Assistance (ODA) has therefore played a key role in financing programs with a view to high-impact quality, accessibility, equity, and sustainability in basic education. This has been done in two forms of financial assistance: grants-in-aid and loans. **Table 2.11** shows the ODA portfolio in basic education of the country.

Table 2.11 Philippine Basic Education Sector ODA Portfolio, 2006*

Project Title	Location	Project Cost				Implementation Schedule
	Regions	Total Cost	Loan	Grant	Philippine Govt.	Timeframe
Total Loans and Grants		24,040.15	15,471.83	1,265.48	7,302.84	
A. Grants		1,357.38		1,265.48	91.90	
1. Philippine-Australia Basic Education Assistance for Mindanao (PA-BEAM) Phase II	XI, XII, ARMM	892.46		823.36	69.10	June 2004–May 2008
2. Country Program for Children (CPC VI)	NCR, II, III, V, VI, VII, VIII, IX, X, XI, XII, CARAGA and ARMM	251.44		251.44	in kind	January 2005–December 2009
3. Strengthening Implementation of Basic Education in Selected Provinces in Visayas Project (STRIVE) I	VII and VIII	136.15		125.48	10.67	October 2005–March 2007

4. Government of Spain and Government of the Philippines School Building Project I	III, IV-A, VI, IX, XII and ARMM	77.330		65.20	12.13	December 2006–December 2007
B. Loans		22,682.77	15,471.83	—	7,210.94	
1. Third Elementary Education Project (TEEP)*	II, III, IV-B, V, VI, VII, VIII, IX, XII, CAR and CARAGA	12,726.27	8,817.24	—	3,909.03	IBRD July 1997–June 2006
						JBIC April 1997–April 2006
2. Secondary Education Development and Improvement Project (SEDIP)	II, III, IV-B, V, VI, VII, VIII, IX, XII, CAR and CARAGA	5,968.77	3,481.34	—	2,487.43	ADB May 1999–Dec 2007
						JBIC March 2000–Sept 2008
3. Mindanao Sustainable Settlement Area Development (MINSSAD)	X, XI, CARAGA	122.71	103.36	—	19.35	Sept 2001–June 2007 (school building construction and repair, desks/seats)
4. Social Expenditures Management Project (SEMP II)	Nationwide	3,865.02	3,069.89	—	795.13	Dec 2002–June 2006 (school building construction and repair)
						Dec 2002–June 2007 (Textbooks)

Source: *Adapted from Country Profile commissioned for the EFA Global Monitoring Report 2008, Education for All by 2015.

Basic Education Assistance for Mindanao Phase II, funded by the Australian Agency for International Development (AusAID), was aimed at helping selected divisions in Mindanao to formulate their educational development plans.

The UNICEF-funded CPC 6 aims to improve access to quality Early Childhood Education and Formal Basic Education in 24 disadvantaged provinces and to create a network of child-friendly schools that promote effective teaching as well as gender-fair, health-promoting, protective, and inclusive practices with community participation. Strengthening Implementation of Basic Education in Selected Provinces in Visayas (STRIVE), a DepEd project supported by the Government of Australia through AusAid, aimed to improve the quality of, and access to, basic education in the Visayas through developing and strengthening selection education management and learning support systems. The

Government of Spain and the Government of the Philippines School Building Project 1 was intended to build classrooms in certain areas, improve teaching strategies, and strengthen the management capabilities of teachers and school managers to attain quality education for Filipino school children.

The Mindanao Sustainable Settlement Area Development (MINSSAD) Project, under assistance of Japan Bank for International Cooperation (JBIC), is implemented in selected provinces in Mindanao by the Department of Agriculture, with DepEd providing supervision and technical assistance on the education component of the program. The Third Elementary Education Project, funded by the World Bank and JBIC, was instrumental for the piloting of SBM and its eventual inclusion as both a principle of education governance and policy initiative in RA 9155. The Secondary Education Development and Improvement Project (SEDIP I & II), funded by the Asian Development Bank (ADB) and JBIC, adopts TEEP in secondary education, and hence, another initiative in decentralized governance in education. The Social Expenditures Management Project (SEMP II), financed by the World Bank and implemented by DepEd, DOH, DSWD, and DPWH, aimed to provide quality inputs to social services such as education, health, and social welfare, as well as to enhance performance and governance quality through systems improvement and reforms such as in procurement, financial management, and information technology. Most of the ODA programs have been extended beyond the first phase.

4. Trends and Challenges

Policy Gaps in Basic Education Governance

4.1 Sustainability of Performance Gains. Owing to the government's policy actions, there has been a modicum of progress in some education outcomes (**Tables 2.12** and **2.13**), albeit far from achieving goal 2 of the MDGs, i.e., achieve universal primary education in light of the targets on net enrolment rate (NER) or participation rate, cohort survival rate (CSR), and completion rate. It is noteworthy that for both elementary and secondary education, participation rates, CSR, completion rates, and school leavers rates improved in SY 2007–2008, dropout rates declined, and total enrolments improved. Sustaining such performance gains will help achieve the MTPDP targets, EFA goals, and MDGs. For example, participation rate in elementary education may have improved in SY 2007–2008, but it has yet to regain its highest rate of 89% in SY 2003–2004. Moreover, the declining rates in gross

enrolment ratio (GER) since 2006 for both elementary and secondary levels need to be addressed.¹⁸ The inverse correlation between low GER and NER in primary education by region on the one hand, and poverty incidence on the other, proves that the government needs to invest in primary education and in fighting poverty. This becomes even more compelling with the unfolding of the global financial crisis which has heightened the vulnerability of children from disadvantaged households.

Table 2.12 Selected Performance Indicators in Elementary Education, 2002–2007

	2002–2003	2003–2004	2004–2005	2005–2006	2006–2007	2007–2008
Gross Enrolment Ratio	100.4	98.3	92.2	93.2	91.8	91.3
Participation Rate	83.3	88.7	87.1	84.4	83.2	84.8
Cohort Survival Rate (Grade VI)	69.5	63.6	63.8	60.5	64.3	65.7
Completion Rate	66.9	62.1	62.1	59	62.8	64.3
Average Dropout Rate	1.3	1.4	1.3	1.4	1.3	1.2
Average School Leaver Rate	7.4	9.1	9.0	9.9	8.8	8.5
Pupil-Teacher Ratios (PTRs), Nationally Funded	35.8	35.8	35.3	35.1	35.2	35.4
<i>Enrolment</i>						
<u>Public</u>						
Total Enrolment (all ages)	12,048,892	12,065,686	12,088,679	11,982,566	12,083,661	12,304,207
Total Enrolment (ages 6–11)	9,995,296	10,034,926	10,045,064	9,935,632	10,013,036	10,173,516

Source: BEIS (Research and Statistics Division, Planning Service, DepEd), circa 2007-2008; DepEd FactSheet, September 2008.

¹⁸ While there are conventional data (i.e., increase in number of barangays without elementary schools, dilapidated school facilities, etc.) that could explain the declining trend in gross enrolment rates, Albert and Maligalig (2008) offer an alternative view to explain decreasing school attendance. Based on the results of the 2002 and 2004 APIS, 29% of children in the elementary age group (6–11 years old) have no personal interest to attend school. The study cited a number of factors that could have contributed to this lack of interest, including lack of parental support, low quality of schools available, distance of schools, and the overwhelming desire to contribute to family income. The second major reason (accounting for 25% of the respondents), fall under the category “Others,” which could mean any of the following: (i) too young to attend school, (ii) not admitted in school, and (iii) lack of documents such as birth certificate. For the secondary age group (12–15 years old), lack of personal interest and high cost of education were cited as the top two reasons for non-attendance.

Table 2.13 Selected Performance Indicators in Secondary Schools, 2002–2007

	2002– 2003	2003– 2004	2004– 2005	2005– 2006	2006– 2007	2007– 2008
Gross Enrolment Ratio	65.7	67.3	62.8	62.9	62.8	62.6
Participation Rate	45.6	60.2	60.0	58.5	58.6	61.9
Cohort Survival Rate (Year IV)	63.9	60.4	60.8	54.7	60.1	61.5
Completion Rate	58.6	56.1	56.5	49.9	55.5	56.9
(Ave.) Dropout Rate	6.6	6.4	6.5	6.6	6.7	6.2
Ave. School Leaver Rate	13.9	15.5	15.2	18.1	15.8	15.1
Student-Teacher Ratios (STRs), Nationally Funded	42	41.6	39	39.4	39.2	38.9
<i>Enrolment</i>						
<u>Public</u>						
Total Enrolment (all ages)	4,790,925	5,027,847	4,799,848	4,919,346	5,026,381	5,126,459
Total Enrolment (ages 12–15)	3,324,327	3,512,249	3,325,418	3,551,374	3,634,655	3,708,930

Source: BEIS (Research and Statistics Division, Planning Service, DepEd), circa 2007–2008; DepEd FactSheet, September 2008

There has been a considerable gain in the health and nutrition status of children in terms of comprehensive medical and dental treatment for pupils and their teachers, deworming of children and teachers, and provision of foodstuffs (e.g., rice, milk, and breakfast items). Public elementary enrolment with children below the normal nutritional status has improved from 20% in 2006 to 17% in 2007. This progress is due to the institutionalization of Food-for-School Program and health and nutrition programs. Moreover, attendance of Grades 1–6 in the priority provinces has improved from 90% to 95% (Table 2.14).

Table 2.14 Nutritional Status of Public Elementary School Children

Grade Level	Enrolment	Pupils Weighed		Weight/Body Mass Index (BMI)					
				Below Normal		Normal		Above Normal	
		No.	%	No.	%	No.	%	No.	%
Pre-elem	407,784	312,706	76.68	38,747	12.39	263,749	84.34	10,210	3.27
I	2,463,327	2,147,183	87.17	404,444	18.84	1,699,618	79.16	43,121	2.01
II	2,073,545	1,846,244	89.04	305,555	16.55	1,497,495	81.11	43,194	2.34
III	1,936,216	1,746,392	90.20	266,904	15.28	1,432,216	82.01	47,272	2.71
IV	1,866,497	1,626,582	87.15	277,548	17.06	1,297,609	79.78	51,425	3.16
V	1,775,057	1,605,950	90.47	294,161	18.32	1,258,431	78.36	53,358	3.32
VI	1,679,871	1,528,189	90.97	254,581	16.66	1,220,345	79.86	53,263	3.49
SPED	28,926	21,305		2,433	11.42	17,461	81.96	1,411	6.62
Multi-grade	108,009	99,736		24,429	24.49	74,378	74.57	929	0.93
TOTAL	12,339,232	10,934,287	88.61	1,868,802	17.09	8,761,302	80.13	304,183	2.78

Source: DepEd, Basic Education Information System Enrolment for SY 2005-06

This notwithstanding, **Table 2.15** shows that almost a quarter of Filipino children (24.6% of the population) 5 years old and below are underweight. This has a direct effect on the education outcomes the government has been determined to improve.

Table 2.15 Prevalence of Underweight Children 0–5 Years Old

Region	1989/1990	1992	1993	1996	1998	2001	2003	2005
tab	34.5	34	29.9	30.8	32	30.6	26.9	24.6
NCR	28.6	27.8	29.8	23	26.5	20.3	17.8	16.2
CAR	24.8	17.8	17.5	27.9	26.7	23.4	16.3	17.5
I. Ilocos	35.2	33.1	32.5	26	36.2	31.5	28.9	28.5
II. Cagayan Valley	30.2	34.8	23.5	34.5	32.3	31.2	34.1	17.9
III. Central Luzon	28	23.3	19.6	25.3	26.7	25.9	21.7	19.7
IV. Southern Tagalog	30.6	30.3	32.5	26.2		27.8		
IV-A CALABARZON							22.4	20.5
IV-B MIMAROPA							34.2	35.8
V. Bicol	41.3	39.2	31.5	37.6	36.5	37.8	32.8	26.4
VI. Western Visayas	46	44.9	34.4	36.3	39.6	35.2	32.6	28.3
VII. Central Visayas	40.7	42.2	25.5	32.2	33.8	28.3	29.4	27
VIII. Eastern Visayas	38.1	37.4	34.4	40.1	37.8	32	29.9	32.1
Western Mindanao	33.8	33.2	36.3	35.3				
IX. Zamboanga Peninsula					34.4	31.8	31.5	33.9
X. Northern Mindanao	31	35	30.1	31	29.8	34.1	24.3	25.4
Southern Mindanao	37.1	37.1	34.6	37.1				
Central Mindanao	33.2	35.7	32.8	36.8				
XI. Davao					32.9	32.3	22.6	23.1
XII. SOCCKSARGEN					32.4	30.2	30.3	27.8
CARAGA				34.4	34.1	33.5	30.2	24.3
ARMM	31.3	33.1	28	29.7	29.1	27.9	34	38

Source: National Nutrition Survey, as cited in DevPulse.

4.2. **Quality Education.** Achievement rates in three subject areas—Science, Math, and English—for both elementary and secondary education have improved (**Tables 2.16** and **Table 2.17**). However, the sustainability of gains is still in question considering that only minimal improvements have been registered. The average rate for all subjects is only 64.81 MPS in 2008, which is only a 4.87% increase from 2007. Thus, the possibility that this rate may decline, just like what happened in 2006, is not that remote unless sustained efforts are exerted by all school managers and stakeholders, both national and local.

Table 2.16 Achievement Level in Elementary (in %)

	2003–2004	2004–2005	2005–2006	2006–2007 ¹	2007–2008 ¹
	Grade IV	Grade VI	Grade VI	Grade VI	Grade VI
Achievement Rate (MPS)	-	58.73	54.66	59.94	64.81
Mathematics	59.45	59.10	53.66	60.29	63.89
Science	52.59	54.12	46.77	51.58	57.90
English	49.92	59.15	54.05	60.78	61.62
Hekasi	-	59.55	58.12	61.05	67.44
Filipino	-	61.75	60.68	66.02	73.18

Note:

¹National Achievement Test (NAT), for elementary level, was given in Grade IV in SY 2003–2004 and in Grade VI from SY 2004–2005 to SY 2007–2008.

²Enrolment for SY 2006–2007 and SY 2007–2008 does not include SUCs data based on BEIS:SSM. Private schools enrolment is based on consolidated report submitted by Regional Office.

Source: DepEd Fact Sheet.

Table 2.17 Achievement Level in Secondary Schools

	2003– 2004	2004– 2005	2005– 2006	2006– 2007 ¹	2007– 2008 ¹
	4th year	4th year	4th year	2nd year	2nd year
Achievement Rate (MPS)	44.36	46.80	44.33	46.64	49.26
Mathematics	46.20	50.70	47.82	39.05	42.85
Science	36.80	39.49	37.98	41.99	46.71
English	50.08	51.33	47.73	51.78	53.46
Filipino	-	42.28	40.51	48.89	47.64
Araling Panlipunan	-	50.01	47.62	51.48	55.63

Note:

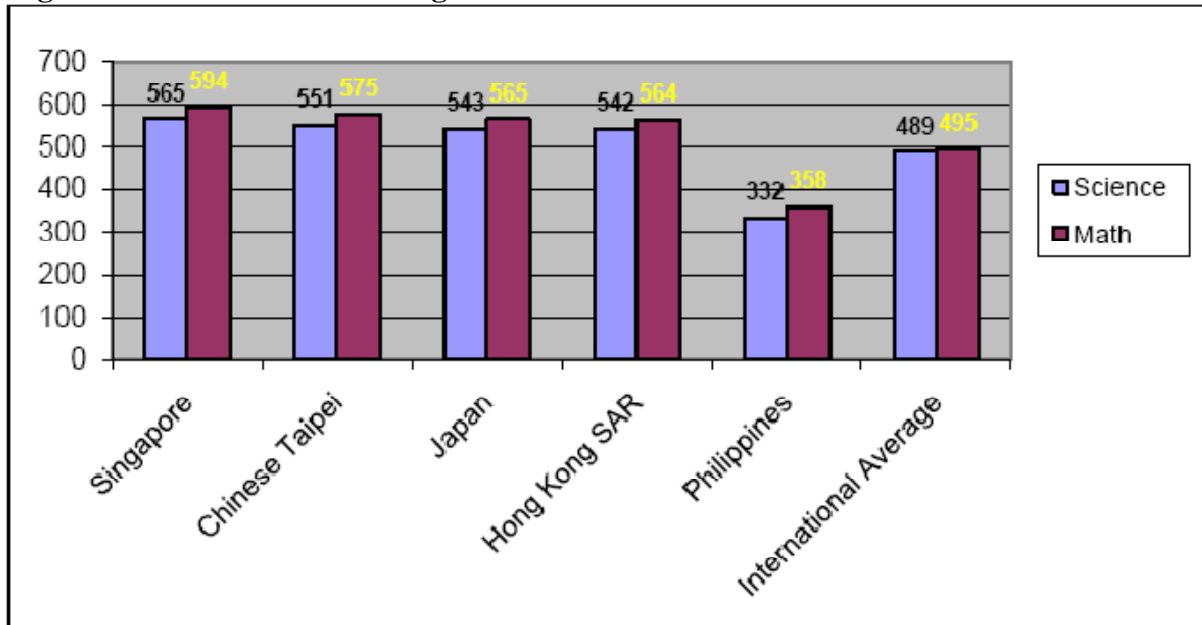
¹For secondary level, NAT was given to 4th Year in SY 2003–2004 to SY 2005–2006. In SY 2006–2007 and 2007–2008, NAT was administered to Yr. 2.

²Enrolment for SY 2006–2007 and SY 2007–2008 does not include SUCs data based on BEIS:SSM. Private schools enrolment is based on consolidated report submitted by Regional Office.

Source: DepEd Fact Sheet

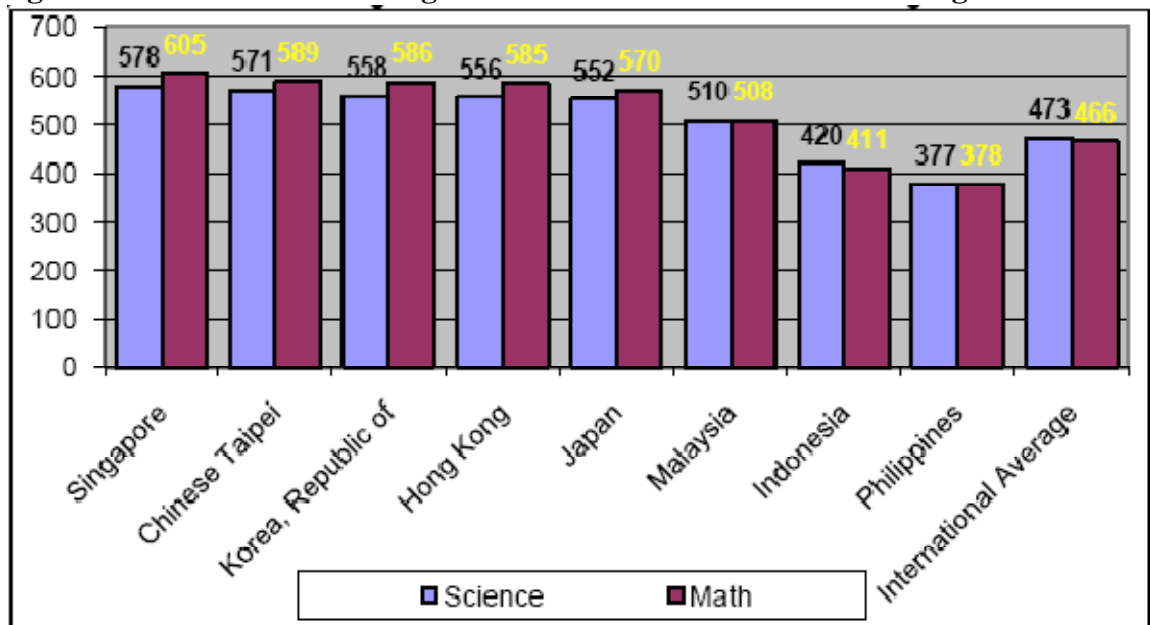
Further, improvements in terms of achievement levels may not be a cause for celebration when viewed from international standards such as TIMMS. Records show that the Philippines has been lagging behind some Asian countries in terms of quality of education. **Figures 2.3** and **2.4** show how the Philippines is hard-put to even measure up to international standard, as evidenced by the performance in Math and Science of the country's fourth-grade and eighth-grade students. A number of factors have been cited for the country's dismal performance. Education officials have exerted efforts towards reversing these negative trends, but more is to be done if the country is to make a dent on education outcomes from a comparative perspective.

Figure 2.3 2003 TIMMS Average Science and Math Scale Scores of Fourth-Grade Students



Source: Highlights from 2003 Trends in International Mathematics and Science Study (as quoted from Senate Economic Planning Office, 2008).

Figure 2.4 2003 TIMMS Average Science and Math Scale Scores of Eight-Grade Students



Source: Highlights from 2003 Trends in International Mathematics and Science Study (as quoted from Senate Economic Planning Office, 2008).

4.3 **Shortage of Educational Inputs**¹⁹. To DepEd’s credit, it was able to gradually address, in spite of budget constraints, the deficits in teachers and classrooms²⁰ that hounded the basic education sector for years (**Table 2.18**). However, the remaining shortfall in the number of teachers and classrooms is still significant. In contrast, the textbook-pupil ratio improved dramatically from 1:6 in SY 1999–2000 to 1:1.2 for all subjects, with the exception of secondary level English which had a ratio of 1:2 in SY 2007–2008 (**Table 2.19**). This occurred even as improvements in procurement arrangements cut the unit cost of textbooks by half.

Table 2.18 Addressing Input Gaps in Basic Education, 2003–2007

Teacher Requirements		Classroom Requirements	
Teacher deficit as of SY 2003–2004	37,986	Classroom deficit as of SY 2003–2004 ^{a/}	31,952
Additional teachers required for 2004–2007 due to enrolment growth	9,023	Additional classrooms required for 2004–2007 due to enrolment growth	7,536
Total teachers required	47,009	Total classrooms required	39,488
Number of teacher positions created in 2004–2007	37,676	Net increase in number of classrooms between SY 2003–2004 and SY 2007–2008 ^{b/}	19,250
Gap as of end of SY 2007–2008	9,333	Gap as of end of SY 2007–2008	20,238

Note/s:

a/ Without double shifting.

b/ A total of 41,546 new classrooms were built from various funding sources in 2004–2007, but many of these were actually replacement for dilapidated or substandard classrooms.

Source: Manasan (2008).

¹⁹ This section 4.3 was written by Dr. Rosario Manasan.

²⁰ A total of 41,546 new classrooms were constructed from various funding sources in 2004–2007. However, more than half of this number was actually replacement for dilapidated or sub-standard classrooms. This indicates the need to improve the inventory of public school buildings classified according to physical condition.

Table 2.19 Textbook Ratio in SY 2007 as of 31 August 2007

Level	English		Science Math		Filipino		Makabayan			Values Education				
	Language	Reading			Wika	Pagbasa	Social Studies	EEP/TLEM	SEP/MAPEH					
A. Elementary														
Grade 1	1 : 1.10		1 : 1.66		1 : 1.07		1 : 1.00			n/a				
Grade 2	1 : 1.09		1 : 1.12		1 : 1.11		1 : 1.00			n/a				
Grade 3	1 : 1.02	1 : 1.02	1 : 1.33	1 : 1.28	1 : 1.01	1 : 1.01	1 : 1.00		n/a	n/a				
Grade 4	1 : 1.24	1 : 1.24	1 : 1.27	1 : 1.34	1 : 1.22	1 : 1.22	1 : 1.00		n/a	n/a				
Grade 5	1 : 1.50	1 : 1.50	1 : 1.96	1 : 1.84	1 : 1.83	1 : 1.83	1 : 1.00		n/a	n/a				
Grade 6	1 : 1.17	1 : 1.17	1 : 1.16	1 : 1.16	1 : 1.88	1 : 1.88	1 : 1.98		n/a	n/a				
B. Secondary														
Year 1	1 : 1.55		1 : 1.55		1 : 1.15		1 : 1.29		1 : 1.36		n/a	n/a	n/a	n/a
Year 2	1 : 1.28		1 : 1.16		1 : 1.05		1 : 1.15		1 : 1.16		n/a	n/a	n/a	n/a
Year 3	1 : 2.43		1 : 1.14		1 : 1.18		1 : 1.21		1 : 1.09		n/a	n/a	n/a	n/a
Year 4	1 : 2.89		1 : 1.03		1 : 1.07		1 : 1.16		1 : 1.08		n/a	n/a	n/a	n/a

Note:

^{1/} Based on consolidated BEIS Estimated Enrolment for SY 2007-2008.

^{2/} Total inventory covered only all centrally procured textbooks under SEMP, TEEP and SEDIP but with the following considerations such as:

^{a)} All deliveries prior to CY 2002 (SEMP-TEEP 1999/Repeat Order) were disregarded, deemed obsolete/unserviceable;

^{b)} Assumed a 1% allowance for losses on second year of implementation onwards and 1% allowance due to wear-and-tear beginning the 3rd year of use.

n/a - not applicable; no procurement undertaken yet.

Source: Instructional Materials Council Secretariat.

4.4 Quality of the Teaching Staff.²¹ Though DepEd has trained 151,389 teachers in Science, Math, and English, has spent resources for 7,446 (53%) of high school non-major teachers to possess Certificates in Science or Math education, and has enrolled 3,670 (26%) in Science and Math courses in 2008, more resources and investments are needed to ensure quality teachers for high quality education. DepEd has to critically monitor and evaluate the implementation of pre-service education curriculum that was revised in 2003 and implemented in 2005; the retooling program that began in 2006 following the National Competency-Based Teacher Standards (NCBTS) developed under BESRA; and its enhancement programs mainly for non-major teachers handling English, Science, and Math classes complementing the implementation of its Teacher Induction Program and the National English Proficiency Program. More important, DepEd has to revise the standards and procedures for hiring teachers following NCBTS competency-based rather than credential-based selection criterion (DepEd 2007). Teacher's pay structure and benefits

²¹ It is acknowledged here that the quality of teachers should not only be measured in terms of their competence in the subject areas but also in how they maintain a nurturing, safe, and inclusive teaching-learning environment considering the challenges faced by a growing number of children which make them at risk of dropping out, or which pose constraints in performing well in school (e.g., health and nutrition problems, vulnerability to child labor, difficulty in coping with school projects owing to poverty, etc.).

should also be rationalized, balancing fiscal stability and the need for better education outcomes.

Further, the creation of 50,000 teaching positions (6,097 items for teachers and 4,118 items for principals in 2008 alone) from 2004 to 2008 would not serve its educative purpose unless teacher’s training and benefits are adequately addressed. “While the creation of teacher items has been addressed, what remains problematic is the filling up of these positions due to, among others, the short supply of teachers with appropriate qualifications (e.g., majors in Science, Math, and English) and the implementation of the direct fund release system where DepEd Central Office loses track of the extent of teacher recruitment and deployment by the field offices because the budget intended for paying off teacher salaries is directly released to the field offices by DBM-regions” (DepEd 2008a).

4.5 Inadequate Spending for Basic Education. Although this will be discussed in chapter 5, it is important to give an overview of the financial issues in education sector, specifically basic education. From 2001 to 2006, DepEd’s average share of GDP ranges from 2.12% to 2.53%. In 2007, DepEd’s share of general appropriations on public spending is P137 billion, or 20% share of the national budget, with P110 billion (80%) going to Personal Services (PS), P18.6 billion (15%) to MOOE, and P8 billion (5%) to Capital Outlay (CO). It must be underscored that the total spending on basic education is not only government-financed; the private sector, civil society, and LGU partners of DepEd have contributed to financing basic education. In 2007, for example, a total of P141.33 billion was given by partners as funding support to basic education. This is 16% higher than national government budget (**Table 2.20**).

Table 2.20 Summary of Funding Support to Basic Education (in P billion)

FY	2006	2007	%
GAA* (net of ODA)	119.2	136.2	14%
ODA	2.3	1.08	-0.53
Adopt-A-School	0.40	4.05	912%
Total	121.90	141.33	16%

*GAA – General Appropriations Act.

Source: DepEd, *State of Basic Education Report, FY 2007*.

Although DepEd’s budget share in 2007 was an improvement from 2006, which was only P119 billion, the fact that most of the budget was spent on PS (despite declining trend on this) left little amount for the MOOE and CO; hence, the effect was meager spending on teaching-learning improvements. The P15.8 increase in DepEd’s share in 2008 would not make much

difference unless a significant amount is allocated for programs, activities, and projects with high education impact. However, such may be a shot in the dark considering that most of the budget really has to go to PS. For example, teachers' low salaries are sourced from the PS. Thus, per capita cost of public education is minimal, with undesirable effect on education development outcomes (**Table 2.21**).

Table 2.21 Per Capita Cost of Basic Education

Particulars	2004*	2005*	2006**
Elementary	5,725	5,857	6,331
Secondary	5,491	5,452	6,406
Combined	5,653	5,729	6,354

Notes:

* Includes only PS and MOOE

**Includes PS, MOOE, and CO

Source: Q and A, as of September 30, 2005, Office of Planning Service, Research and Statistics Division, DepEd, as cited in House Committee on Oversight Report, July 2008.

This financing gap in basic education becomes problematic when viewed from a comparative assessment that takes into account the spending of other East Asian countries on basic education. **Table 2.22** shows how the Philippines has spent inadequately on primary and secondary education compared with other countries, except Indonesia. Such condition has given the country low marks on TIMMS.

Table 2.22 Public Expenditure on Education in Southeast Asia

Country	Public Expenditure per Student as a % of GDP per capita			Total Public Expenditure on Education	
	Primary	Secondary	Tertiary	% of GDP	% of Total Public Expenditure
Indonesia	2.9	5.6	15.6	1.1	9.0
Japan	22.1	21.6	17.1	3.6	-
Malaysia	20.2	28.3	102.4	8.1	20.3
Korea	16.3	23.7	-	4.2	15.5
Thailand	13.8	13.0	22.7	4.2	27.5
Philippines	11.1	9.2	14.5	3.2	17.8

Source: Q and A, Planning Office, DepEd, as of August 2007, as cited in House Committee on Oversight Report, July 2008.

Investments in education should not only consider the supply-side inputs (i.e., classrooms, textbooks, teachers) but also the demand-side interventions that should be addressed (e.g., safety net measures especially for disadvantaged students, such as school supplies, feeding programs, etc.). This also indicates the need to highlight not just the role of the national and local governments but also the role of parents and community leaders, particularly the Barangay Councils for the Protection of Children, in helping address demand-side concerns.

Weak System of Institutional Governance

4.6 Slow Implementation of RA 9155, Philippine EFA 2015, and BESRA. The weak system of institutional governance in the country had greatly affected the performance of the education sector. RA 9155, together with Philippine EFA 2015 and BESRA, was meant to address such institutional deficit. However, with the slow implementation of the law, plans, and strategies, the delivery of education services had been hampered, with debilitating effects on much-needed competitive education outcomes. While RA 9155 was enacted in 2001, BESRA was only implemented in 2006. The country took five years to formulate its Philippine National Action Plan for EFA 2015 (Philippine EFA 2015), which was approved and adopted only in February 2006.

4.7 Strengthening School-Based Management. Although RA 9155 has paved the way for decentralizing the education sector—at least in its deconcentration sense, which in the process empowered the divisions and schools—decision-making remains largely centralized with the DepEd central office. DepEd has yet to fully adapt itself to a decentralized set-up and to just supervise, administer, monitor, and evaluate the assumption of its traditional powers and functions by the field offices. It should adjust to its new functions of formulating policies, setting strategic direction, and establishing national standards and outcomes specification. Corollary to this is the issue of unclear assignment of duties and functions, which makes it difficult to assign accountability to different levels of the organizational structures of basic education. Also, the limited if not lack of technical, managerial, and institutional capacities of the existing structures and agencies such as regions, divisions, and schools, hamper their abilities to better deliver in a decentralized arrangement (World Bank 2006b: 34).

Moreover, field offices do not have sufficient decision-making authority and control. Though school divisions have the power and responsibilities in planning and delivery, in practice this does not happen. School divisions are mere implementers of the decisions from DepEd. In fact, it only receives directions from the regional offices and information from the school districts that it transmits to the regional and DepEd central. Due to limited travel funds, supervisory support of division superintendents to districts is also limited, and the policy and plans that the divisions usually implement are not adapted to local needs and conditions.

Improving delivery of education service through strengthening the decentralized role of schools divisions should include the following:

- Development of education plans for the division, including school-wide allocation of resources according to local needs (based on transparent criteria) within the allocations from DepEd, the regional development councils (RDCs) and the provincial school boards
- Monitoring the implementation of division education plans according to agreed performance indicators
- Procurement of equipment, materials and supplies for the division office and authorization to schools to select and procure textbooks and school supplies
- Encouraging schools to undertake innovative projects based on relevance to school division needs
- Determining staff requirements, appointment, and deployment (Macasaet 2002: 309)

Like school divisions, the regional offices should also adapt to their new functions. Other than implementing education policy and plans from DepEd central office and overseeing the enforcement of standards and quality assurance among divisions, while the schools divisions focus on resources, authority, and information management, the regional offices can perform the following other functions:

- Advise DepEd to be aware of specific education needs of the region and formulate policies accordingly (e.g., recognition of education needs of tribal children or children with physical disabilities).
- Mobilize funds from the RDCs and NGOs and allocate them to the divisions.
- Establish a technical resource group to work on learning materials development specific to the region.
- Monitor and evaluate programs in the divisions (Macasaet 2002: 309).

There has been an issue on the role and functions of district supervisors. For one, principals or head teachers perform more than 50% of their functions. Further, just like the division superintendent, their supervisory support to schools is restricted by limited travel funds and

geographical hindrances. To address these and other issues, and to further strengthen the role and functions of district supervisors, amendments to RA 9155 are being proposed in Congress. One of the proposed amendments is embodied in House Bill 3505. The bill seeks to provide district supervisor with administrative and supervisory line functions as a head of a separate unit or level in the organizational structure of DepEd for effective delivery of education services. Also, the bill finds flaw in the Implementing Rules and Regulations (IRR) of RA 9155 that removes the original functions of a district supervisor—i.e., educational leader, organizer, and administrator—that were provided in the law. Dr. Reynaldo Sagum, President of the Public Schools District Supervisors, has pointed out the inconsistency of the law by citing the specific provision of the IRR, which states: “The school district supervisor shall primarily perform staff functions and shall not exercise administrative supervision over school principals, unless specifically authorized by proper authorities. The main focus of his/her functions shall be instructional and curricula supervision aimed at raising the academic standards at the school level.” The bill is presently under consideration by the House Committee on Basic Education and Culture.

On the role and functions of the principal, RA 9155 aims to empower the principals and allow them to assume a more active role in school management and delivery of quality education services. In practice, the principals are not as empowered as mandated by law. **First**, the principal has no decision-making power and authority over allocations for basic education from the central government budget. **Second**, the fact that elementary school principals do not get cash advances from the division offices and are only provided with assistance in kind, such as school supplies and the like, makes their instructional leadership and financial management responsibilities suffer as a result. They cannot raise their own funds, access discretionary resources, or have maintenance expenses that they can manage in accordance to their school needs and local situations. **Third**, the detailed specification of the proposed expenditure items for education as required by Congress leaves little or no room for DepEd or school principals to change or redirect spending within the budget. Though Congress justifies this as limiting the opportunities for corruption, it also gives the impression that congresspersons micromanage the budget allocations of the schools and municipalities within their political jurisdictions; thus, the role of politics in basic education governance. The adverse effect is the inability of principals to manage resources according to changing requirements of their schools.

It must be underscored that principal empowerment does not only mean attaining a 1 school-1 principal ratio, although such goal is worthy to attain. It has to do more with building capacities and capabilities of school principals so that they can effectively and efficiently perform their duties and functions in improving the quality of graduates within the framework of transparency and accountability of decentralized governance. To address this capacity development deficit, DepEd made the capacity building of school heads as a priority focus of BESRA through SBM frameworks and standards.

4.8 Tension between Central and Local Authorities or Field Offices. Tension between DepEd and the LGUs in determining education outcomes and priorities has become an institutional issue. The limited powers, duties, and functions of LGUs, since education is not yet a devolved sector, enables DepEd to gain the upper hand in most decision-making. However, the limited powers and functions of LGUs should not incapacitate them. Drawing from other provisions of the 1991 LGC, LGUs can contribute to better LSD of basic education by doing the following:

- Increase investment and allocate more resources to support the provision of quality education;
- Mobilize other LGU resources through closer coordination with Sangguniang Bayan, Sangguniang Kabataan, and Sangguniang Barangay;
- Reinvent and strengthen the Local School Boards into functional bodies that will catalyze the community into working together to improve the learning performance of students;
- Create a strong constituency for education by building stakeholdership and community participation in improving the quality of basic education in every locality;²² and
- Pass or promulgate ordinances that will institutionalize reform processes in improving the governance of education (EQR Updates 2008: 15).

Equally important to consider is the internal tension between DepEd and the field offices as a result of the changing roles of these institutional actors. The decentralized education governance has increased the Division's powers and functions while diminishing those of the

²² In particular, there is a need to strengthen the relationship between the school and the Barangay Council for the Protection of Children, such as in enforcing the Anti-Truancy ordinance at the community level.

regional and district levels. In addition, the role of the DepED central office, particularly the Bureaus of Elementary and Secondary Education, needs to shift from piloting of projects to that of sector management and scaling up of tested pilot innovations and reforms, in the context of BESRA. With regard to BESRA's KRT5 on Institutional Cultural Change, cultural change between and among regions, divisions, districts, and schools has yet to keep pace with their changing roles towards greater responsiveness to reform thrusts on basic education. This cultural change entails improvement in operational capacity of DepEd and its field offices, which in turn requires modernization of their staff and facilities and increasing the transparency, accountability, and integrity of its units within the context of newly rationalized structure and operations.

4.9 Strengthening of Local School Boards and School Governing Councils. The reinvention and strengthening of LSBs should be underscored. The sad reality in the Philippines is that the dysfunction or ineffectiveness of most LSBs does not help create a broad-based stakeholdership and democratic representation in the delivery of basic education services in every locality. As Mayor Jesse Robredo of Naga City puts it: "On paper, the LSB seems well-represented; but in reality most of them are not functioning well. Decision-making has been confined to this eight-person board where, most often, 'educational priorities' are being defined by its two most powerful members: the local chief executive and the division superintendent. Because of its limited involvement, the LSB budget is used mostly for discrete and disparate activities, particularly infrastructure (where the possibility of corruption is strong) and regular sports events" (Robredo n.d.). The key findings and recommendations of Mayor Robredo on reinventing LSB are a good source of best practices to make LSBs worth the money allocated to them. One key factor is to empower LSB by giving it more power in, for example, redirection of DepEd budget and the hiring, firing, and deployment of teachers. As the coordinator for the education sector between the central and local government, it may function well if it is given authority to influence how budgets are allocated across schools and across expenditure items.

Complementing the LSBs should be the School Governing Councils (SGCs), composed of school principals, teachers, local communities, parents, and students. It remains to be seen whether these SGCs can deliver on their mandate to improve service delivery, especially on the "quality and quantity of educational inputs, and the efficiency with which these inputs are used" (King 1999: 29).

CHAPTER 3

Policy and Institutional Analysis: Maternal and Child Health

1. Policy and Legislative Framework

1.1 1987 Philippine Constitution. The Philippine government recognizes the importance of health²³ both to personal well-being and national development. Though not directly specifying the state duty on maternal and child health as one of the MDGs, the 1987 Philippine Constitution clearly mandates the government to promote it by fulfilling its mandate on the health of the people in general. Section 15 of Article II expresses this state's duty: "The state shall protect and promote the right to health of the people and instill health consciousness among them." In the fulfillment of this duty, Sections 11 and 12 of Article XIII, specify what the state should do, as follows:

SEC 11. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health, and other social services available to all the people at affordable cost. There shall be priority for the needs of the underprivileged sick, elderly, disabled, women, and children. The state shall endeavor to provide free medical care to paupers.

SEC 12. The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development and research, responsive to the country's health needs and problems.

1.2 1991 Local Government Code. With the passage of the 1991 LGC, health services delivery was devolved to the LGUs. Corresponding to the new powers and functions of the different structures of the health sector are the new responsibilities that each LGU should assume. This assumption of new powers, functions, and responsibilities (to be discussed later in the institutional analysis) entails an institutional restructuring of the DOH as the main national agency responsible for overseeing health services delivery, financing, regulation, and governance of the health sector; its line agencies from regional to barangay in carrying out

²³ It is only in the 1987 Philippine Constitution where health was enshrined as a fundamental right of all Filipinos, particularly the poor. In the 1973 Constitution, it was only included as part of the social services. In the 1935 Constitution, there was no mention of it.

policies and implementing them; and the LGUs (from provincial to barangay) in being the frontline service providers of health services and implementers of health policies and PAPs. The 1991 LGC mandates DOH to continue to “formulate policies, standards, and regulations, as well as provide tertiary care in tertiary hospitals and special hospitals, while the LGUs are responsible for the primary and secondary cases in the hospitals and some of the general tertiary hospitals, which are provided by the provincial hospitals” (Gako 2007: 54).

Complementing the new functionality of the LGUs are the local health boards (LHBs). These are special bodies that exist in all levels of LGUs, except in the barangays. An LHB is composed of the local chief executive (i.e., governor for the provincial health board, city mayor for the city, and municipal mayor for the municipality) as chair, local health officer (i.e., provincial, city, or municipal health officer) as vice-chairperson, the committee chair on health of every local legislative body (sangguniang panlalawigan [provincial board], sangguniang panlungsod [city board], and sangguniang bayan [municipal board]), a representative from the private sector or NGO involved in health services, and a DOH representative (provincial, city, or municipality). The main function of the LHB is to formulate policies on budget allocations and act as advisory committee for the sanggunian.²⁴

1.3 Maternal and Child Health-Related Laws and Issuances. National laws and issuances support maternal and child health interventions and services in particular, and public health affecting maternal and child health in general. Among these are

- rooming-in and breastfeeding (RA 7600),
- milk code (EO 51),
- increase in maternity benefits for women workers (RA 7322),
- Magna Carta for Public Health Workers (RA 7305),
- benefits and incentives for barangay health workers (RA 7883),
- grant of paternity leave (RA 8187),
- Philippine Midwifery Act (RA 7392),

²⁴ Section 102, Title Five of the 1991 LGC specifies the functions of LHB. These are: “(1) To propose to the sanggunian concerned, in accordance with standards and criteria set by the Department of Health, annual budgetary allocations for the operation and maintenance of health facilities and services within the municipality, city or province, as the case may be; (2) To serve as an advisory committee to the sanggunian concerned on health matters such as, but not limited to, the necessity for, and application of, local appropriations for public health purposes, and, (3) Consistent with the technical and administrative standards of the Department of Health, create committees which shall advise local health agencies on matters such, but not limited to personnel selection and promotion, bids and awards, grievance and complaints, personnel discipline, budget review, operations review and similar functions.”

- Early Childhood Care and Development (RA 8980),
- the Newborn Screening Law (RA 9288),
- national insurance (RA 7875),
- adequate supply, distribution, use and acceptance of drugs and medicines identified by their generics (RA 6675), and
- accelerating the development of traditional and alternative health care (RA 8423)

Other issuances are

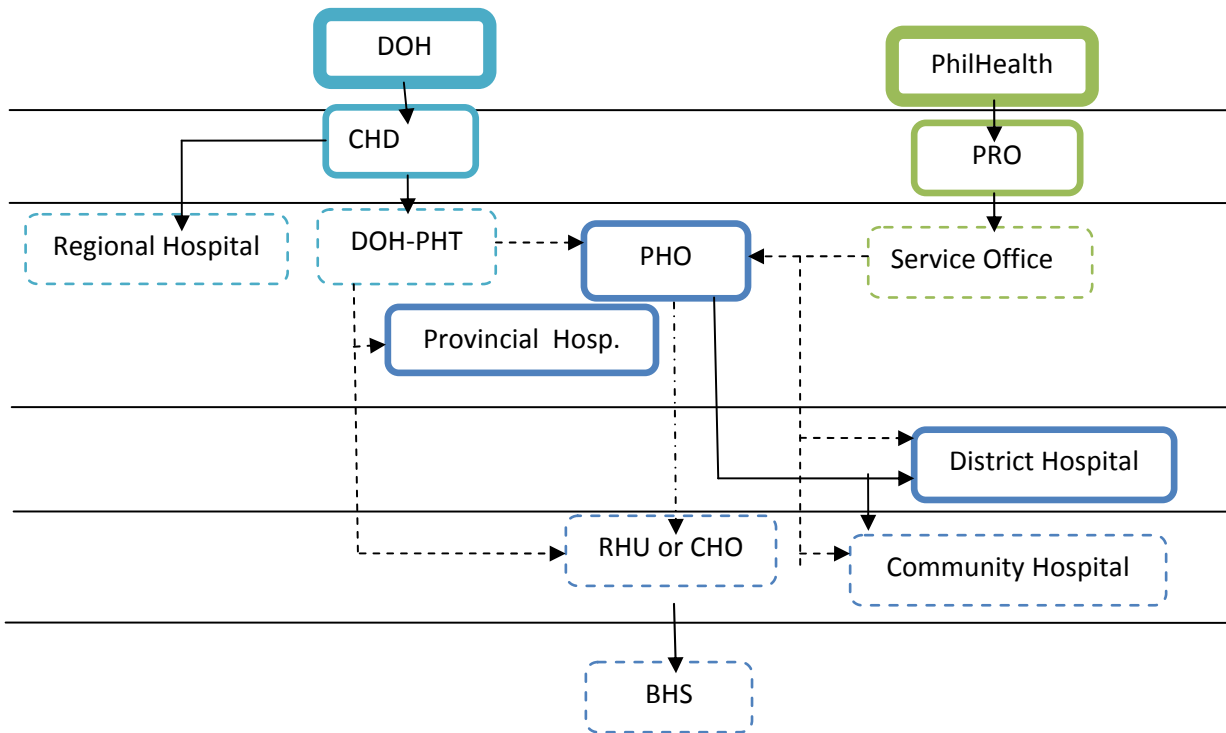
- maternal package for normal spontaneous vaginal delivery in non-hospital facilities (PhilHealth Circular No. 6),
- supplemental guide for *Garantisadong Pambata* (DOH Circular 265-A),
- setting standard labeling for breastmilk substitutes, infant formula, other milk products, foods and beverages (DOH Circular 2008-0006),
- Bright Child Program (EO 286), and
- national commitment for “Bakuna and Una sa Sanggol at Ina” (EO 663).

Some administrative orders from the DOH related to maternal and child health that specify some of the roles of LGUs are found in Annex A.

2. Institutions: Actors and their Roles and Responsibilities

2.1 Organizational Chart of the Health Service. Devolving health service delivery has entailed restructuring health public sector organizations as shown in Figure 3.1.

Figure 3.1 Organizational Chart of the Health Service²⁵



2.2 Functional Arrangement of Health Sector’s Institutional Actors. Concomitant with both local and national organizational restructuring is the devolution of certain powers, functions, and responsibilities of the different levels of decentralized structure. Sec. 17 of 1991 LGC provides for the transfer of these powers, functions, and responsibilities (**Table 3.1**).

²⁵ This was developed by Dr. Rouselle Lavado of PIDS for this LSD study.

Table 3.1 Devolved Health Services to LGUs²⁶

LGU	Devolved Services
Barangay	Maintenance of barangay health stations under the Municipal Health Office/Rural Health Units
Municipality	Implementation of Primary Health Care and programs and projects on maternal and child care; communicable and non-communicable disease control services; access to secondary and tertiary services; and purchase of medicines, medical supplies, and equipment needed to carry out the activities which are provided by the MHO
Province	Provision of primary, secondary, and tertiary services (medical, hospital, and other support services) in the following health facilities: provincial health office, provincial hospitals and hospitals of component cities, and district, medicare, and municipal hospitals
City	All services and facilities of the municipality and province which are provided by the city health office, city hospitals in highly-urbanized cities, excluding the National Capital Region, rural health units, and barangay health stations

Source: Department of Health, quoted by Sia (unpublished, no date).

The new role and responsibilities of the DOH under the decentralized arrangement, based on its Major Final Outputs (MFOs), are: (i) policy making, (ii) regulations, (iii) leveraging for health, (iv) technical assistance provision, and (v) tertiary health care. These are spelled out as follows:

- Formulation, development and implementation of national health policies, plans and programs.
- Formulation of guidelines, standards and manuals of operations for health services and programs to ensure quality services at the local level.
- Issuance of rules and regulations, licenses, and accreditation pursuant to existing laws, and promulgation of national health standards, goals, priorities and indicators.
- Development of special health programs and projects.
- Advocacy for legislation on health policies and programs (Torres and Lorenzo n.d.).

²⁶ The Municipal Health Officer (MHO) heads the rural health unit (RHU). While he or she reports to the RHU only from 8 AM to 5 PM Mondays through Fridays, he or she is actually responsible for the health of the entire municipality 24 hours a day, 7 days a week. For this reason, he or she can be called upon to attend to all emergency health situations or conditions in the municipality at any time. Moreover, all Barangay Health Stations (BHSs) are satellite units of the RHU.

In more concrete terms, some of the retained powers, functions, and responsibilities of the DOH are

- Components of national programs funded from foreign sources;
- Nationally funded programs in the process of being pilot-tested, experimented, or developed;
- Health services and disease control programs covered by international agreements. such as quarantineable diseases and disease-eradication programs;
- Regulatory, licensing, and accreditation functions currently exercised by the DOH pursuant to existing laws; and
- Regional hospitals, medical centers, and specialized health facilities (Dela Cruz 2002:100-1)

DOH provides technical and financial assistance to LGUs in the following areas to:

- Monitor and evaluate local health programs, projects, facilities, services, and research studies;
- Provide health information, statistics, and other data to LGUs which may help in their operations or serve as periodic health indicators;
- Install referral mechanisms and ensure that the public has access, when necessary, to higher and more advanced health facilities under the control of the DOH; and
- Extend support services and other forms of assistance to LGUs which come in the form of:
 1. Technical support for information, education, and communication development; health research and development; health intelligence, international and national;
 2. Administrative support services for program and project management, interagency coordination, networking, information and record management, and other administrative services;
 3. Budget preparation assistance and logistics and financial support services for bulk procurement of drugs, medicines, and medical equipment and supplies; and
 4. Resource mobilization from the national government, NGOs, and international funding agencies; other financial and resource management services; and

extension of other support services which are specific components of national health programs (Torres and Lorenzo n.d.).

The reengineering brought about by 1991 LGC has also created and redefined certain institutions with varying powers, functions, and responsibilities. The Local Development Council (LDC), the planning arm of each LGU and in-charge of overall socio-economic planning and development in every LGU, provides for inter-agency collaboration at local level. Also, civil society groups and the private sector serve as active partners in local health development and better delivery of health services. They perform the function of being representatives or voice of the people in LHBs. They can enter into joint ventures with LGUs in providing maternal and child services directly to the people. Moreover, international donors—among them the World Health Organization (WHO), United Nations Funds for Population Activities (UNFPA), World Bank, UNICEF, AusAID, ADB, and USAID—support LGUs in the delivery of maternal and child programs either directly to them or through the DOH. Women’s Health and Safe Motherhood Project (WHSMP 1& 2) is an example of a project with international donor support.

3. Key Strategies and Programs

3.1 Medium-Term Philippine Development Plan (MTPDP) 2004–2010. Health is an essential service that the government aims to provide to all, especially the poor. To improve accessibility and affordability of quality health care, particularly maternal and child health services, the government has laid down its health priorities in the MTPDP. These priorities are as follows:

- Reduce the cost of medicines commonly bought by the poor to half of their 2004 prices and make them available nationwide through a distribution network as determined by the DOH, in coordination with the Philippine International Trading Center (PITC);
- Expand health insurance particularly for indigents through premium subsidy;
- Strengthen national and local health systems through the implementation of the Health Sector Reform Agenda (HSRA);
- Improve the Health Care Management System; and
- Improve health and productivity through research and development.

3.2 National Objectives for Health (NOH) 2005–2010. As a sequel to the first NOH (1999–2004), this NOH aims to unify the Philippine health sector towards improving health delivery based on a common direction and achievable health outcomes with greatest health impacts to all Filipinos. It serves as the roadmap for the achievement of the overarching goal of “Health for all Filipinos” by containing key ideas, targets, indicators, and strategies for improved health service delivery and sustainability of gains. It institutionalizes interagency and inter-local cooperation of different stakeholders or actors of the health system (i.e., policymakers, program managers and projects implementers, service providers, LGUs, development partners such as donors, academe, private sector, and civil society groups) in working for the achievement of health-related MDGs for the Filipinos. In ensuring improved maternal and child health, NOH 2005–2010 is anchored on the guiding philosophy and strategic approach of *Fourmula One*.

3.3 FOURmula ONE for Health. *Fourmula One* for Health or F1 was adopted as a reform initiative starting June 2005. Health sector reform through the HSRA was adopted by the DOH in late 1990s. It had since evolved from “One Script” to F1 as the implementing framework of the health sector. As the new implementation framework for all health sector reforms, F1 aims to achieve three major goals for the entire health care system in consonance with goals identified by the WHO, MDGs, MTPDP, and NOH:

1. better health outcomes,
2. more responsive health system, and
3. more equitable healthcare financing.

Designed to implement critical interventions for critical health reforms, its major thrusts or four implementation components are: “healthcare financing (public financing for health and social health insurance), health regulation (quality assurance of health goods and services, and cost containment of essential medicines), health delivery (delivery of public health programs and hospital services) and good governance (local health systems development, human resource development, financial and procurement management, and knowledge management)” (NOH 2005: v). Guided by its general objective of realizing critical reforms with “speed, precision, and effectiveness” to improve the “quality, efficiency, effectiveness, and equity” of the entire health system, it strives to achieve medium-term goals (2006–2010) in the areas of (i) securing more, better, and sustained financing for health; (ii) assuring the

quality and affordability of health goods and services; (iii) ensuring access to and availability of essential and basic health packages; and (iv) improving performance of the health system.

In implementing health reforms package for improved maternal and child health, F1 is supported by management infrastructure from national to local levels, as well as financial arrangements such as grants, local counterpart, national government counterpart, and international donations or loans. To ensure effective implementation, sustainability of gains, and institutionalization of ownership, it engages major stakeholders in the management and implementation of needed reforms. Stakeholders include the public and private sectors, national agencies, LGUs, external development agencies, civil society, and local communities. The role and responsibilities of LGUs vis-à-vis F1's requisite functional arrangement are

- delivery of basic health service packages to constituents,
- inter-local cooperation through Inter-Local Health Zones for an integrative implementation of *Fourmula One* health reform strategies,
- issuance of ordinances and resolutions for local implementation of *Fourmula One*,
- provision of local counterpart funds for local implementation of *Fourmula One* based on their investment plan, and
- promotion and advocacy of the local implementation of *Fourmula One* as the health sector reform implementation framework.

3.4 Maternal and Child Health Programs. Based on the 2007 Annual Report of the DOH, the package of services for the Child Health Programs rendered among children under 5 years old were: Expanded Immunization Program (EPI), Integrated Management of Childhood Illnesses (IMCI), Newborn Screening (NBS), and Nutrition Services. For the EPI, the Fully Immunized Child (FIC) achieved 91% immunization coverage for the following antigens: 90% BCG, 87% OPV, 87% DPT, 92% measles, and 87% hepatitis B. The Knock-Out Tigdas (KOT) campaign achieved 95% for children 9 months–48 months old. Improvements in IMCI include its integration into the medical courses such as medicine, nursing, and midwifery; its institutionalization in the curriculum of selected universities and schools; and training of school deans. For the NBS, as a public health strategy aimed at detecting and

managing several inborn errors of metabolism that could lead to mental retardation and death, a total of 1,502 NBS facilities have been registered, with 941 going for private facilities, 58 as the DOH retained, 401 for LGUs, and 102 for special and other government agencies. In Nutrition Services, the first round of *Garantisadong Pambata* (GP) in 2007 was able to provide Vitamin A to 86% of target beneficiaries, deworming to 61% of preschool children, and 43% of school children. For the second round of GP in 2007, Vitamin A supplementation and deworming of preschool children increased to 88% and 73%, respectively, while deworming of school children decreased to 42%. During the KOT campaign, 85% of beneficiaries were given Vitamin A while 67% were given deworming tablets. Institutionalization of cultural beliefs and practices sensitive to child health required the conduct of training of trainers and children themselves. These included the training of trainers on Infant and Young Child Feeding (IYCF) Counseling, Social Marketing and Study on Strategies to Promote Mother- and Baby-Friendly Community and Workplace, as well as provision to under-five children of safety tips, growth monitoring, and promotion of good nutrition and other health services. To work closely with faith-based organizations and to fast track the implementation of hunger mitigation efforts, the interagency Anti-Hunger Task Force was created through EO 616, with the National Nutrition Council (NNC) as the lead agency. The NNC oversees the implementation of Accelerated Hunger-Mitigation Program. In collaboration with DepEd, Department of Social Works and Development (DSWD), and LGUs, NNC attempts to improve food security through better incomes and food supply.

For maternal health, a package of services was provided to women. In 2007, two major programs in reproductive health and nutrition services proved to be critical interventions in improving maternal health. The reproductive health program included Family Planning and Adolescent Health. The major PAPs with greater health impact on women of reproductive age were based on 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. EmOC includes two facilities for improved maternal health: the Basic Emergency Obstetric Care (BEmOC) and the Comprehensive Emergency Obstetric Care (CEmOC). Based on the conduct of the first EmOC Needs Assessment in 2004, the adoption of the WHO Essential Care Practice Guide, and the development of BEmOC Training Guide. EmOC facilities provide six services, as follows:

1. parenteral care (intravenous or by injection) antibiotics,

2. parenteral oxytocic drugs,
3. parenteral anticonvulsants,
4. performance of assisted deliveries,
5. removal of retained products of conception, and
6. manual removal of retained placenta.

CEmOC facilities provide three services:

1. all functions of BEmOC,
2. surgery function (caesarian section), and
3. blood transfusion service.

The initiatives in 2007 were mainly upgrading of these two maternal care facilities: 36 CEmOC and 180 BEmOC facilities. For an improved quality of EmOC services, one EmOC training center was established each in Luzon, the Visayas, and Mindanao. To address equity and provide quality BEmOC services, a total of 111 health facilities were capacitated to provide BEmOC services around the country. There was also an upgrading of BEmOC facilities in 12 provinces (Agusan del Sur, South Cotabato, North Cotabato, Eastern Samar, Masbate, Capiz, Mindoro Oriental, Albay, Aurora, Catanduanes, Mountain Province, and Ifugao) and three cities (Legaspi City, Manila, and Quezon City).

Other initiatives included the issuance of AOs on Public-Private Partnership for Women's Health and Safe Motherhood and on Facility-Based Delivery Protocol and EmOC Guidelines. A guideline was also developed for the transfer of funds from the DOH to LGUs to leverage the implementation of modern family planning method. Committed to normative maternal health care, the DOH formulated the Gender-Responsive and Rights-Based Integrated Reproductive Health Modules, and conducted orientation and training of hospital administrators and staff on putting up Women and Child Protection Units in all government hospitals in Luzon and Metro Manila. Congress contributed to maternal health care through its proposed Population and RH bills that include, among others, the creation of an RH and Population Management Council. In the second program on Nutrition Services, 58% of lactating mothers received Vitamin A, while 0.3% of target beneficiaries (women 15–45 years old) received iodized oil capsules.

Since 2008, the DOH has been developing the integrated Maternal, Neonatal and Child Health and Nutrition (MNCHN) Strategy to address the risk of maternal and neonatal deaths, half of which comprised infant mortalities. This was made possible through the issuance of AO 2008-0009, titled “Implementing Health Reforms for Rapid Reduction of Maternal and Neonatal Mortality.” This strategy is designed to empower LGUs and other local institutional actors for effective local implementation of the MNCHN strategy towards rapid reduction of maternal and neonatal mortality. This local empowerment includes private-public partnerships (such as in ILHZ), demand-side interventions of local stakeholders, and supply-side interventions from community-level providers, such as Barangay Health Stations (BHS), and its health staff (e.g., midwives), and volunteer health workers (e.g., barangay health workers, traditional birth attendants). The MNCHN Strategy also redefines EmOC, with the inclusion of newborn care services to EmOC facilities; hence, BEmOC was changed to Basic Emergency Obstetric and Newborn Care (BEmONC) while CEmOC became Comprehensive Emergency Obstetric and Newborn Care (CEmONC). The new functions/services (under AO 2008-0009) of these facilities include:

BEmONC

Six signal obstetric functions:

1. parenteral administration of oxytocin in the third stage of labor,
2. parenteral administration of loading dose of anti-convulsants,
3. parenteral administration of initial dose of antibiotics,
4. performance of assisted deliveries,
5. removal of retained products of conception, and
6. manual removal of retained placenta.

Neonatal emergency interventions:

1. newborn resuscitation,
2. treatment of neonatal sepsis/infection, and
3. oxygen support.

CEmONC

1. the six signal obstetric functions of BEmONC,
2. performance of caesarian section, and
3. provision of blood banking and transfusion services along with other highly specialized obstetric functions.

Neonatal emergency interventions:

1. newborn resuscitation,
2. treatment of neonatal sepsis/infection,
3. oxygen support for neonates, and

4. management of low birth weight or premature newborn, along with other specialized services

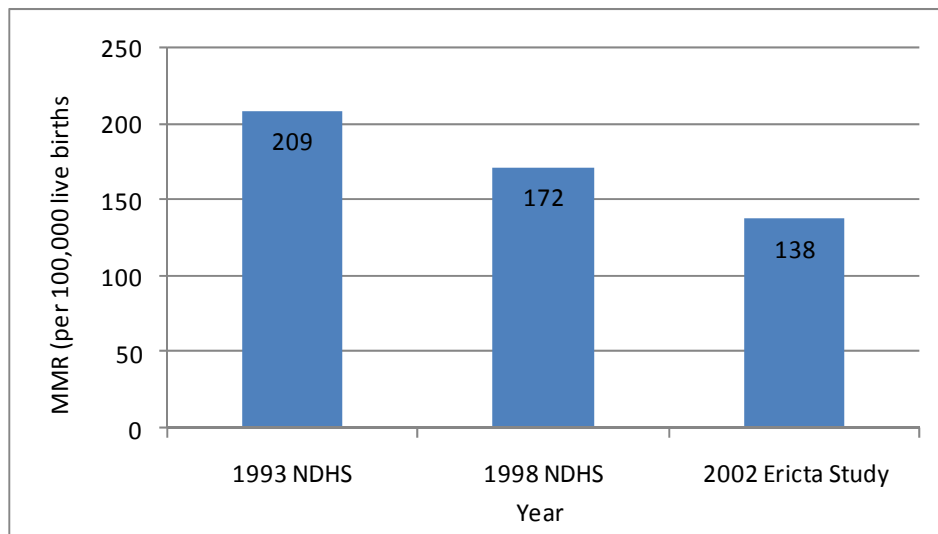
4. Trends and Challenges

Policy Gaps and Weaknesses

4.1 **Slow Reduction of Maternal Mortality Ratio.** The WHO defines maternal mortality as “the death of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration or site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management, but not from accidental causes.” Despite increased efforts towards improving maternal health, maternal mortality ratio is still worrisome. **Figure 3.2** shows how maternal mortality has been decreasing at a slow pace. Between 1991 and 1997, maternal mortality rate (MMR) was estimated at 172 maternal deaths per 100,000 live births, which was an improvement²⁷ from 209 deaths per 100,000 live births in the period between 1987 and 1993 (NDHS 2003). Erica’s finding puts it at 138 maternal deaths per 100,000 live births in 2002 (**Figure 3.2**). The 2006 level of 162 per 100,000 live births, based on Family Planning Survey (FPS), is still far from the 2015 target of 52 deaths per 100,000 live births, or just the 2010 target of 90 deaths per 100,000 live births (NEDA 2007). This portends a low probability, if not impossibility, of attaining Goal 5 of the MDGs.

²⁷ Analysis must take into account possible sampling errors. According to NEDA, maternal deaths “are rare such that MMR estimates from sample surveys are subject to sampling errors, and differences in estimates are always statistically significant” (NEDA 2007: 52). In another report, NEDA’s caveat is: “However, due to large sampling errors associated with these estimates, it is difficult to conclude that the MMR has really declined. Furthermore, the absence of new official data makes the assessment of maternal health doubly difficult” (NEDA 2005: 74).

Figure 3.2 Trends in Maternal Mortality Ratio (MMR), Philippines, 1993–2003



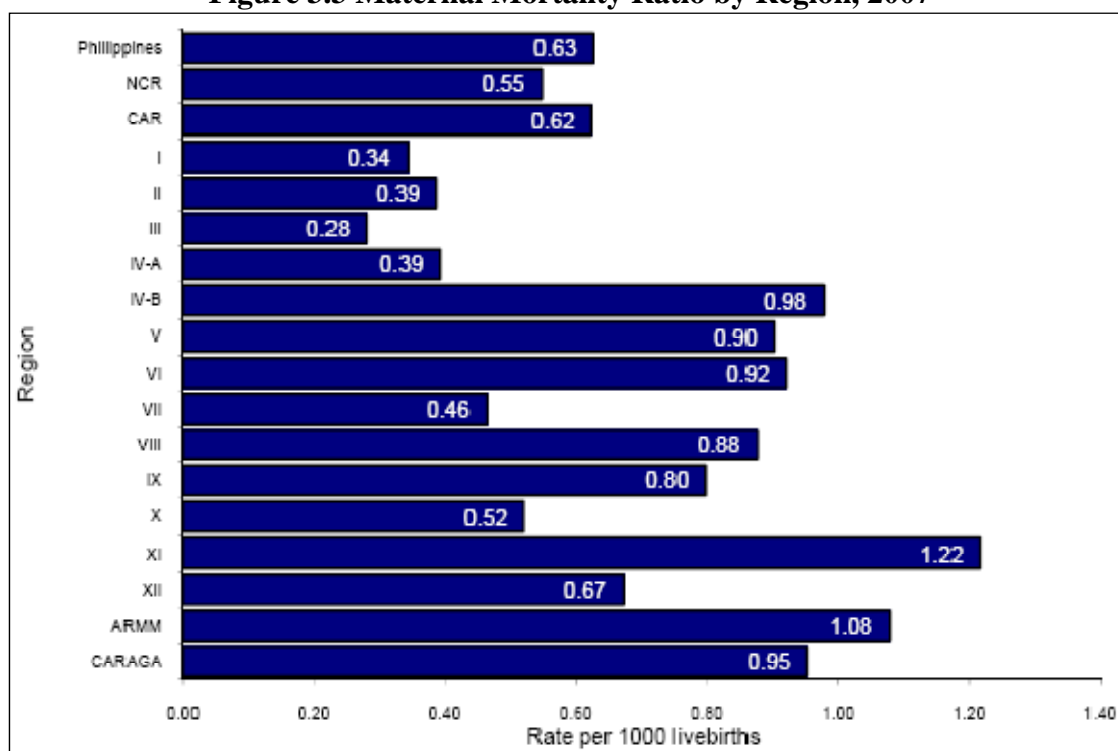
Source: NOH 2005–2010.

Not only does the Philippines find it hard to reduce MMR, it also finds it difficult to narrow the widening regional disparity in MMR (**Figure 3.3**). Based on 2007 FHSIS Report,²⁸ MRR is highest in Region XI at around 122 deaths per 1,000 live births, while lowest in Region III at around 28 deaths per 1-,000 live births, followed by Region I at 34 deaths per 1,000 live births and Region II and IV-A at both 39 deaths per 1-,000 live births.

6

²⁸ It should be noted that the 2007 FHSIS Report expresses MMR in 1,000 live births. According to Dr. Vicky Carr Delos Reyes (Medical Officer II) and Ms. Fe Tinson (Statistician) of the National Epidemiology Center of the Department of Health, the manner of presenting MMR, whether expressed in 1,000 or 100,000 live births, is a matter of choice and country preference. Although 100,000 is increasingly the preferred denominator for comparability, many developing countries, including the Philippines, are known to use the 1,000 live births which is “largely a holdover from times and places with much higher maternal mortality rates” (Caselli, G. et al. 2005). Unless otherwise specified, the study follows the MMR data expressed in the graphs, tables, and figures used.

Figure 3.3 Maternal Mortality Ratio by Region, 2007



Source: FHSIS Report, 2007.

Compared with other Southeast Asian countries, the Philippines has been lagging behind Brunei Darussalam (13), Singapore (14), Malaysia (62), Thailand (110), and Viet Nam (150) (Table 3.2). While there has yet to be an internationally accepted comparable time series statistics on maternal mortality, it can be gleaned from Table 3.2 that the country has been trapped in the same position in 2000–2005.

Table 3.2 MMR of Southeast Asian Countries, 2000 and 2005

Southeast Asian Country	Maternal Mortality Ratio (per 100, 100 live births)	
	2000	2005
Brunei Darussalam	37	13
Cambodia	450	540
Indonesia	230	420
Lao PDR	650	660
Malaysia	41	62
Myanmar	360	380
Philippines	200	230
Singapore	30	14
Thailand	44	110
Viet Nam	130	150

Notes:

^{1/} Data for 2005 are based on adjusted estimates by WHO/UNICEF/UNFPA/World Bank and are not directly comparable with earlier estimates.

Source: Statistical Information System Database Online and Reproductive Health Indicators Database (World Health Organization 2008).

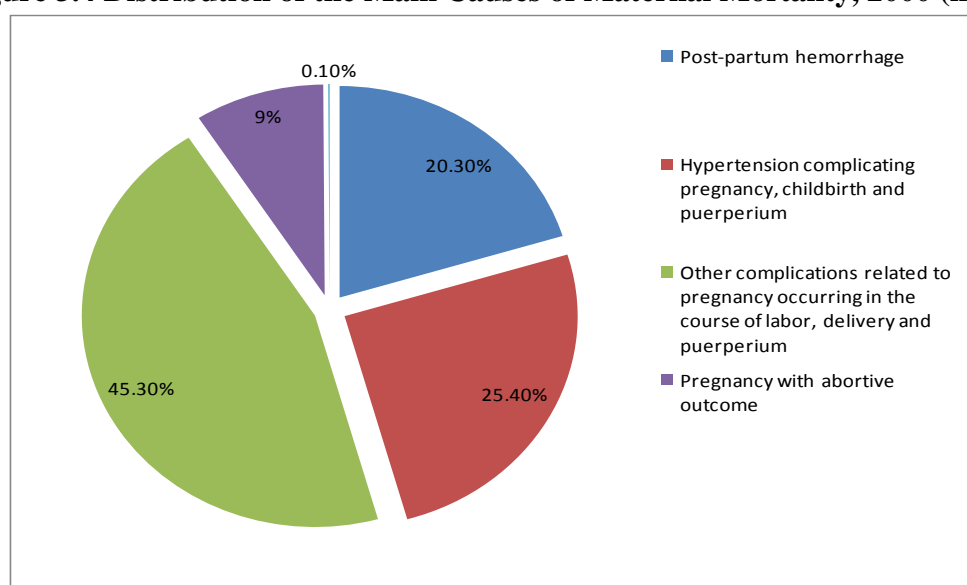
Major causes of maternal deaths, which can be prevented through quality maternal care, include post-partum hemorrhage, eclampsia, and severe infection (NEDA 2007: 52). Notwithstanding the slight difference in percentage of the major causes of maternal deaths between 1998 (DOH) and 2000 (PHS), with complications related to pregnancy having the highest percentage in 1998 at 38% (**Table 3.3**) while hypertension was highest in 2000 at 25% (**Figure 3.4**), the fact is that both causes put pregnant women at high risk of childbirth.

Table 3.3 Maternal Mortality by Cause, 1998

Cause	Number	Rate (deaths per 1000 live births)	Percentage
Complications related to pregnancy occurring in the course of labor, delivery, and puerperium	603	0.4	38.2
Hypertension complicating pregnancy, childbirth, and puerperium	425	0.3	26.9
Postpartum hemorrhage	286	0.2	18.1
Pregnancy with abortive outcome	144	0.1	9.1
Hemorrhage related to pregnancy	121	0.1	7.7
TOTAL	1579	1.0	100

Source: Department of Health.

Figure 3.4 Distribution of the Main Causes of Maternal Mortality, 2000 (in %)



Source: Philippine Health Statistics, 2000.

A number of reasons account for the slow progress in reducing MMR. Aside from home delivery, whether attended by skilled or unskilled service providers, the other reasons have to do with health-related practices affecting maternal health. These include

- the number of prenatal visits of pregnant women,

- the number of doses of tetanus toxoid received by the mothers,
- births attended by health professionals or skilled birth attendants (SBAs), and
- number of postnatal visits of the mothers.

Based on NDHS 1998 and NDHS 2003, there was a decrease in the percentage of pregnant women who had at least four prenatal visits, from 77% in 1998 to 70% in 2003. Also, there was a slight decline in the percentage of pregnant women who received at least two doses of tetanus toxoid, from 38% in 1998 to 37% in 2003. However, a slight increase in the attendance of SBAs was observed, from 56% in 1998 to 60% in 2003. A significant increase was observed in the percentage of women with at least one postnatal visit within a week of delivery, from 43% in 1998 to 51% in 2003. It is noted that of these four maternal risk reduction targets, based on NOH 2004 targets of 80% for all four strategies, none was achieved (**Table 3.4**).

Table 3.4 Health-Related Practices Affecting Maternal Health Philippines, 1998 and 2003

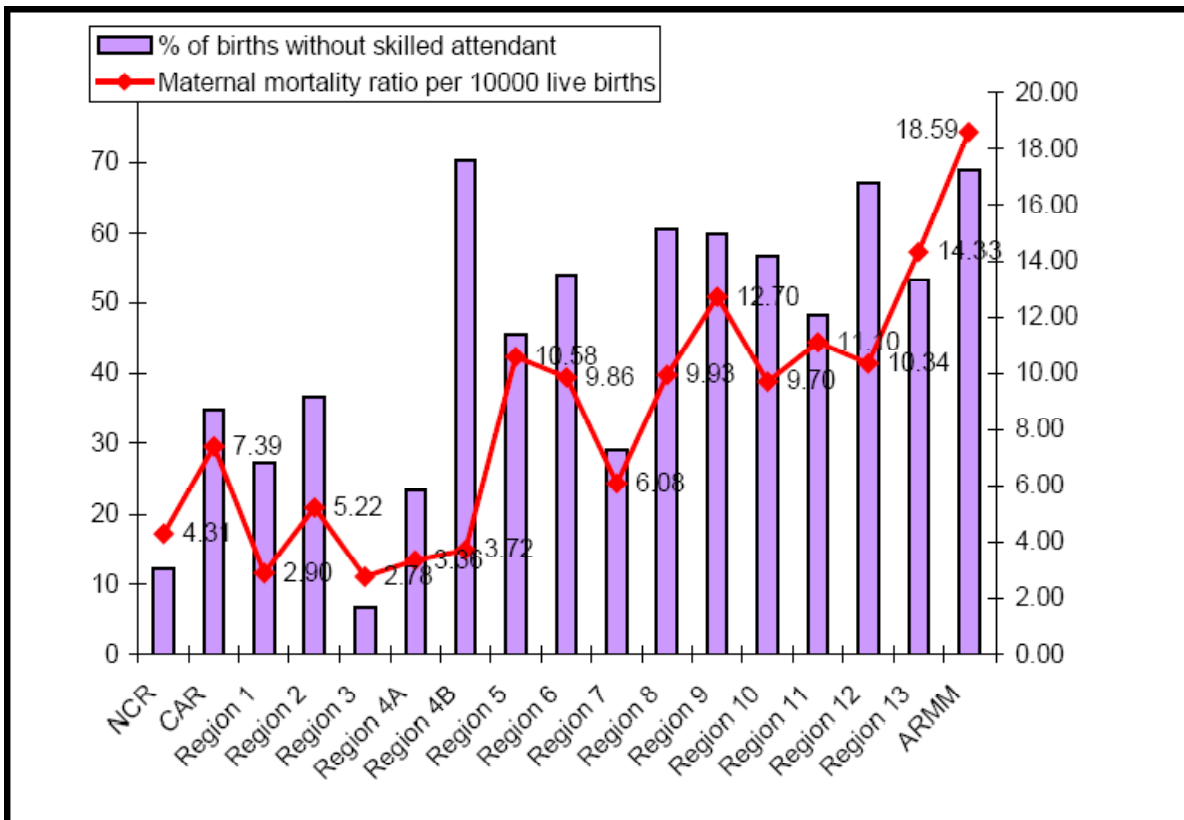
Maternal Health Practice	NDHS 1998	NOH Targets 2004	NDHS 2003
Pregnant women with at least 4 prenatal visits	77%	80%	70%
Pregnant women with at least 2 doses of tetanus toxoid	38%	80%	37%
Births attended by professional health providers	56%	80%	60%
Women with at least 1 postnatal visit within one week of delivery	43%	80%	51%

Source: National Center for Disease and Prevention and Control, DOH, 2005.

The lack or scarcity of SBAs has negative impact on maternal mortality. According to UNICEF (2008) in its State of the World’s Children 2009 Report, as well as during the Countdown to 2015 in South Africa in 2008, the Philippines is one of the 68 countries globally that contributes to 97% of maternal, neonatal, and child deaths. The irony is that these deaths are preventable and their solutions known, yet Filipino mothers and children, just like those from other developing countries, continue to die helplessly and unnecessarily.²⁹ The negative impact of the relationship between MMR and absence of SBAs becomes salient when viewed based on regional comparative data as **Figure 3.5 shows**.

²⁹According to Peter Salama, UNICEF’s Chief of Health, “The tragic fact is that every year more than half a million women lose their lives as a result of complications due to pregnancy or childbirth...The causes of maternal mortality are clear – as are the means to combat them. Yet women continue to die unnecessarily.” See

Figure 3.5 Relationship between Maternal Mortality Rate and the Absence of Skilled Birth Attendants



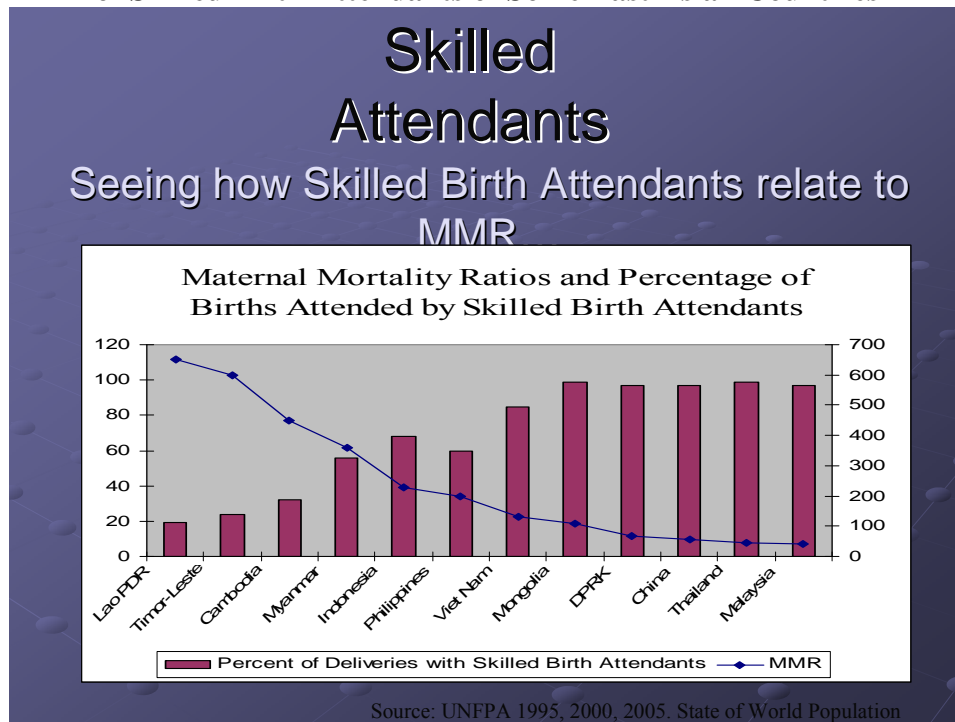
Source: Lavado and Lagrada (2008).

Note: Maternal mortality ratio per 10,000 live births was computed from the number of maternal deaths reported at Field Health Service Information System of the Department of Health. The number is based on actual deaths reported and is likely to be underreported.

Compared with other countries in East Asia, the Philippines has yet to improve on its strategic interventions on ensuring quality obstetric care in order to reduce maternal mortality ratio at the rate People’s Republic of China, Thailand, and Malaysia are doing (**Figure 3.6**). Without aggressive and strategic interventions, the Philippines will continue to experience an increase in maternal and child deaths as a result of nonskilled-attended births.

article on “UNICEF: Report highlights risk of maternal mortality in developing world,” available at <http://www.medicalnewstoday.com/articles/122395.php> (accessed on July 10, 2009).

Figure 3.6 Relationship between Maternal Mortality Rate and the Absence of Skilled Birth Attendants of Some East Asian Countries



Source: UNFPA 1995, 2000, 2005 State of the World Population

Further, though the total fertility rate (TFR) of the Philippines is on the decline, from 6 births per Filipino woman in 1973 to 3.7 in 1998 and 3.5 in 2003, it is high compared with the TFR of most Southeast Asian countries: Malaysia (2.9), Indonesia (2.3), Thailand (1.9), and Singapore (1.3). Countries that have higher TFR than the Philippines are the Lao People's Democratic Republic and Cambodia, with 4.7 and 4.0 children per woman, respectively (NDHS 2003). Further, the 2003 TFR of 3.5 children per Filipino woman is too high compared with average wanted fertility rate (WTR) of 2.7 children per woman. This means that the average number of children born to every woman upon reaching age 40–49 is 4.3. Regional comparisons show that Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon and Palawan (MIMAROPA) have the highest TFR of 5.0, followed by Eastern Visayas at 4.6. NCR has the lowest TFR of only 2.8 (**Table 3.5**). By implication, high TFR makes it difficult for the government to reduce MMR. With more women getting pregnant due to high fertility rate, more maternal care services should be made available. The increase in percentage of childbirth being attended by medical professionals or SBAs requires an increase in the number of SBAs and quality maternal care services, among others. This is so because all pregnancies are considered at risk.

Table 3.5 Wanted Fertility Rate, Total Fertility Rate and Mean Number of Children Ever Born to Women of Age 40–49 by Region, Philippines, 2003

Region	Wanted Fertility Rate	Total Fertility Rate	Mean Number of Children Ever Born to Women of Age 40–49
NCR	2.0	2.8	3.2
CAR	2.7	3.8	4.7
Ilocos	3.0	3.8	3.9
Cagayan Valley	2.6	3.4	4.1
Central Luzon	2.4	3.1	4.1
CALABARZON ^a	2.3	3.2	3.8
MIMAROPA	3.6	5.0	5.1
Bicol	2.6	4.3	5.5
Western Visayas	2.7	4.0	4.9
Central Visayas	2.6	3.6	4.4
Eastern Visayas	2.9	4.6	5.4
Zamboanga Peninsula	2.6	4.2	4.9
Northern Mindanao	2.8	3.8	4.8
Davao Region	2.2	3.1	4.6
SOCCSKSARGEN ^b	3.0	4.2	5.0
CARAGA	2.8	4.1	5.4
ARMM	3.7	4.2	5.2
Philippines	2.7	3.5	4.3

a CALABARZON – Cavite, Laguna, Batangas, and Rizal Economic Zone

b SOCCSKSARGEN - [South Cotabato](#), [Cotabato](#), [Sultan Kudarat](#), [Sarangani](#) and [General Santos City](#)

Source: National Demographic and Health Survey, 2003.

Low percentage use of contraceptives (**Table 3.6**), especially among women 15–19 years of age, compounds the problem of high fertility rate. Less women of reproductive age using contraceptives means more pregnancies. This situation usually entails high risks to both mother and the unborn, especially to women below 18 years old and those more than 35 years old since they are at greater risk of getting pregnant. Critical interventions should include better family planning services. However, the DOH policy on family planning is skewed to natural family planning (NFP) methods, whose 100% use can only bring down maternal deaths to 4, 400 (from maternal deaths of 8,200 for no contraceptive use), unlike the 100% use of current method mix that brings the figure down to 3,000, and the 100% use of modern method that brings it further down to 2,500. Although there are proportional costs to using contraceptives (P4 billion compared with P2.9 billion for financing the use of NFP), there are also proportional benefits (e.g., greater savings from medical care for unintended pregnancies) that outweigh the costs, to wit: 100% use of NFP increases the total costs to P10 billion, of which P3.2 billion is for medical care cost of unintended pregnancies, while 100% use of all-modern methods decreases medical care cost of unintended pregnancies to P0.6

billion. Moreover, improved contraceptive use will ease provision of facility-based maternal care for all by as much as P4.1 billion (Cabigon 2009).

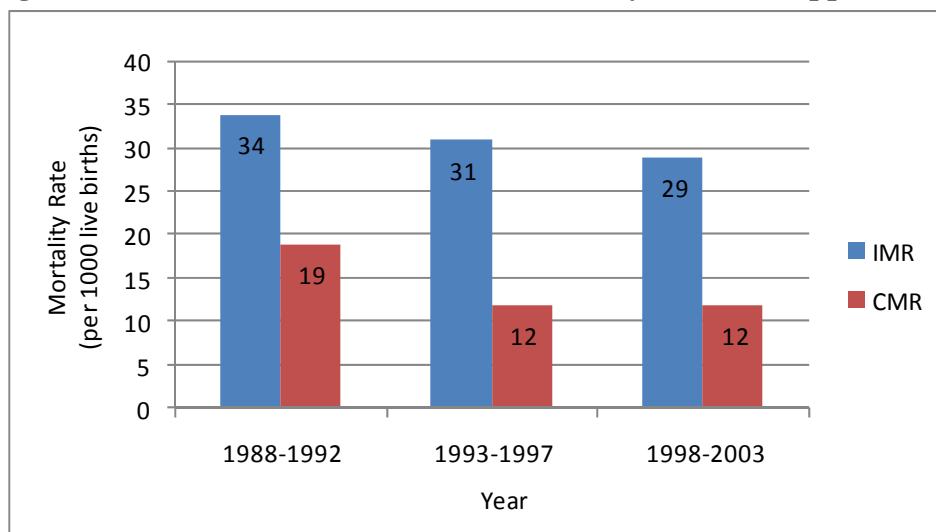
Table 3.6 Percentage of Contraceptive Usage Among Women by Age Group

Age Group	Percentage of Married Women	Percentage of All Women
15–19	36.8	4.0
20–24	61.0	31.8
25–29	71.5	56.6
30–34	75.8	66.5
35–39	76.5	69.7
40–44	72.2	66.5
45–49	67.7	63.1
TOTAL	70.6	47.3

Source: National Demographic and Health Survey, 2003.

4.2 Improving Child Health. Infant mortality rate (IMR) refers to the number of infant deaths per 1,000 live births during the first 12 months of life. It is described as the probability of dying between birth and age 1. The Philippines is right on track in achieving the two targets of goal 4 of the MDGs, i.e., under-five mortality rate (U5MR) and IMR. For the past 15 years, child mortality has been declining (NDHS 2003) (**Table 3.7**). U5MR has declined from 52 deaths per 1,000 live births in 1993 to 43 in 1998 and 40 in 2003. IMR has always shown positive sign: from 34 deaths per 1,000 live births to 31 and then to 29 over the same period (NDHS 1993, NDHS 1998, NDHS 2003) (**Figure 3.7**). Further, the U5MR of 32 deaths per 1,000 live births in 2006 will most likely attain the 2015 target of 26.70 deaths per 1,000 live births. In the same way, the IMR of 24 deaths per 1,000 live births in 2006 has high probability of attaining the 2015 target of 19 per 1,000 live births (NEDA 2007).

Figure 3.7 Trends in Infant and Child Mortality Rates, Philippines 2003



Source: National Demographic and Health Survey, 2003.

Table 3.7 Early Child Mortality Rates, Philippines 1993, 1998, 2003*

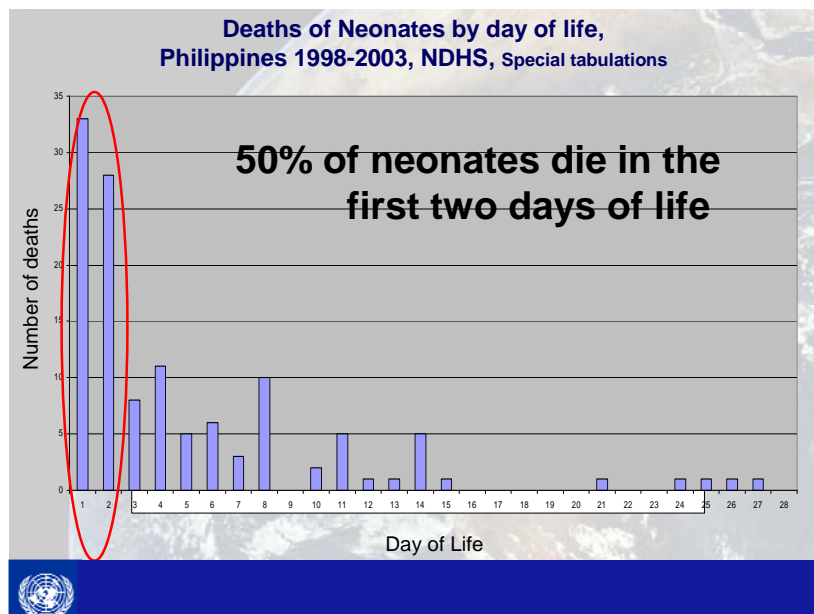
Neonatal, post-natal, infant, child and under-five mortality rates for 5-year periods preceding the survey						
Years Preceding the Survey	Approximate Calendar Year	Neonatal Mortality (NN)	Post-Neonatal Mortality (PNN)	Infant Mortality	Child Mortality	Under-Five Mortality
0-4	1998-2003	17	12	29	12	40
5-9	1993-1997	17	14	31	12	43
10-14	1988-1992	18	16	34	19	52

*Adapted from National Objectives for Health 2005-2010.

Source: National Demographic and Health Survey, 2003.

This notwithstanding, the government must leave no stone unturned in achieving, or even exceeding, the target to reduce infant and child mortality by 2015 or beyond. While there is probability of reaching MDG 4 by 2015, the trend in reduction has slowed down primarily due to slowdown in the reduction of neonatal mortality rate. Three quarters of under-five deaths occur in the first year of life (24 deaths per 1,000 live births) and about half (13 deaths per 1,000 live births) in the first 28 days of life, with most deaths in the first 48 hours of life (Figure 3.8).

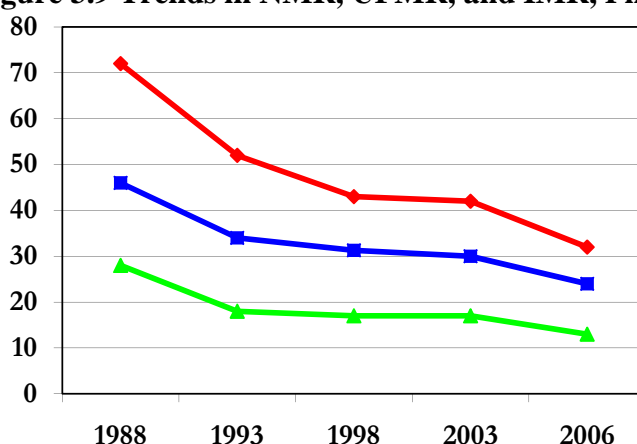
Figure 3.8 Deaths by Neonates by Day of Life, Philippines 1998–2003



Source: WHO-Country Calculation based on National Demographic and Health Survey, 1998-2003.

Based on the 2006 Family Planning Survey (FPS) results (UFMR = 31; IMR = 23; and Neonatal Mortality Rate [NMR] = 13), IMR accounts for 74% of UFMR and neonatal deaths contribute about 57% of infant deaths.³⁰ **Figure 3.9** shows this slow reduction in neonatal deaths and gives warning that if newborn care continues to fall on the crack between maternal and child health services, the probability of attaining MDG 4 will be lower.

Figure 3.9 Trends in NMR, UFMR, and IMR, Philippines 2006



Sources: National Health Survey, 2003; Family Planning Survey, 2006.

Demographic and

³⁰ UFMR is used interchangeably with U5MR.

Further, despite positive trends in infant and child mortality rates, Filipino children aged 5–9 have been no less vulnerable to leading causes of death among infants and 5-year-old children (**Table 3.8**). Pneumonia is the number one cause of death for children of age 1–4 and infants 0–12 months old, while accident is for children 5–9 years old. Infectious diseases that cause death among children of varying age groups can actually be prevented, including diseases relating to pregnancy, prenatal, and neonatal conditions, and others like measles and malignant neoplasm.

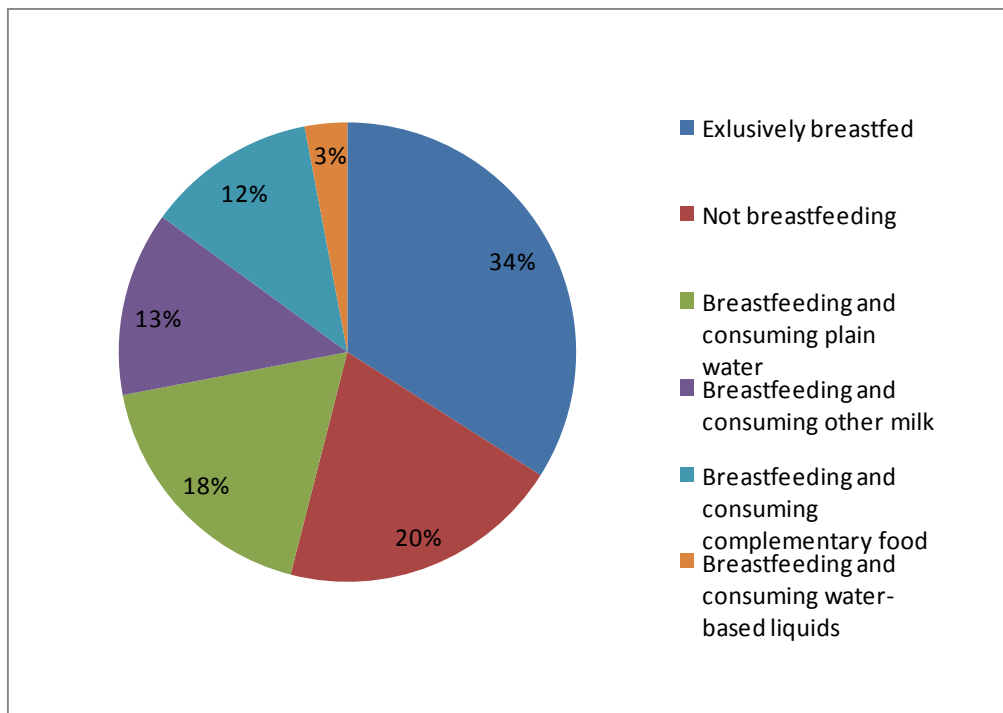
Table 3.8 Leading Causes of Death among Infants, Children Under Five Years Old, and Children Aged 5–9, Philippines, 2000

Infants 0–12 months old		Children 1–4 years old		Children 5–9 years old	
Causes of Death	Rate per 1,000 live births	Causes of death	Rate per 100,000 children 1–4 years old	Causes of death	Rate per 100,000 children 5–9 years old
Pneumonia	2.0	Pneumonia	37.76	Accidents	17.82
Bacterial sepsis of the newborn	1.8	Accidents	17.63	Pneumonia	7.03
Disorders related to short gestation and low birth weight	1.5	Diarrhea and gastroenteritis of presumed infectious origin	16.14	Malignant neoplasm	3.97
Respiratory distress of newborn	1.4	Measles	11.50	Congenital Anomalies	2.85
Other perinatal conditions	1.3	Congenital anomalies	9.01	Diarrhea and gastroenteritis of presumed infectious origin	2.19
Congenital malformations of the heart	0.9	Malignant neoplasm	4.88	Other diseases of the nervous system	2.15
Congenital pneumonia	0.8	Meningitis	4.67	Meningitis	2.14
Diarrhea and gastroenteritis of presumed infectious origin	0.7	Septicemia	4.54	Diseases of the heart	1.87
Other congenital malformations	0.7	Chronic obstructive pulmonary disease and allied conditions	4.43	Tuberculosis, all forms	1.55
Neonatal aspiration syndrome	0.6	Other protein-calorie malnutrition	4.38	Septicemia	1.41

Source: *Philippine Health Statistics, 2000*.

Breastfeeding of infants improves their health and nutrition. However, data from NDHS 2003 show that only 34% of infants have been exclusively breastfed and 20% under six months old have not been breastfed at all (**Figure 3.10**).

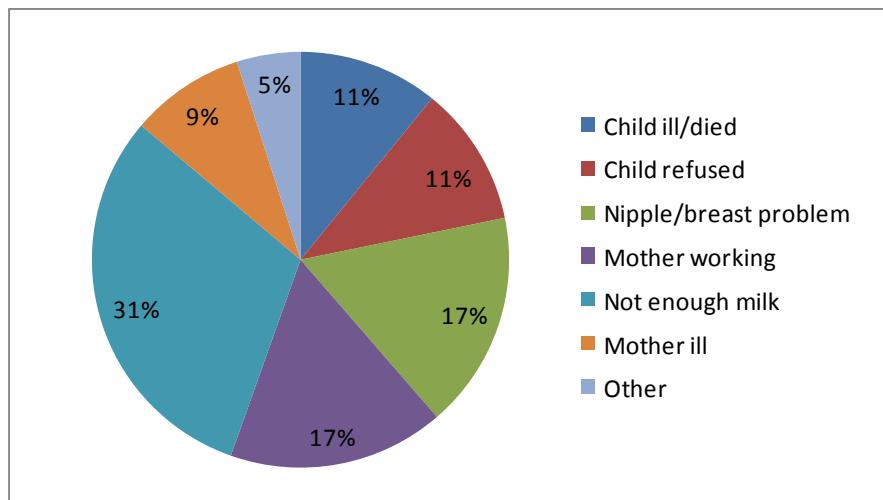
Figure 3.10 Breastfeeding Practices among 6-Month Old Infants, 2003



Source: National Demographic and Health Survey, 2003.

These worrisome breastfeeding practices entail negative effects on the health and nutrition of infants. Breastfeeding for the first few years of life protects infants from infectious diseases, provides nutrients, and is economical and safe (MICS 2008). The reasons given for stopping breastfeeding, namely, not enough milk for infant (31%), mother's work (17%) and nipple/breast problem (17%) (**Figure 3.11**), aside from the unfounded myths and beliefs on the purportedly unaesthetic effects of breastfeeding to a woman's body, can be debunked. All mothers, except those with physical problems, can breastfeed. All mothers, with enough guidance and support for right attachment and position, can produce milk. Working mothers can still exclusively breastfeed their babies and nipple problems cannot be used as a reason for not breastfeeding. Mothers can express their milk and still feed their babies through spoon, dropper or cup while managing sore nipples.

Figure 3.11 Reasons for not Breastfeeding or Stopping Breastfeeding, 2003



Source: National Demographic and Health Survey, 2003.

4.3 Responsiveness of Health Care System. Fast reduction of MMR and sustaining the momentum in reducing U5MR and IMR depend greatly on the responsiveness of the health system in terms of accessibility, availability, utilization, equity, and quality of health facilities, personnel, and services.³¹ The problem lies in the shortfall of these facilities and personnel, which in turn bears impact on the level of maternal and child health services being provided. These can be seen in (i) number and bed capacity of government and private hospitals, (ii) number and bed capacity of government hospitals by region, (iii) number of RHUs and BHUs by region, (iv) number of local government health personnel by region, (v) utilization of health facilities by area, (vi) types of services provided by health facility, and (vii) net satisfaction with most used facility by area.

Based on the Philippine Statistical Yearbook (PSY) 2004, there was an increase in total number of hospitals, both government and private, from 1,607 in 1980 to 1,738 in 2002. Despite this, there was a decrease in the number of beds per 10,000 population from 18.2 in 1980 to 10.7 in 2002. Also, there was a decrease in the number of private hospitals from 1,089 in 2000 to 1,077 in 2002 (**Table 3.9**). Although government hospitals in 2002

³¹ According to Gako, “Of the healthcare facilities, it is observed that up to 50 percent of the local health facilities are poorly equipped and poorly stocked. The district hospitals are not handling the primary and secondary cases in some instances. So most of our regional and tertiary hospitals are congested, catering not only to tertiary care, which is their primary responsibility, but also to primary and secondary cases.” He adds that of the RHUs and rural health centers (RHCs), only 61% are *Sentrong-sigla* certified (the certification of quality of RHUs). “In the first- to third-class municipalities, 786 (64%) of the 1,234 RHUs/RHCs are certified. In 4th to 6th class municipalities, 662 (58%) of the 1,140 RHUs/RHCs are certified” (Gako 2007: 58-59).

comprised only 32% of all hospitals nationwide, while private hospitals comprised 62%, bed capacity was 53% in the former and 47% in the latter (Gako 2007: 59).

Table 3.9 Number and Bed Capacity of Government and Private Hospitals, Philippines 1980–2002

Year	Number of Hospitals			Bed Capacity			Bed per 10,000 population
	Total	Government	Private	Total	Government	Private	
1980	1,607	413	1,194	81,796	39,445	42,351	18.2
1985	1,814	624	1,190	89,508	48,395	41,113	15.5
1990	1,733	598	1,135	87,133	49,273	37,860	14.0
1995	1,700	589	1,111	80,800	43,229	37,571	11.8
2000	1,712	623	1,089	81,016	42,385	38,632	10.6
2002	1,738	661	1,077	85,166	45,395	39,771	10.7

Source: Philippine Statistical Yearbook, 2004.

There is regional disparity in the distribution of government hospitals. Of the total 634 government hospitals (which is 38% of all hospitals) nationwide, Central Mindanao has the least number with only 21, followed by ARMM, Northern Mindanao, and NCR, each having only 24. Although NCR has one of the least hospitals, it has the highest government hospital bed capacity of 9,965 and a 1:807 bed-population ratio. ARMM has 870 beds, Northern Mindanao 1,150 beds, and Central Mindanao 1,195 beds. Southern Mindanao has the least bed-population ratio of 1:3,575, followed by ARMM with 1:2,836 and Northern Mindanao with 1:2,624 (**Table 3.10**).

Table 3.10 Number and Bed Capacity of Government Hospitals by Region Philippines, 2004

Region	Government Hospital		Bed to Population Ratio
	Number	Bed Capacity	
NCR	24	9,965	1:807
CAR	36	1,670	1:916
Ilocos	37	2,100	1:2,109
Cagayan Valley	34	1,720	1:1,754
Central Luzon	45	3,385	1:2,452
Southern Tagalog	93	6,295	1:2,206
Bicol	50	2,250	1:2,260
Western Visayas	53	2,750	1:2,466
Central Visayas	45	2,910	1:2,054
Eastern Visayas	53	2,195	1:1,851
Western Mindanao	29	1,975	1:1,749
Northern Mindanao	24	1,150	1:2,624
Southern Mindanao	32	1,615	1:3,575
Central Mindanao	21	1,195	1:2,176
CARAGA	34	1,255	1:1,910
ARMM	24	870	1:2,836

Philippines	634	43,300	1:1,860
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Source: Philippine Statistical Yearbook, 2004.

Positive trend can be seen in the increase in number of BHSs but not RHUs. From 9,184 in 1998, BHSs increased to 15,343 in 2002, while RHUs decreased from 1,962 in 1986 to 1,879 in 2001 (NOH 2005: 17). Based on PSY 2004, NCR has the most number of RHUs, consisting of 407 in 2001, while Central Mindanao has the least with only 51. In terms of BHSs, NCR has the least with only 17 in 2002, while Southern Tagalog has the most with 2,545 (Table 3.11).

Table 3.11 Number of Rural Health Units and Barangay Health Stations by Region Philippines, 2001-2002

Region	Rural Health Units (2001)	Barangay Health Stations (2002)
NCR	407	17
CAR	88	559
Ilocos	105	911
Cagayan Valley	93	827
Central Luzon	176	1,786
Southern Tagalog	168	2,545
Bicol	67	1,026
Western Visayas	69	1,536
Central Visayas	121	1,717
Eastern Visayas	147	800
Western Mindanao	100	650
Northern Mindanao	67	795
Southern Mindanao	64	655
Central Mindanao	51	654
Caraga	79	506
ARMM	77	359
Philippines	1,879	15,343

Source: Philippine Statistical Yearbook, 2004.

In terms of number of health personnel employed by LGUs, there were 3,021 doctors, 1,871 dentists, 4,720 nurses, and 16,534 midwives in 2002 (Table 3.12). NCR has the most number of doctors (658), dentists (540), and nurses (745), but second to lowest number of midwives (1,165). ARMM has the least number of all health personnel: doctors (69), dentists (23), nurses (99), and midwives (371). Since effective and quality maternal and child health service is a function of accessibility, availability, and adequacy of health personnel, then ARMM is sadly lagging behind.

Table 3.12 Number of Local Government Health Practitioners by Region, Philippines, 2002

Region	Doctors	Dentists	Nurses	Midwives
NCR	658	540	745	1,165
CAR	85	33	159	579
Ilocos	158	96	203	1,033
Cagayan Valley	175	58	267	801
Central Luzon	297	161	382	1,573
Southern Tagalog	350	256	648	2,282
Bicol	190	85	338	1,026
Western Visayas	226	112	433	1,791
Central Visayas	229	115	379	1,473
Eastern Visayas	153	109	233	887
Western Mindanao	90	55	196	675
Northern Mindanao	99	71	189	803
Southern Mindanao	79	71	161	791
Central Mindanao	84	32	158	671
Caraga	79	54	130	613
ARMM	69	23	99	371
Philippines	3,021	1,871	4,720	16,534

Source: Philippine Statistical Yearbook, 2004.

Based on the Filipino Report Card on Pro-Poor Services, a national client satisfaction survey conducted by the World Bank in 2000, 77% of 1,200 households surveyed visited health facilities, while 23% did not, with absence of illness as one of the reasons given (**Table 3.13**). Only 8% of respondents availed themselves of traditional healers. There is an urban-rural disparity in the percentage of visits, with 80% for urban and 72% for rural. The Visayas had the most number of visits, followed by Mindanao. In NCR, government facilities were visited more (39%) than private facilities (30%). However, once disaggregated, for-profit private facilities registered the most number of visits (28%) compared with government hospitals (20%). Better quality service in private facilities compared with governmental hospitals is one of the main reasons for the preference to utilize private facilities.

Table 3.13 Utilization of Health Facilities by Area, Philippines, 2000

	Philippines (%)	M. Manila (%)	Luzon (%)	Visayas (%)	Mindanao (%)
Visited health facility	77	82	68	84	82
Mainly used gov't facility	39	35	36	44	42
Government Hospital	20	20	24	16	16
BHS	10	6	4	21	14
RHU	9	9	8	7	12
No private facility	(4)	(2)	(3)	(5)	(9)
Mainly used private facility	30	46	28	27	24
For profit	28	44	27	25	22
Non-profit	2	2	1	2	2
No gov't facility	(2)	(2)	(4)	(0.4)	(3)
Traditional Healers	8	2	3	12	17

Source: Filipino Report Card on Pro-Poor Services, World Bank 2000.

For types of services, preventive health services (i.e., immunization, health and nutrition education, family planning, and routine check-up) are the services mostly availed of both for government primary (63%) and private hospitals (37%) (Table 3.14). Based on the World Bank 2000 survey, lower-level facilities such as public primary facilities are bypassed as evidenced by the 66% services availed of mostly for routine check-up and minor accidents and illnesses in government hospitals and 69% in private facilities. An important maternal and child health service (i.e., pre- and postnatal care) has the lowest utilization of only 3%.

Table 3.14 Type of Services Provided by Health Facility, Philippines, 2000

	Government Primary (%)	Government Hospital (%)	Private Hospital (%)	Traditional Healer (%)
Preventive Health Care	63	35	37	5
Routine check-ups	34	30	31	5
Immunization	14	1	3	0
Health education	9	3	2	0
Family planning	6	1	1	0
Minor Illnesses and Accidents	30	31	32	87
Minor illnesses	29	28	31	19
Minor accidents	1	3	1	68
Other Services	8	34	31	7
Major accidents	3	20	17	5
Pre- and postnatal care and deliveries	3	4	4	2
Laboratory services	2	10	10	0

Source: Filipino Report Card on Pro-Poor Services, World Bank, 2000.

Overall satisfaction rating for use of health facilities and services is 87%, but private facilities have higher rating (96%) than government facilities (79%) (Table 3.15). However, government hospitals got higher ranking than private facilities from respondents coming from lower socio-economic strata and rural areas. Lower cost in government hospitals is the main reason for this. Although private facilities are ranked superior in terms of quality of health care, their services are too expensive compared with their public counterpart. Mindanao registered the lowest net satisfaction rating (83%), 4 points less than the national average (87%).

Table 3.15 Net Satisfaction Rating with Most Used Health Facility by Area, Philippines, 2000

	Philippines (%)	M.Manila (%)	Luzon (%)	Visayas (%)	Mindanao (%)
Overall Satisfaction	87	87	88	88	83
For-profit hospitals	96	95	96	100	93
Traditional healers	94	100	88	97	93
Non-profit hospitals	91	100	71	100	100
RHU	82	100	90	81	62
Government hospitals	79	72	85	70	76
BHS	74	50	59	84	75

Source: Filipino Report Card on Pro-Poor Services, World Bank, 2000.

Weak System of Institutional Governance

4.4 Coordination among LGUs. A crucial factor in effective delivery of maternal and child health services is the cooperation, coordination, and collaboration of institutional stakeholders, such as the LGUs themselves. In practice, provinces and municipalities operate exclusively without common purpose and directions within their own part of the public health system. “As a result, it has become more difficult to achieve coordination of community-based, clinic-based, and hospital-based health services serving common population within a geographic area. This situation prevents effective triage, routinely appropriate referral, and cost-effective targeting of multi-level interventions” (WHSMP: 58). Mechanisms to bridge the gaps in health governance and operations between and among LGUs are necessary in view of the benefits of a well-coordinated delivery system of maternal and child health

services. The fact that LGUs are at the forefront of service delivery makes this requirement immediate.

4.5 Lack of Institutional Capacities. An effective service delivery of maternal and child health services requires enhanced institutional capacities of different levels of government. Less than two decades after devolution of the health sector, the lack of such capacities both of the LGUs and the DOH and its central and regional agencies remains a problem. LGUs have been struggling to effectively deliver maternal and child services in particular, and to manage funding health care in general, in spite of inadequate or lack, of technical, financial, institutional, and managerial capacities. In the same vein, the DOH and its central and regional agencies, as well as department representatives at local levels, have yet to fulfill effectively and efficiently their devolved responsibilities of policy-making, standard-setting, and providing technical, managerial, and institutional assistance to LGUs. “The post-devolution performance of [the] DOH in project management has been dismal. Many large projects were hobbled by symptoms of weak performance, such as slow start after approval, delayed decision-making, high incidence of poor quality work, and paralyzing organizational conflicts, among others. These symptoms have resulted in a cycle of lagging physical accomplishments and slow fund disbursement, leading to unwanted cutbacks in allocated investments and ultimately to failure to realize full benefits from projects” (WHSMP n.d.: 58). For these reasons, the DOH has moved into the Sector Development Approach for Health, or the Sector-Wide Approach, in which external aid or foreign-assisted projects (FAPs) are mobilized and implemented in full harmony and aligned with the Health Sector Program, which has been branded as F1. Nonetheless, capacity-building for an improved implementation, monitoring, and evaluation of policies, programs, and projects related to maternal and child health needs further improvement.

The institutional capacity deficit for an improved delivery of maternal and child health services is a microcosm of a general problem in local delivery of better health service. For the past 15-20 years, the best health programs in the Philippines are those that have been provided by the central government, and the worst, are those by the LGUs. Examples of the former are TB, malaria, EPI, and of the latter is iron provision. This creates the impetus and the imperative to define critical public health functions which should be the sole responsibility of the central government to ensure effectiveness, rather than be left to the “political discretion” of unaware and amateur LCEs. The lesson to be learned is that if LGUs

cannot perform the health functions assigned to them, then central government must do something to address this; otherwise, the former will continue to fall short of expectations as children and mothers die of preventable diseases. Congress, for example, may legislate for clearly defining critical public health functions and those who will be responsible to them. This will ensure transparency and accountability as the assignment of functions will be clearly delineated, and those with specific responsibilities be held accountable. In other words, the functions that should be devolved to the LGUs and those to be handled by the DOH are those that they can better perform respectively, but with the caveat that should the former falter in their performance, the latter should not only provide the much-needed assistance, but also to redesign health devolution if need be. Ergo, health decentralization would be about what LGUs and DOHs are capable of effectively delivering within the context of expanded concept of right-based public health good. The challenge, therefore, is to design health decentralization by building on the capacities and capabilities of LGUs and DOH for optimum health benefit such as maternal and child health services, especially to those who need them most—the Filipino poor.

4.6 Active Involvement and Effective Leadership of Local Chief Executives (LCEs). A key institutional actor that can make a big difference in fully realizing the benefits of maternal and child health services is the LCE, i.e., the governor and/or the mayor. But this does not happen when the LCE, among others,

- does not make maternal and child health services in particular or public health in general as one of his/her priorities,
- demand for capital funds to invest in expanded capacities of health services through improvement of health facilities but does not increase operating budgets for these facilities, and
- does not practice democratic governance in helping to strengthen LHBs through strong and effective community participation by NGOs or local communities themselves, and
- does not practice effective financial administration for improved health services by not rationalizing the use of IRA and their own-source revenues, as well as tapping other sources and harmonizing their effective use such as grants, loans, and donations.

Absent active involvement, effective leadership, political will, and strong sense of public service, LCEs would be a liability than an asset in contributing to the fast reduction of MMR and sustaining the gains in UM5R and IMR, and to attainment of the country's commitment to the MDGs. For example, in health financing, if the LCEs are not able, with NG not providing any technical and capacity-building assistance, to estimate investments for children and mothers as a basis for targets in revenue generation, then they would not be able to expand the fiscal space needed for more resources to health services. Lack of idea of an ideal investment for maternal and child health translates into lack of better financed maternal and child health services.

4.7 Too Little Magna Carta Benefits. Human resource is key to effective management and implementation of maternal and child health services. The country produces good and well-trained health professionals and workers, but it is also the leading exporter of nurses (Aiken et al. 2004) and the second major exporter of physicians (Bach 2003). The remaining human resources on health are unevenly distributed in the country. Most of them are in Metro Manila and the urban centers. The exodus of skilled nurses (85% of all Filipino nurses work in 46 countries) and medical doctors to other countries compounds this regional disparity. RA 7305, or the Magna Carta for Public Health Workers, is supposed to address this human resource issue and encourage medical professionals to render services in the BHUs and RHUs, but the benefits seem to be inadequate. At present, the Magna Carta benefits are either sustained or constrained by the following:

- 97%–98% of municipalities provide subsistence and laundry allowance;
- 87% of municipalities provide representation and travel allowance;
- 22% of municipalities provide hazard pay;
- 11% provide medico-legal and longevity allowances;
- 1.5% provide remote assignment pay;
- not all LGUs that provide Magna Carta benefits provide them in full; and
- practically all municipalities, regardless of income class, provide subsistence and laundry allowances (Gako 2007:60-61).

Other issues and challenges that must be addressed include:

- Full implementation of the Magna Carta benefits not only by public health workers of the central office of the DOH but also its regional hospitals,
- Balancing the funding of Magna Carta benefits out of MOOE and the timely and effective provision of medical care activities/programs and medical supplies,
- Unequal provision of Magna Carta benefits (e.g., hazard allowance of medical personnel) based on the hospitals' ability to generate savings and unfair prioritization,
- Uneven provision in the release of benefits, which hinges on the ability to generate income (e.g., monthly release of hazard allowance of specialty hospitals unlike the quarterly basis for DOH central office personnel), and
- Inconsistency in applying RA 7305 on paying for on-call status only when actual service is rendered, not the "on call" pay equivalent to 50% of the medical personnel's regular wage as provided for in the law (Garcia and Cabegin 2008: 30–31).

4.8 The Contentious Role of TBAs. The government utilized a two-pronged strategy in addressing maternal health concerns, i.e., safe motherhood and reproductive health services. To reduce MMR, it adopted a paradigm shift for childbirth, from the "risk approach" (which considers all high-risk pregnancies for referral during prenatal period) to the "EmOC approach" (which considers all pregnancies to be high-risk). This paradigm shift also entailed a policy shift, from promoting home-based childbirth delivery to facility-based delivery. As this policy was issued very recently, TBAs have still been attending childbirths. The WHO defines a TBA as a "person who assists the mother during childbirth and who initially acquired skills by delivering babies herself or by working with other TBAs." Despite attendance to TBA training, they are still unable to comply with basic standards of quality care; instead, they can only provide some basic essential obstetric care services. Also, TBAs, like BHWs, are not allowed to dispense iron supplements, but can only replenish iron tablets supply subject to instructions and supervision by the public health nurse or physician. Further, "there is mounting scientific evidence that some time-honored traditional interventions such as provision of antenatal care and TBA training are not effective linkages with emergency obstetric care services" (World Bank n.d.: 9). Moreover, TBAs are found to have no skills in lifesaving, and therefore cannot be relied upon in dealing with life-threatening cases such as hemorrhage, eclampsia, or obstructed labor.

The continued attendance of TBAs in childbirths not only makes national practice at variance with international practice of requiring skilled attendants at birth (nurses, doctors, midwives) but also puts every pregnant woman at risk. Reliance on TBAs usually causes delay in referral for a pregnant woman to be in the care of a reliable health facility, such as BEmOC and CEmOC, depending on the degree of health risk. However, reliance on TBAs is the poor woman's only alternative to costly delivery. She will always be left with no choice but to settle with TBAs and home-based delivery unless the government

- creates mechanisms for enlightening women on the limitations of TBAs,
- helps create more livelihood to uplift the poor woman's standard of living and level of health consciousness,
- empowers women to demand quality health care, and
- makes BEmOCs accessible to all women.

CHAPTER 4

Policy and Institutional Analysis: Potable Water

1. Policy and Legislative Framework

1.1 **1987 Philippine Constitution.** Although it does not directly specify the state's duty on water supply, Section 16, Article II of the 1987 Philippine Constitution mandates the people's right to a balanced and healthy ecology, as shown in the following:

SEC 16. The state shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

Correlative to the people's right to a balanced and healthy ecology is their right to safe water supply—both as a public good and an economic good. As a public good, water is treated as a means to sustainable human development and well-being. As an economic good, water for human consumption has a price tag based on production and distribution costs, either by the government or the private sector. Also, as an economic good, water is crucial for socioeconomic development and global competitiveness. Viewed as such, the state's duty should be based on this rights-based treatment of water.

1.2 **1991 Local Government Code.** The 1991 Local Government Code (LGC) mandates the sharing of responsibility

- in providing basic services, such as water supply, sanitation, and flood control;
- in providing infrastructure facilities (such as waterworks, drainage and sewerage, irrigation systems); and
- in enforcing sanitation and potable water-related laws.

Sec. 17 of the 1991 LGC mandates the provision of potable water supply and sanitation, and other water-related services and facilities. For the barangay, the mandate is to maintain roads, bridges, and water supply systems. For the municipality and city, the mandate is to be responsible for infrastructure facilities and services that are financed through their own funds. These include small water-impounding projects, artesian wells, spring development,

rainwater collectors and water supply systems; seawalls, dikes, drainage and sewerage, and flood control; inter-barangay irrigation systems; and water resources utilization and conservation projects. For the province, the mandate is to be responsible for infrastructure facilities that are financed through provincial funds, such as inter-municipal waterworks, drainage and sewerage, flood control, and irrigation systems (LGC 1991: 8–9). The 1991 LGC also mandates LGUs to undertake watershed-related activities that used to be confined to community-based management, social forestry, and watershed projects. The role of barangays depends on the discretion of LGU executives. Further, government-owned and controlled corporations (GOCCs) have to consult LGUs for establishing safeguards for environmental sustainability.

In this devolved set-up, the mandated roles and responsibilities of the national government through its line agencies (primarily National Water Resources Board [NWRB] and Local Water Utilities Administration [LWUA]) are, among others:

- policy formulation, issuance of directives, standard-setting, economic regulation (for NWRB);
- technical, financial assistance, loan guarantee, and institutional development (for LWUA); and
- financial assistance (for Municipal Development Fund Office [MDFO], Development Bank of the Philippines [DBP], and Land Bank of the Philippines [LBP]).

1.3 Water Supply-Related Laws and Issuances. There are laws and issuances related to water supply per se; the establishment of institutions for the provision, distribution, and regulation of potable water supply; and the enforcement of sanitation and pollution control.

Laws on institutions related to water supply include the following:

- RA 6234 of 1971 abolished the National Waterworks and Sewerage Authority (NAWASA) and created the Manila Waterworks and Sewerage System (MWSS). This agency is responsible for providing water supply to Metro Manila. Water supply service was privatized in 1997 under a 25-year concession contract with Maynilad Water Services, Inc. (MWSI) and Manila Water Company, Inc. (MWCI).
- Presidential Decree (PD) 198 (or the Provincial Water Utilities Act of 1973) established local water districts and created the LWUA as a specialized lending

institution responsible for resource, technical, institutional development, and financing assistance to water districts.

- PD 424 of 1974 created the National Water Resources Council (NWRC), now NWRB. It is attached to the Department of Public Works and Highways (DPWH) and is responsible for coordinating, planning, and integrating 30 water resources and agencies of the government, and for water resource development and management in general.

Specific water codes include:

- PD 1067 of 1976 (Water Code of the Philippines), which provided the implementation framework for the constitutional provisions on water resources development and water quality management, and
- RA 9275 (Philippine Clean Water Act of 2004), which provided for a comprehensive water quality management and consolidated the fragmented Philippine laws on water resources management, quality control, and sanitation.

Some laws on sanitation and pollution control include:

- PD 856 (Sanitation Code of the Philippines of 1975), which codified and enforced the numerous sanitation policies of the government, including standards for water supply;
- PD 1096 (National Building Code of 1977), which required connection of new buildings to a water sewerage system;
- PD 1151 of 1978 (Environmental Policy), which recognized the right of the people to a healthy environment; and
- PD 1586 of 1978 (Environmental Impact Statement System), which mandated the conduct of environmental impact assessment (EIA) studies for all investments by the government and the private sector.

Private sector involvement in water projects are codified into laws. PD 1206 (Public Service Law of 1977) mandates the regulation of private water supply systems by the NWRC, which also serves as an appeals body on tariff disputes between LWUA and water districts (WDs). RA 6957 of 1990, or the Build-Operate-Transfer (BOT) Law (as amended by RA 7718 of 1994), authorized the private sector to finance, construct, operate, and maintain government

infrastructure projects. The National Water Crisis Act of 1995 provided the legal basis for privatizing MWSS operation in 1997.

There are also administrative issuances by the executive department. Executive Order (EO) 192 of 1987 mandated the reorganization of the Department of Environment and Natural Resources (DENR) as lead agency in, among others, enforcing the rules and regulations for the control of water, air, and land pollution; and promulgating ambient and effluent standards for water and air quality. EO 124-A of 1987 converted NWRC to NWRB. EO 123 of 2002 strengthened the NWRB and mandated it to approve tariffs of local WDs. EO 279 of 2004 instituted reforms in the financing policies for the water supply and sewerage sector and for water service providers. It also transferred the LWUA to the Office of the President and rationalized its organizational structure, among others. EO 387 of 2004 transferred the LWUA from the Office of the President to the DPWH. EO 421 of 2005 refocused the LWUA's mandates, functions, and organizational structure as envisioned in EO 279. EO 738 of 2008 transferred the LWUA to the DOH.

2. Institutions: Actors and Their Roles and Responsibilities

2.1 Water Supply Sector Institutions. The national and local actors involved in the delivery of potable water are listed in **Table 4.1**. They include the LGUs, LWUA, Department of Interior and Local Government (DILG), NWRB, National Economic and Development Authority (NEDA), DPWH, Department of Finance (DOF) and government financing institutions (GFIs), and National Anti-Poverty Commission-Water Sanitation Coordinating Office (NAPC-WASCO). In fulfilling their roles and responsibilities, they establish both a vertical interface (national-local) and horizontal interface (local-to-local and national-to-national) in the production, provision, distribution, regulation, and financing of water supply, as well as in implementation, monitoring, and evaluation of PAPs. Their roles and responsibilities based on the water supply-related laws and on the 1991 LGC are also indicated in **Table 4.1**.

Table 4.1 Key Water Supply Sector Institutions: Roles and Responsibilities

Agency	Roles and Responsibilities
Water Supply Providers (WSPs)	Management and operation of water supply systems
LGUs	Planning and implementation of water supply and sanitation programs <ul style="list-style-type: none"> • Preparation of water and sanitation master plans • Monitoring of local water and sanitation coverage and update of sector profile • Provision of support to WSPs (RWSAs, BWSAs, cooperatives), including funding from IRA
LWUA	Capacity building support to WSPs <ul style="list-style-type: none"> • Provision of technical advisory services and financial assistance to water districts • Provision of technical and institutional support to LGUs and WSPs • Setting design standards for water supplies operated by WDs and other WSPs
DILG	Capacity-building support to LGUs <ul style="list-style-type: none"> • Provision of capacity-building training to LGUs • Coordination of LGU master plan preparation • Provision of information to LGUs on available sector programs and financing
NWRB	Regulation of WSPs, including LGU-managed water utilities <ul style="list-style-type: none"> • Tariff regulation • Coverage and service regulation • Management of WSS sector database, including WSP performance data
NEDA	Coordination of preparation of national development plan and investment programs: <ul style="list-style-type: none"> • Formulation of sector policies and strategies • Monitoring implementation of policies, programs, and projects
DPWH	Provision of technical support to LGUs upon request, including implementation of Level I and II projects
DOF/GFIs	Financing support for the water supply sector <ul style="list-style-type: none"> • DOF oversees performance of GFIs like DBP, LBP, and LWUA • GFIs (DBP, LBP, and LWUA) provide funding for the water supply sector
NAPC-WASCO	Coordination of the P3W* water supply projects for 432 municipalities outside Metro Manila where people's access to water supply is below 50%, 210 communities within Metro Manila and 201 municipalities in conflict zones covered by peace agreements with various rebel groups

*P3W—President's Priority Program for Water.

Source: Philippine Water Supply Sector (PWSS) Institutional Development Framework Workshop, Richmond Plaza, Ortigas Center, Ortigas City, Philippines, October 13, 2006.

2.2 Water Supply Providers (WSPs). As of 2005, the total number of service providers of potable water nationwide, both public and private, is 6,280 (**Table 4.2**).

Table 4.2 Water Supply Providers (as of 2005)

Type of Provider	Estimated Number
Water districts	580*
LGU utilities	1,000
RWSAs	500
BWSAs	3,100
Cooperatives	200
Private firms	900
Total	6,280

**According to the 2005 World Bank study, of the 580 WDs, 127 were considered non-operational due to non-viability and lack of Board as of 2003–2004.*

Source: World Bank, 2005.

Water districts are the dominant water supply service providers for urban areas outside of Metro Manila (see also **Table 4.6**). In 2003, WDs served 15.3 million people in 700 cities and municipalities. WDs are GOCCs formed through the initiative of LGUs. Though autonomous in terms of utility management and operations, a WD relies on the LGU in appointing its board members. LWUA plays an important role in providing technical and financial assistance to WDs.

LGU involvement in water supply provision includes establishing WDs and direct provision of water supply through their engineering departments and development and planning offices (city/municipal/provincial), and through partnership with community-based organizations (CBOs). “In general, water utilities under direct LGU management are poorly operated because of the lack of technical, financial, and management capabilities, as well as the lack of autonomy from political interference in management decisions. Tariff setting is commonly subject to short-term political considerations” (World Bank 2005: 112).

CBOs (e.g., Barangay Water Services Associations [BWSAs], Rural Water Supply Associations [RWSAs], and cooperatives), together or in partnership with LGUs, directly provide services to local communities. CBOs often rely on the LGUs for financing (CO and MOOE). Usually, BWSAs and RWSAs are designed for communal taps rather than individual household connections. Their systems constitute 20% of Level III and 35% of Levels I and II connections³² (World Bank 2005).

³² Level I water systems include stand-alone water points such as hand pumps, shallow wells, and rainwater collectors. Level II water systems provide piped water with a communal water point such as borewell and spring systems. Level III water systems supply piped water through a private water point such as a house connection.

Private operators or firms have been involved in water supply provision even prior to the 1995 water crisis. MWCI and MWSI became the two biggest and most prominent private water service operators with the privatization of MWSS operations in 1997 through concession agreements. There is also a partial privatization in Subic Bay Freeport and a joint-venture project in Tagbilaran City.

Small-scale independent providers (SSIPs) also provide services in areas where there is inadequate service and slow-paced expansion of public providers. SSIPs include real estate developers, homeowners' associations, local entrepreneurs, and mobile water truckers and haulers. There is a lack of data on their market share, but it is estimated that 30% of the population of Metro Manila depended on SSIPs in 1996, while about 30% of the 1.5 million population of Cebu is served by SSIPs (David and Inocencio 2001, McIntosh 2003, World Bank 2005: 116).

Household self-providers are those who lack access to formal water system due to low income and, thus, provide for themselves. Depending on their income, they use either shallow well (for the poor) or deep well (for those with higher incomes). Comprising 20%–30% of the population, they constitute 20% of the market size in urban areas and 25% in rural areas together with SSIPs (World Bank 2005).

3. Key Strategies and Programs

3.1. Medium-Term Philippine Development Plan (MTPDP) 2004–2010. The government recognizes potable water supply as a key factor in human development and economic sustainability. It is committed to realizing potable water supply for the entire country by 2010 through specific strategies laid down in the MTPDP 2004–2010. These strategies are as follows:

- Make potable water available nationwide by 2010 through the President's Priority Program for Water (P3W), with priority given to at least 200 "waterless" barangays in Metro Manila and 200 "waterless" municipalities in conflict zones outside of Metro Manila through private sector or public investment;
- Ensure that LGUs provided with water supply services will also have sanitation facilities;

- Continue to provide capacity building programs and technical assistance to WSPs that need assistance on WATSAN planning, management, and project implementation;
- Develop and manage technology options for water supply such as solar desalination for isolated islands, windmill technology, and others;
- Promote private–public partnerships (PPPs) for increased investment in water provision to waterless LGUs, especially remote barangays and municipalities;
- Conduct and assess groundwater resources and vulnerability for 310 priority LGUs;
- Monitor potable water supply of selected poor communities through Tap Watch Program; and
- Complete “the groundwater resource inventory/assessment in major urban areas and surface water in rural areas, control[ing the] extraction [of groundwater] through moratorium [and/or] stringent requirements in the grant of water permits in water-deficient areas and [through] complete registration of all water pumps, metering of water pumps, etc.” (MTPDP 2004: 53).

3.2 Potable Water Supply Programs. Based on 2007 Midterm Progress Report on the MDGs, the government prioritizes five PAPs in addressing the water issues and concerns, primarily on waterlessness of some barangays and municipalities. These PAPs are: (i) focusing on waterless areas, (ii) establishment of groundwater monitoring system, (iii) provision of safe drinking water by installing low-cost water supply system, (iv) conservation of water for sustainable water quality and supply, and (v) development/construction of low-cost sanitation facilities.

First, in focusing on waterless areas, the government is implementing the P3W. This is in line with the President’s Ten-Point Agenda formulated and announced in 2004, which includes the “provision of power and water supply to all *barangays*.” Priority areas are the 212 “waterless” areas in Metro Manila and 633 “waterless” municipalities outside Metro Manila. The aims of the program are

- increased access to water supply and sanitation services by 50%,
- reduced incidence of diarrhea by 20%,

- improved access of the poor to water supply and sanitation services by at least 20%, and
- 100% sustainable operation of all water supply and sanitation projects constructed, organized, and supported by the program.

NAPC, tasked by the President to oversee the program, estimates that the program would cost P5.6 billion, of which P2 billion would be required in Metro Manila alone. Funding for the program will be sourced from the DPWH's public funds. Corollary objectives are to increase government financing for water supply and sanitation and to find innovative financing schemes involving multi-sectoral sources.

Second, in establishing groundwater monitoring system, the government aims to “regulate pumping in areas where piezometric heads (which measure the level of the water table above sea level) are declining, and to assess the state of existing wells in terms of their physical state or the quality of water coming from it” (NEDA 2007: 58).

Third, in providing safe drinking water, the government installs low-cost water supply facilities such as hand-pumps, gravity-fed systems, rainwater collection, and shallow wells or deep artesian tube wells. It builds infrastructures for drinking water especially in rural areas with poor access.

Fourth, in conserving water for sustainable water quality and supply, the government undertakes activities that include: “(a) improving the system’s efficiency; (b) improving the metering efficiency and monitoring the unauthorized use of water; (c) encouraging the use of saving devices, application of new technologies, and recycling; and (d) conducting intensive public information, education, and communication programs on water conservation” (NEDA 2007: 58–9).

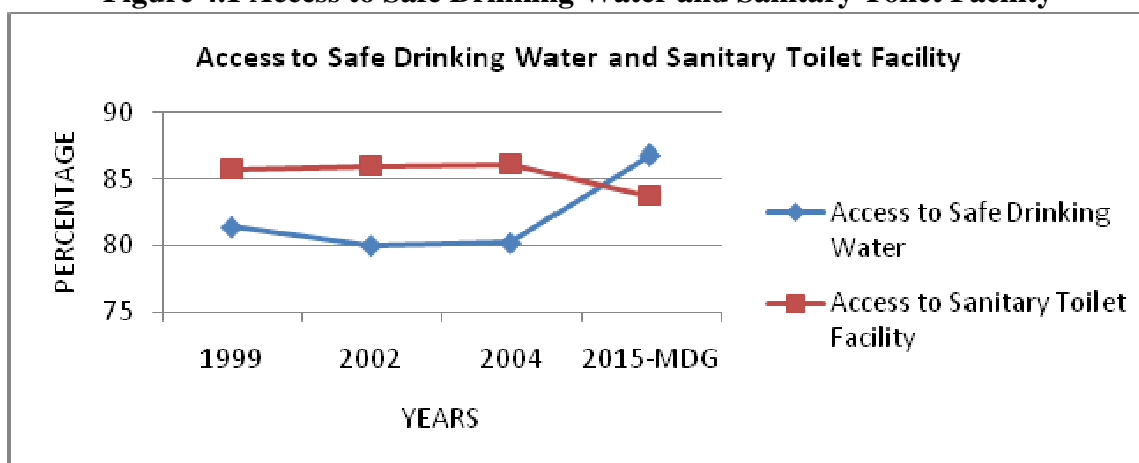
Fifth, in addressing the downward trend in sanitation coverage, the government has adopted, developed, and constructed low-cost sanitation facilities such as “engineered reed bed treatment system, for low construction cost and maintenance cost, and ventilated improved pit privy (VIP) and other latrines” (NEDA 2007: 59).

4. Trends and Challenges

Policy Gaps and Weaknesses

4.1 Access and Coverage. According to a World Bank study, “There are various estimates not fully consistent—as to access of the population to water supply services and sanitation facilities” (WB 2005: 119). NSO surveys, such as the 2004 Annual Poverty Indicators Survey (APIS), suggest a slight improvement in access to safe drinking water (from 80.0% in 2002 to 80.2% in 2004) and in access to sanitary toilet facilities (**Figure 4.1**). However, the Joint Monitoring Program for Water Supply and Sanitation of UNICEF and WHO shows a declining trend from 87% in 1990 to 85% (62% urban and 38% rural) in 2004 (**Table 4.3**).

Figure 4.1 Access to Safe Drinking Water and Sanitary Toilet Facility



Sources: 1999, 2002, and 2004 APIS (2015 MDG Target), as cited in NEDA 2007.

Table 4.3 Access to Water and Sanitation in the Philippines, 2004

		Urban (62% of the population)	Rural (38% of the population)	Total
Water	House Connections	58%	23%	45%
Sanitation	Sewerage	7%	2%	5%

Source: Joint Monitoring Program for Water Supply and Sanitation of UNICEF and WHO 2004.

Aside from the issue of drinking water quality and sustainability of water resources, equally important is the issue of access to sanitary toilet and public sewerage system. Although the

percentage of households with access to sanitation facilities has improved for both urban and rural areas, from 81% in 1998 to 85% in 2003 (NDHS 1998 and 2003), still the percentage of household coverage for public sewerage system has stagnated for the past 20 years. With only three public sewerage systems providing sewerage services to Metro Manila urban residents, and almost none outside Metro Manila, most households are left with unsanitary excreta disposal. The national government, particularly the DOH and other water-related agencies, should make serious efforts in addressing this sanitation and sewerage problem to eliminate the widespread practice of indiscriminate disposal of untreated effluent and sludge.

Another issue is urban-rural dichotomy in terms of access to improved water supply services. This is evidenced by the percentage of Filipinos being served, viewed either from the national or from the cross-country comparative assessments (**Table 4.4**).

Table 4.4 Access to Drinking Water: Cross-Country Comparison

Improved Drinking Water Coverage (%)							
Country	Year	Total		Urban		Rural	
		Total	HH Connection	Total	HH Connection	Total	HH Connection
People's Republic of China	1990	70	49	100	80	59	37
	2002	77	59	92	91	68	40
Indonesia	1990	71	10	92	26	62	3
	2002	78	17	89	31	69	5
Philippines	1990	87	21	93	37	82	6
	2002	85	44	90	60	77	22
Malaysia	1990	NA	NA	96	NA	NA	NA
	2002	95	NA	96	NA	94	64
Viet Nam	1990	72	11	93	51	67	1
	2002	73	14	93	51	67	1

NA – not available

Source: World Health Organization/UNICEF 2004. *Meeting the MDG Drinking Water and Sanitation Target: A Mid-Term Assessment of Progress*.

In 2006, not much has changed in the percentage of households having access to drinking water (**Table 4.5**). There is still a wide urban–rural disparity (96% in urban areas and 88% in rural areas) in spite of the slight increase from the 1990 percentage (92% in urban areas and 75% in rural areas). Such disparity becomes stark when viewed from a cross-country assessment of Southeast Asian countries. The Philippines has lagged behind Malaysia, Singapore, and Thailand since 1990, and has been superseded by Viet Nam in 2006.

Table 4.5 Proportion of People Without Sustainable Access to Safe Drinking Water

Population Using Improved Water Sources				
Southeast Asian Countries	1990		2006	
	Urban	Rural	Urban	Rural
Brunei Darussalam	—	—	—	—
Cambodia	47 (1995)	14 (1995)	80	61
Indonesia	92	63	89	71
Lao PDR	73 (1995)	34 (1995)	86	53
Malaysia	100	96	100	96
Myanmar	86	47	80	80
Philippines	92	75	96	88
Singapore	100	—	100	—
Thailand	98	94	99	97
Viet Nam	87	43	98	90

Source: Millennium Indicators Database Online (UNSB 2008).

Access to drinking water not only highlights rural–urban gap but also regional disparity, with the populations of Cordillera Administrative Region (CAR), Autonomous Region of Muslim Mindanao (ARMM), Region IV-B, and Region XII having low access to safe drinking water (**Table 4.6**).

Table 4.6: Population Served by Water Service Providers, by Region, as of 2007

Population Served															
Region	Water District	% of the Total Pop. Served	LGU	% of the Total Pop. Served	RWSA/ BWSA	% of the Total Pop. Served	COOP	% of the Total Pop. Served	MWSS*	% of the Total Pop. Served	Private/ NGO	% of the Total Pop. Served	Total Population Served by WSPs	Total Population	% Served by WSPs
ARMM	123,455	77.5	35,740	22.5	-	0.0	-	0.0	-	0.00	-	0.00	159,195	4,120,795	3.86
CAR	18,607	49.7	2,914	7.8	9,900	26.4	-	0.0	-	0.00	6,024	16.09	37,445	1,520,743	2.46
CARAGA	166,076	79.8	40,368	19.4	1,671	0.8	-	0.0	-	0.00	-	0.00	208,115	2,293,480	9.07
Region I	556,479	89.4	36,169	5.8	24,165	3.9	4,794	0.8	-	0.00	644	0.10	622,251	4,545,906	13.69
Region II	140,180	72.1	51,908	26.7	2,334	1.2	-	0.0	-	0.00	-	0.00	194,422	3,051,487	6.37
Region III	635,905	99.6	1,458	0.2	923	0.1	-	0.0	-	0.00	-	0.00	638,286	9,720,982	6.57
Region IV-A	2,286,823	79.9	215,957	7.5	101,339	3.5	2,836	0.1	15,818	0.55	239,807	8.38	2,862,580	11,743,110	24.38
Region IV-B	78,501	51.2	14,330	9.3	24,820	16.2	-	0.0	-	0.00	35,649	23.25	153,300	2,559,791	5.99
Region V	756,738	86.2	83,166	9.5	35,551	4.0	-	0.0	-	0.00	2,770	0.32	878,225	5,109,798	17.19
Region VI	463,161	85.1	75,385	13.9	4,875	0.9	696	0.1	-	0.00	-	0.00	544,117	6,843,643	7.95
Region VII	433,489	41.9	520,664	50.3	15,368	1.5	64,229	6.2	-	0.00	1,113	0.11	1,034,863	6,398,628	16.17
Region VIII	432,040	79.2	113,327	20.8	-	0.0	-	0.0	-	0.00	-	0.00	545,367	3,912,936	13.94
Region IX	135,000	53.5	109,590	43.4	7,208	2.9	510	0.2	-	0.00	-	0.00	252,308	3,230,094	7.81
Region X	190,435	49.0	157,930	40.7	40,146	10.3	-	0.0	-	0.00	-	0.00	388,511	3,952,437	9.83
Region XI	285,596	73.4	47,932	12.3	25,856	6.6	27,151	7.0	-	0.00	-	0.00	389,265	4,156,653	9.36
Region XII	149,002	96.9	4,842	3.1	-	0.0	-	0.0	-	0.00	-	0.00	153,844	3,829,081	4.02
Total	6,851,487	75.6	1,511,680	16.7	296,886	3.3	100,216	1.1	15,818	0.17	286,007	3.16	9,062,094	76,989,564	11.77

*This does not include updated data from the two private concessionaires, Maynilad Water Services, Inc. (MWSI) and Manila Water Company, Inc. (MWSI). As of June 2007, MWSI had 5.9 million customers in 696,805 water connections. MWCI had a coverage of 800,000 households in 550,000 water connections.

Sources of data: Department of Interior and Local Government, 2007; and National Statistics Office, 2007.

In 2007, DILG estimated that more than 9 million persons had access to Level II and Level III water supply systems. In 2000, around 46% of the 76.4 million Filipinos had access to Level II and Level III water supply systems from water districts, LGU utilities, MWSS, private sector, and NGO service providers (**Table 4.7**). ARMM (18.09%) had the least percentage of access, followed by Cagayan Valley (18.72%) and Ilocos Region (25.73%), while the National Capital Region (NCR) (75.07%) had the highest, followed by CAR (61.13%) and Northern Mindanao (58.54%).

Table 4.7: Water Supply Coverage, as of 2000

Region	Total Population (2000)	Population with Access to Water (Level II and Level III)	% Population with Access to Water
NCR	9,932,560	7,456,038	75.1
CAR	1,365,412	834,686	61.1
Northern Mindanao	2,747,585	1,608,419	58.5
Southern Tagalog	11,793,655	6,146,765	52.1
Eastern Visayas	3,610,355	1,845,463	51.1
CARAGA	2,095,367	1,036,929	49.5
Central Visayas	5,706,953	2,640,134	46.3
Western Mindanao	3,091,208	1,356,320	43.9

Southern Mindanao	5,189,335	2,261,291	43.6
Central Luzon	8,030,945	3,485,699	43.4
Bicol	4,686,669	1,964,915	41.9
Outside NCR	66,552,528	27,827,200	41.8
Central Mindanao	2,598,210	867,302	33.4
Western Visayas	6,211,038	1,735,210	27.9
Ilocos	4,200,478	1,080,846	25.7
Cagayan Valley	2,813,159	526,741	18.7
ARMM	2,412,159	436,480	18.1
Philippines	76,485,088	35,283,238	46.1

Source: National Statistics Office

Although the Philippines is right on track in achieving the MDG target of 86.6% of the population having access to safe drinking water, it should avoid complacency considering the waterlessness experienced by the poorest populations in rural areas and poor regions. The implementation of P3W is meant to address the problem of accessibility and coverage, as well as innovative financing from multiple sources and partnerships.

4.2 Problem of Waterlessness and P3W. NAPC reports positive gains in P3W. A total of 265,413 households have benefitted since the implementation of the program in 2004, registering a 30% increase (**Table 4.8**).

Table 4.8 Summary of the 432 Waterless Municipalities and Percent Change in Household Access to Potable Water, as of September 30, 2008

Total Number of HHs	Improvement in Access to Water				% Change			Target		
	No. of HH w/ Access to Water Before P3W	No. of HH Served	No. of HH w/ Access to Water in 2008	% Change	% of HH w/ Access to Water Before P3W	% Of HH w/ Access to Water in 2008	Increase	Target No. of HH	Balance HH	% Access
2,486,261	886,288	265,413	1,151,701	0.30	0.36	0.46	0.11	1,243,131	91,430	0.50

Note: Total Number of Households refers to the HHs belonging to municipalities deemed "waterless" or having less than 50% of their total HHs without access to water.

Source: National Anti-Poverty Commission, 2008

First, only modest gains have been achieved because of some persistent problems that have hindered effective implementation and sustainable gains. One problem/issue encountered by the Water and Sanitation Coordinating Office (WASCO), an office under the NAPC tasked to

oversee and coordinate the planning and implementation of P3W, is the absence of a general set of guidelines and criteria for project selection and implementation. To address this, WASCO introduced a classification of access to water per P3W definition:

- Graduates >50%*
- High Access 40%–49%*
- Medium Access 20%–39%*
- Low Access <20%*

Second, there is a problem of data discrepancy between those of NAPC-WASCO and the DPWH. For example, NAPC-WASCO reports that, as of September 2008, out of the 432 municipalities, 113 municipalities are considered Graduates, 85 have High Access, 104 have Medium Access, 19 still have Low Access, and 111 remain Not Served. However, DPWH data shows different results (**Table 4.9**).

Table 4.9: Overall Improvement in Access to Water

Level of Access	Before P3W		After P3W	
	Count	Proportion	Count	Proportion
Low (below 20%)	80	18.5%	39	9.0%
Medium (20-39%)	205	47.5%	148	34.3%
High (40-49%)	147	34.0%	132	30.6%
Graduate (50% above)	0		113	26.2%
Total	432		432	

Source: Report of the Department of Public Works and Highways on the Presidential Priority Program on Water, August 2008.

Third, there is a problem of regional disparity. As shown in **Table 4.10**, households of waterless municipalities in the Visayas and Mindanao have yet to reach the 50% mark to be considered graduates or to have totally benefitted from the implementation of P3W. In Luzon, some regions are in the same footing with the rest of the regions in the Visayas and Mindanao. They have yet to reach the same level that regions III, IV-A, and V have achieved.

Table 4.10 432 Waterless Municipalities and Percent Change in Household Access to Potable Water per Region, as of September 30, 2008

REGION	TOTAL NO. OF HOUSEHOLDS (HH)	NO. OF HH WITH ACCESS TO WATER			% IMPROVEMENT OF ACCESS TO WATER		% CHANGE
		Before P ³ W	No. of HH with new access to water	For 2008	Before P ³ W	For 2008	
PHILIPPINES	2,571,276	886,288	265,012	1,151,300	34.47	44.78	30
LUZON	664,789	236,631	86,262	322,893	35.59	48.57	36
CAR	19,582	8,096	1,230	9,326	41.34	47.63	15
I	60,006	23,967	4,065	28,032	39.94	46.72	17
II	141,355	53,225	4,768	57,993	37.65	41.03	9
III	50,280	20,103	8,786	28,889	39.98	57.46	44
IV-A	96,739	36,363	13,990	50,353	37.59	52.05	38
IV-B	129,453	44,086	11,556	55,642	34.06	42.98	26
V	167,374	50,791	41,866	92,657	30.35	55.36	82
VISAYAS	887,335	321,633	89,808	411,441	36.25	46.37	28
VI	515,438	188,168	50,880	239,048	36.51	46.38	27
VII	268,089	93,873	29,417	123,290	35.02	45.99	31
VIII	103,808	39,592	9,510	49,102	38.14	47.30	24
MINDANAO	1,019,152	328,024	88,942	416,966	32.19	40.91	27
IX	162,169	56,164	7,451	63,615	34.63	39.23	13
X	117,076	41,250	12,983	54,233	35.23	46.32	31
XI	112,746	42,856	12,457	55,313	38.01	49.06	29
XII	191,568	72,613	22,906	95,519	37.90	49.86	32
XIII	84,363	30,883	7,586	38,469	36.61	45.60	25
ARMM	351,230	84,258	25,560	109,818	23.99	31.27	30

LEGEND:	>50% GRADUATES	40%-49% HIGH ACCESS	20%-39% MEDIUM ACCESS	<20% LOW ACCESS
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Note: Total number of households refers to households belonging to municipalities deemed "waterless" or having less than 50% of their total households without access to water.

Source: National Anti-Poverty Commission, 2008.

Fourth, there is a lack of implementing strategies. The specific strategies of P3W were given in its Implementing Guidelines prepared in July 2005. However, an evaluative study of the program was conducted in December 2008 by an evaluator from the German Technical Cooperation (GTZ), which stated strongly the following:

“[I]t should be noted that no clear guidelines were used despite the initial list of areas that was identified during the first year of the project. The German

Technical Cooperation provided technical assistance to NAPC in the formulation of the ‘Implementing Rules and Guidelines’ for the project. These rules were formulated through an interagency committee that was originally envisioned to form WASCO. However, WASCO was never formalized as a structure and project supervision was basically left to NAPC and DPWH. On the other hand, the effective[ness] of NAPC as a coordinating body for the project was severely hampered by the various reorganizations it encountered in the last four years. In short, the implementing rules and regulation that was supposed to govern the project was not utilized at all” (Canlas 2008).

Fifth, there is a lack of an effective monitoring and evaluation system. Absent an interagency body through WASCO to establish a formal program monitoring and evaluation system, P3W monitoring system just follows those of the DPWH and NAPC, which are in a way limited if not problematic. The DPWH monitoring system seems to be “infrastructural,” that is, simply construction of water systems and handing over to LGUs without the benefit of further monitoring of the latter’s operational capacity and performance. NAPC’s oversight function of project implementation coupled with monitoring and evaluation system in the last two years have been found wanting. At best, “The reports done by NAPC based on field monitoring were limited to the verification of the construction of the project and identification of technical issues related to construction” (Canlas 2008). In other words, lack of performance-based monitoring and evaluation has hampered effective implementation and desired outcomes.

Sixth, a strong social component in the program has been lacking. The original idea of the program is to involve as much stakeholders as possible, especially the LGUs, to own up the program and ensure sustainability. In the conceptual design of the project, a combined local and national fund should finance the program, with LGUs involved in the implementation to invest 10% counterpart mainly for the purpose of operation and capacity building of BWSAs. This did not happen as no concerned LGUs shared in the project cost, thus affecting operations and maintenance. These institutional deficits, LGUs’ capacity constraint, and lack of sustainable financing partnership for cost-sharing with the national government have resulted in limited outcomes for the target 432 municipalities.

Seventh, the other problems or issues encountered and the actions undertaken to address them are listed down by the NAPC as shown in **Table 4.11**.

Table 4.11 P3W Problems/Issues Encountered and Action Taken/Status

Problem/Issue	Action Taken
1. Funds not adequate and fund releases are delayed	Letter to DBM for immediate and timely release of P3W funds
2. Franchise areas covered by water districts	Level III water systems are not considered
3. Project realignment	
4. Requirements for water and sanitation council at the municipal and barangay levels not complied with	Letters to municipal and barangay officials on the strict requirement of BWSA/RWSA establishment before being funded
5. Delayed implementation of the project due to unforeseen events (e.g., typhoons, flashfloods and landslides)	
6. Absence of a general set of guidelines and criteria for project selection and prioritization	Introduced a classification of access to water per P3W definition. Graduates >50%, High Access 40%–49%, Medium Access 20%–39%; Low Access <20% Priority to waterless municipalities is from low access followed by medium and high access municipalities.
7. Site selection and identification of water source not properly undertaken before start of implementation	
8. System not properly operational due to power failures	
9. Lack of formal water quality test to ensure safe drinking water	

Source: National Anti-Poverty Commission, 2009.

Aware of the problem of waterlessness and P3W, foreign-funding agencies supported initiatives that addressed the problem of waterless municipalities. In Agusan del Sur, one of the study areas, a number of foreign-assisted water projects were implemented, including those of UNICEF and the Agencia Española de Cooperacion Internacional para el Desarrollo (AECID) in the municipality of Sibagat.

An example of waterless municipalities in Agusan del Sur, Sibagat has a total population (2007) of 30,074 or 5,289 households. The number of households with access to potable water before the implementation of P3W was 2,129 or 40.25%. In 2008, the number increased to 2,496 or 47.19%. Although there was a 17% improvement in overall access to water, Sibagat still did not graduate as a waterless municipality. At present, it only has an LGU-run waterworks system, which is part of its economic enterprise.

In an interview with the Local Finance Committee of Barangay Afga in Sibagat, the barangay officials explained that their barangay could only have Level I and Level II water systems because they could not sustain Level III due to mountainous terrains. This could also be true for the whole municipality. Barangay Afga sought the assistance of the municipal and provincial governments and foreign-funding institutions to help it improve its potable water system. The barangay has 15 sub-villages and a population of 3,315 or 684 households in 2008. Its one potable water system can only serve 354 households, or just about 52%. Some households even have doubtful source of water supply.

Complementing the government program, UNICEF initiated some water system projects in Sibagat. In April 2007, UNICEF constructed a water distribution system in Afga Elementary School, which had 495 pupils. It built a 1,000-liter-capacity elevated water tank to have a ready storage of water within the school premises. Two tap-stands were also put up to serve as drinking fountain for the school children. UNICEF also constructed five units of sanitary toilets inside the school. The project proponents were the school administration and the General Parents-Teachers-Community Association, which shouldered the project's maintenance cost. Other implementing agencies were the barangay, municipal, and provincial LGUs. Total project cost was P259,782.41, of which P66,691.71 comprised local community contribution and LGU counterpart.

Another foreign funding agency that assisted Sibagat was the AECID of Spain. Under the Poder y Prosperidad dela Comunidad Project, a special project implemented by the DSWD, AECID granted P7.2 million for five subprojects. In September 2008, Poder assisted in the construction of a concrete-lined canal 1,439 linear meters long. In March 2009, the canal project was completed. Its total cost was P2.8 million, consisting of P2,102,429.38 grant from Poder and P702,518.57 local community counterpart.



The concrete lined-canal leading to this water tub (community tap) in Brgy. Afga was assisted by the Poder y Prosperidad dela Comunidad Project. Photo by: Leilani Bolong.

To further support initiatives toward increasing the percentage of households with access to safe water supply and thus address the disparity issues, UNICEF also undertook water system projects in other municipalities of Agusan del Sur. It assisted nine elementary schools in the municipalities of San Francisco, Prosperidad, and Esperanza. It has an ongoing water system project in Verdu Elementary School in Bayugan.



In April 2007, UNICEF constructed a water distribution system in Afga Elementary School. They built a 1,000-liter capacity elevated water tank to have a ready storage of water within the school premises. Photo by: Ida Marie Pantig.



Two tap-stands were also put up by UNICEF to serve as drinking fountain for the school children in Afga Elementary School. Photo by: Michael Cabalfin.

4.3 Service Quality. An indicator of service quality is continuity of supply. MWSI and MWCI, the concessionaires that provide water service in Metro Manila, have different hours of availability of water supply. In 2004, MWCI had longer water service availability averaging 21 hours per day in the East Zone of Metro Manila compared with MWSI's average 18 hours per day.³³ MWCI had registered an increase of 24-hour water availability from 26% in 1997 to 98% in 2007, while MWSI had 58% of its customers experience interrupted service (**Table 4.12**). The reason for the downward trend in MWSI service was its financial woes.

Table 4.12 Performance Indicators of the Manila Water Concessionaires, 1997–2003*

Indicator	1997	1998	1999	2000	2001	2002	2003
Manila Water Company, Inc.							
24-hour water availability (% of service area population)	26	—	—	—	56	83	83
Water pressure (pounds per square inch)	—	—	—	—	8	8	9.6
Water quality (%)*	97.0	98.5	99.1	100	99.6	100	100
Maynilad Water Services, Inc.							
24-hour water availability (% of service area population)	—	—	—	—	79	66	60
Water pressure (pounds per square inch)	—	—	—	—	8	7	7
Water quality (%)*	95	95	95	95	95	95	95

— Indicates not available.

* Philippine National Standards for Drinking Water require the absence of total coliform in at least 95% of samples of large quantities (more than 100 ml) taken during any sampling month.

Sources: Manila Water Company, Inc.; Maynilad Water Services, Inc. (Adapted from the World Bank 2005. Philippines: Meeting the Infrastructure Challenge).

Usually, LGU-managed water systems are problematic due to the following reasons:

- supply interruptions and significant pressure fluctuations,
- inability to follow water quality standards due to disinfection and infiltration,
- inability to service mostly the poorest households in remotest areas, and
- they contribute to water-borne diseases and to deaths of about 4,200 people each year due to contaminated water.

³³ See Manila Water Company Ltd (2007-04-11). "Manila Water Company: Manila Water pre-qualifies in Vietnam project" [Online] <www.manilawater.com/news/manila-water-pre-qualifies-in-vietnam-project> [Accessed 13 July 2008] and Maynilad Water Services, Inc. (2007). "Official website – Our Services" [Online] <www.mayniladwater.com.ph/our_services.asp> [Accessed 13 July 2008]

Most WDs also suffer the same fate as the LGU-managed systems as seen in the following report:

“For water districts, LWUA standards require that Level III facilities should be able to provide 120 liters per capita per day (lpcd); 24 hours of water availability a day; drinking water quality according to Philippine National Standards for Drinking Water (PNSDW); and hydraulic pressure of at least 7 meters and 11 meters, for residential and commercial establishments, respectively. LWUA reports that [the] majority of water districts have attained these performance levels. Yet, on the basis of the data gathered for 64 water districts of various sizes, as well as anecdotal evidence, many water districts do not in fact meet these standards. For example, water availability in a sample of 38 small water districts ranged from 10–24 hours a day” (WB 2005: 120).

4.4 Water Inadequacy for Families. Another issue on water supply is water adequacy for families to be able to maintain proper hygiene, such as hand washing, bath, cleaning of utensils that are related to fecal oral disease transmission, pneumonia and flu control, etc. Some issues related to the issue of water inadequacy include:

- lack of both quantitative and qualitative data to show water adequacy for families, especially in hard-to-reach areas, or rural areas where most poor families with inadequate water reside;
- inability or lack of interest to make use of findings of studies (World Bank 2003c) that vividly show the connection between water adequacy, health, and sanitation issues;
- limited outcomes of government programs, such as P3W, to address inadequacy of water supply in poor families and municipalities; and
- lack of awareness among people as to the local and national government agencies responsible for water supply services.

Weak System of Institutional Governance

4.5 Multiplicity of Institutions. The water supply sector is highly fragmented due to a plethora of institutions lacking clear assignment of duties, with overlapping functions, and lacking coordination in planning and monitoring. The World Bank opines:

“The sector is extremely fragmented. The proliferation of actors is a result of successive waves of reforms that have added new layers without completely doing away with the old. Thus, while the WD model was introduced to move away from political problems inherent in LGU-run systems, the latter continue to serve the majority of urban population. And, there are no fewer than 20 government agencies presently involved in the sector” (WB 2008).

Absent clear lines of responsibilities, the lines of accountabilities for better performance among different institutional actors are also blurred.

4.6 Implementation of EO 279. There is a high degree of uncertainty on how to implement EO 279. Part IV of EO 279 spells out the roles and responsibilities of LGUs, DILG, LWUA, MDFO, GFIs and other financial institutions vis-à-vis WDs and WSPs. However, the required institutional capacities to carry out these mandated functions seem insufficient. For example, in Sec 12d of EO 279, the LGUs are encouraged to provide financial and operational assistance to non-creditworthy WDs and other WSPs within their respective jurisdiction. At present, LGUs find it hard to assist even the LGU-managed water systems in their respective areas. Private lending to LGUs, WDs, and WSPs is a welcome move, but unless the GFIs cease monopolizing lending and allow private financial institutions to share in granting loans for water supply projects, investments in the water sector would continue to be limited (ADB-WB 2005).

4.7 Weak Regulatory Framework. The water supply sector lacks coherent and robust regulatory framework due to (i) fragmented regulatory oversight by different line agencies, (ii) lack of capacities to perform regulatory functions, and (iii) lack of transparency in sector performance that impedes effective regulation. Although NWRB has taken on the regulatory oversight function of LWUA to address the latter’s conflicting role as both financier and regulator (influence in WD’s Board) for WDs, it has not yet built the capacity to perform effectively based on its new mandate. The role of NWRB vis-à-vis the LGUs has yet to be spelled out. Also, the lack of reliable benchmarking information at service provider level

makes it difficult for NWRB, LWUA, NEDA, and DILG to regulate effectively and to make accountable the different categories of WSPs and WDs for improved performance.

This weak regulatory framework has resulted in weak accountability system. It has become too difficult to hold an agency accountable for certain functions that are mandated ambiguously. To address this, some recommendations are in order:

- A specific national agency with clearly defined roles and responsibilities should provide technical assistance to LGUs on water availability mapping, promotion of new technology, and low-cost point of use.
- A specific national agency with clearly defined roles and responsibilities should check regularly the water quality monitoring system of LGUs and WDs, provide or augment water treatment supplies and capacity strengthening.

For the latter recommendations, the DOH should perform these functions and not rely on LGUs to ensure that outbreaks of diseases will not occur. The DOH can, for example, revive its pre-devolution primary health care program on “Rapid Testing for Drinking Water Source” where water systems of LGUs are monitored to ensure safe water supply and sanitation.

CHAPTER 5

1. Analysis of National Government and LGU Spending for the MDGs

This chapter reviews and analyzes the trend in MDG expenditures of both the central government and the LGUs, particularly on LSD study areas. It argues that without adequate funding support, achievement of the MDGs, particularly those goals where the Philippines is lagging behind, may be unlikely. Financing may not automatically translate into outcomes, but it is to a large extent a necessary condition for the attainment of the MDGs. Thus, securing government's commitment to provide adequate budgetary support for the MDGs is seen as an important first step toward attaining the following goals and their more specific targets:

Goal 1: Eradicate extreme poverty and hunger

- Halve the proportion of population living
 - below the food threshold between 1990 and 2015
 - below the overall poverty threshold between 1990 and 2015
- Halve the proportion of households with per capita intake below 100% of the dietary energy requirement between 1990 and 2015
- Halve the prevalence of malnutrition among children 0–5 years old between 1990 and 2015

Goal 2: Achieve universal primary education

- Achieve 100% participation rate by 2015
- Achieve 84.7% cohort survival rate at the elementary level by 2015

Goal 3: Promote gender equality and empower women

- Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Goal 4: Reduce child mortality

- Reduce by two-thirds the infant mortality rate by 2015
- Reduce by two-thirds the under-5 mortality rate by 2015

Goal 5: Improve maternal health

- Reduce the maternal mortality rate by three-quarters by 2015

- Increase the prevalence of couples practicing responsible parenthood to 70% by 2015

Goal 6: Combat HIV/AIDS, malaria, and other diseases

- Maintain prevalence of HIV/AIDS at less than 1 up to 2015
- Reduce malaria morbidity rate from 123 per 100,000 population in 1990 to 24 per 100,000 in 2015

Goal 7: Ensure environmental sustainability

- Increase the proportion of households with access to safe drinking water from 73.7% in 1990 to 86.8% in 2015
- Increase the proportion of households with access to sanitary toilet facilities from 67.6% in 1990 to 83.8% in 2015

Goal 8: Develop a global partnership for development

- Develop further an open, rules-based, predictable, non-discriminatory trading and financial system, including a commitment to good governance
- Deal comprehensively with debt problems of developing countries through national and international measures in order to make debts sustainable in the long-term

Table 5.1 summarizes the average rate of progress towards the achievement of the MDGs to date (1990–2005/6) and compares it with the rate of progress required in 2005/6–2015 if the MDG targets are to be met. It indicates that maintaining the current rate of progress is sufficient to bring about the achievement of the MDGs for the reduction of poverty incidence,³⁴ of infant mortality rate and under-5 mortality rate, and of HIV/AIDS prevalence, and for the increase in access to sanitary toilet facilities. In contrast, the rate of progress required to meet the MDG targets for the under-5 malnutrition rate, per capita dietary energy intake requirement, malaria morbidity, access to safe drinking water, elementary participation rate, elementary cohort survival rate, gender equality in education, maternal mortality rate, and contraceptive prevalence rate are all higher than the actual rate of progress to date.³⁵ In

³⁴ The 2015 target for subsistence poverty has already been reached in 2003.

³⁵ The Philippines Midterm Progress Report on the MDGs (2007), however, notes that gap between the required rate of progress and the actual rate of progress to date with respect to the first four of these targets are not so large such that the 2015 targets for these indicators are still likely to be met.

other words, the country has to do better than its historical performance in certain aspects of all of the seven quantifiable goals, namely:

- Goal 1 (poverty and hunger),
- Goal 2 (education),
- Goal 3 (gender equality),
- Goal 5 (maternal health),
- Goal 6 (control of communicable diseases), and
- Goal 7 (environmental sustainability).

At the same time, the national averages for the MDG indicators shown in **Table 5.1** mask glaring disparities across regions. **Table 5.2** and **Table 5.3** show the LSD study areas to be lagging behind the national average performance in achieving the education, health, and water/sanitation targets. In particular, Agusan del Sur fell short of the national average performance in terms of the cohort survival rate, completion rate, and dropout rate at the elementary level in SY 2007-2008 and households' access to safe water and sanitary toilets in 2005 while posting a higher-than-average maternal death rate in 2005. In contrast, Dumaguete City did poorly relative to the national average in terms of the elementary level net enrolment rate in SY 2007-2008 and the infant death rate in 2005 but did better relative to the national average in terms of the elementary level cohort survival rate, completion rate and dropout rate in SY 2007-2008 and access to safe water and sanitary toilets in 2005

Table 5.1 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 to (l = b/a)	Probability of Attaining the Targets
Eradicate extreme poverty and hunger							
A. Proportion of families below Subsistence threshold ^{ai}	20.40	10.20 (2003)	10.20	-0.85	0.00	0.00	High
Poverty threshold ^{ai}	39.90	24.40 (2003)	19.95	-1.29	-0.37	0.29	High
B. Proportion of population below Subsistence threshold ^{ai}	24.30	13.50 (2003)	12.15	-0.90	-0.11	0.13	High
Poverty threshold ^{ai}	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 ^{bi}	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 ^{bi}	69.40	56.90 (2003)	34.70	-1.25	-1.85	1.48	High
Achieve universal primary education							
Elementary participation rate *	85.10 ^{ci}	84.44 ^{di} (2005-06)	100.00	-0.05	1.37	28.98	Low
Elementary cohort survival rate	68.65 ^{ci}	69.90 ^{di} (2005-06)	84.67 ^{ki}	0.09	1.48	16.54	Low
Elementary completion rate	66.50 ^{ci}	67.99 ^{di} (2005-06)	81.04 ^{ki}	0.11	1.30	12.26	Low
Improve maternal health							
Maternal mortality ratio	209.00 ^{ei}	162.00 ^{fi} (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 ^{ei}	50.60 ^{fi} (2006)	80.00	0.82	3.27	4.01	Low
Reduce child mortality							
Under 5-mortality rate (per 1,000 live births)	80.00 ^{gi}	32.00 ^{fi} (2006)	26.70	-3.00	-0.59	0.20	High
Infant mortality rate (per 1,000 live births)	57.00 ^{gi}	24.00 ^{fi} (2006)	19.00	-2.06	-0.56	0.27	High
Combat HIV and AIDS, Malaria and other Diseases							
HIV prevalence	<1%	<1% (2005)	<1% ^{hi}	0.00	0.00	0.00	High
Malaria morbidity rate (per 100,000 population) ^{hi}	123.00	59.00 (2004)	24.00 ^{hi}	-4.57	-5.83	1.28	High
Ensure environmental sustainability							
Proportion of households with access to safe drinking water	73.70 ⁱⁱ	80.20 (2004) ^{ji}	86.80 ⁱⁱ	0.50	0.60	1.20	High
Proportion of households with sanitary toilet facility	67.60 ⁱⁱ	86.20 (2004) ^{ji}	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:

^{ai} TC on Poverty Statistics (former TWG on Income Statistics, NSCB); ^{bi} National Nutrition Survey (NNS), FNRI; ^{ci} DECS Statistical Bulletin SY 1991-1992;

^{di} DepEd-Basic Education Information System (BEIS); ^{ei} 1993 National Demographic Survey, NSO; ^{fi} 2006 Family Planning Survey, NSO;

^{gi} National Demographic and Health Survey (NDHS), NSO; ^{hi} Field Health Service Information System-DOH; ⁱⁱ 1990 Census of Population and Housing, NSO;

^{ji} Annual Poverty Indicator Survey, NSO; ^{ki} Target in the Philippine EFA 2015 Plan; ^{li} 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 5.2. Selected Elementary Level Education Indicator for Local Service Delivery (LSD) Areas, SY 2007–2006

	Net Enrollment Rate	Cohort Survival Rate	Completion Rate	DropOut
Philippines	75.52	65.65	64.30	1.16
Region 7	72.65	69.52	67.17	2.38
Negros Orriental	68.06	64.30	62.43	2.20
Dumaguete	53.85	74.49	73.08	0.43
CARAGA	74.80	66.46	65.57	0.98
Agusan Sur	76.97	57.41	56.48	1.65

Table 5.3. Selected Health Indicator, 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
Region 7	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	0.3	14.3	91.8	83.8	90.1	100.0	99.6
CARAGA	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

Given this perspective, it is critical for the Philippines to exercise greater vigilance and to increase effort in addressing the requirements for achieving the MDGs.

In this study, public spending on the MDGs is defined to mean expenditures on human development priorities or basic social services (including basic shelter),³⁶ pro-poor infrastructure, land redistribution, income enhancement measures (including livelihood projects), and social safety nets (including subsidies and cash or in-kind transfers to the poor). In turn, basic social services consist of basic health (including reproductive health), basic education (including early childhood, elementary, secondary, literacy, and life-skill education), low-cost water supply and sanitation, nutrition support, and social welfare and development services (**Figure 5.1**).

³⁶ The inclusion of shelter in basic social services or in poverty alleviation programs is a matter of debate. The World Summit for Social Development (WSSD) Program for Action suggests the addition of shelter and employment as part of basic human needs. However, the role of governments in the provision of housing is less direct (i.e., more in the nature of providing an enabling environment rather than direct budgetary support) than in the case of other basic social services. Many analysts have argued that shelter should not be part of human development priorities or 20/20 expenditures (UNDP 1996). Nonetheless, for purposes of this study, the government expenditures on pro-poor housing (specifically those related to community mortgage program and the resettlement of informal settlers) have been included as part of spending on basic social services.

Figure 5.1: Types of Development Expenditure ^{a/}

	Social Services	Economic Services/ Income Enhancement	Supporting Activities
General Expenditures	<ul style="list-style-type: none"> • Most specialized health services and units • Tertiary, vocational, education • High-cost urban WATSAN 	<ul style="list-style-type: none"> • General economic support for production and incomes (<i>i.e.</i>, economic infrastructure) • Untargeted subsidies 	<ul style="list-style-type: none"> • General institutional reforms • Defense • Domestic security • Debt servicing • Culture
Human Development Expenditures and Poverty Alleviation	<p style="text-align: center;">HUMAN DEVELOPMENT PRIORITIES: 20/20</p> <ul style="list-style-type: none"> • Basic health care (basic preventive and curative care) • Reproductive health and family planning • Basic education (including preschool, elementary, secondary, literacy, life skills training) • Low-cost water supply and sanitation • Nutrition support (incl. community-based approaches, micro-nutrients) • Social welfare (incl. social safety nets) • Basic shelter 	<ul style="list-style-type: none"> • Targeted income enhancement measures (including livelihood projects) • Pro-poor infrastructure • Land redistribution (CARP) 	<ul style="list-style-type: none"> • Information services • Environment and sustainable development

a/ Adapted from Parker and Jespersen, 1994.

Expenditure Indicators. The following indicators are used in designing and monitoring expenditure programs that are highly focused on the attainment of human development objectives:

- *Public expenditure ratio* – the proportion of GDP that goes into the overall government expenditure program;
- *Social allocation ratio* – the proportion of government expenditures set aside for social services;

- *Social priority ratio* – the proportion of government social sector spending allocated for human priority concerns;
- *Human development expenditure ratio* – the proportion of GDP earmarked for human priority concerns;³⁷ and
- *Human development priority ratio* – the proportion of total government expenditure that is allocated to human development priorities.³⁸

These indicators are helpful in decomposing the trend in government spending on human priority concerns. Thus, they naturally suggest changes in policies that are needed to increase the amount of resources available for human development priorities and the attainment of the MDGs.

Over and above the expenditure ratios discussed above, the present study also tracks per capita public sector expenditures on the basic social sectors and on other MDG-related interventions. This is made in view of the usefulness of said indicator in measuring the overall adequacy of government spending and serving as a proxy for the amount of resources available to fund service levels relative to some benchmark year.

Central-Local Relations in Financing and Service Delivery. The financing and delivery of basic social services is effectively a responsibility shared by the central government and the LGUs. Thus, it is important that the trends in size and composition of both central government and LGU spending be analyzed.

2. Size and Composition of Central Government MDG Spending

³⁷ The human expenditure ratio is a product of the first three ratios: (1) public expenditure ratio, (2) social allocation ratio, and (3) social priority ratio. The 1991 HDR noted that the human expenditure ratio may need to be in the vicinity of 5% if a country wishes to perform well in human development. Various combinations of values for the public expenditure ratio, the social allocation ratio, and the social priority ratio will yield the targeted human expenditure ratio. However, the report pointed out that “a preferred option is to keep the public expenditure ratio moderate (around 25%), allocate much of this to the social sectors (more than 40%), and focus on human priority areas (giving them more than 50% of total social sector expenditures).”

³⁸ In this paper, “basic social services,” “human development priority concerns,” and “20/20 items” are used interchangeably.

The Philippines had to contend with fiscal instability in the years following the Asian financial crisis. This situation effectively restricted the flow of resources aimed at meeting the MDGs at both the central and local government levels between 1998/1999 and 2005 before posting a mild turnaround in 2006. It should be emphasized that while MDG spending had recovered somewhat in 2006 and 2007 following the improvement in government's revenue performance, the spending levels in these years were still lower than the pre-crisis level.

The national government's fiscal position deteriorated sharply from a small surplus of 0.3% and 0.1% of GDP in 1997 and 1998, respectively, to a deficit of 5.6% of GDP in 2002, following a severe decline in its tax effort during the period (**Table 5.4**). Although some fiscal consolidation was evident in 2003–2007, the improvement in the national government's fiscal position, particularly in 2003–2004, was largely due to expenditure constriction rather than to a turnaround in tax effort. Moreover, since debt service levels were rigid and remained at fairly high levels, the expenditure adjustment came at the expense of productive expenditures (i.e., total expenditure less debt service). Also, the size of the national government's debt stock and debt service continued to be a major cause of concern.

Table 5.4. National Government Fiscal Position (Cash Basis) as a Percent of GDP, 1990-2007

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total revenues	16.8	17.7	18.0	17.7	19.9	19.0	18.9	19.4	17.4	16.1	15.3	15.5	14.6	14.6	14.5	15.0	16.2	17.1
of w/c:																		
Tax revenues	14.1	14.6	15.4	15.6	16.0	16.3	16.9	17.0	15.6	14.5	13.7	13.5	12.8	12.5	12.4	13.0	14.3	14.0
Privatization proceeds	0.4	0.3	0.1	0.1	1.8	1.2	0.3	0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.2	0.2	0.2	1.4
Total expenditures	20.2	19.8	19.1	19.1	18.9	18.4	18.6	19.4	19.2	19.8	19.3	19.6	20.2	19.2	18.3	17.7	17.3	17.3
of w/c:																		
Interest payments	6.6	6.0	5.9	5.2	4.7	3.8	3.5	3.2	3.7	3.6	4.2	4.8	4.8	5.2	5.4	5.5	5.1	4.0
Surplus/ (deficit)	-3.5	-2.1	-1.2	-1.5	1.0	0.6	0.3	0.1	-1.9	-3.8	-4.0	-4.0	-5.6	-4.6	-3.8	-2.7	-1.1	-0.2
Total expenditures net of debt service	13.6	13.8	13.3	14.0	14.2	14.6	15.1	16.2	15.5	16.3	15.1	14.8	15.5	13.9	13.0	12.2	12.2	13.3

It is noteworthy that total revenues of the central government rose from 14.5% of GDP in 2004 to 16.2% of GDP in 2006 and to 17.1% in 2007. The recovery of the revenue effort was primarily due to the increase in excise tax rate on sin products in 2005 and the increase in VAT rate from 10% to 12% in 2006. However, it is a cause of concern that the improvement

in tax effort has not been as enduring as expected, with the tax-to-GDP ratio declining from 14.3% of GDP in 2006 to 14.0% in 2007.

2.1 Aggregate National Government Spending. On an obligation basis, the central government expenditure ratio (or the ratio of total central government spending to GDP) was fairly stable at 19%–20% of GDP in 1990–2000. This ratio exhibited a well-defined downtrend starting in 2001, reaching a low of 17.3% in 2006 as the national government doggedly pursued its goal to balance the budget even before progress had been achieved on the revenue side (**Table 5.5**). At the same time, a high debt stock at the beginning of the period coupled with large fiscal deficits in 1997–2004 led to a rise in debt service from 3.2% of GDP in 1997 to 5.5% of GDP in 2005. Consequently, total national government expenditures net of debt service contracted from 17.1% of GDP in 1997 to 11.9% of GDP in 2005 before posting a small recovery to 13.4% in 2007.

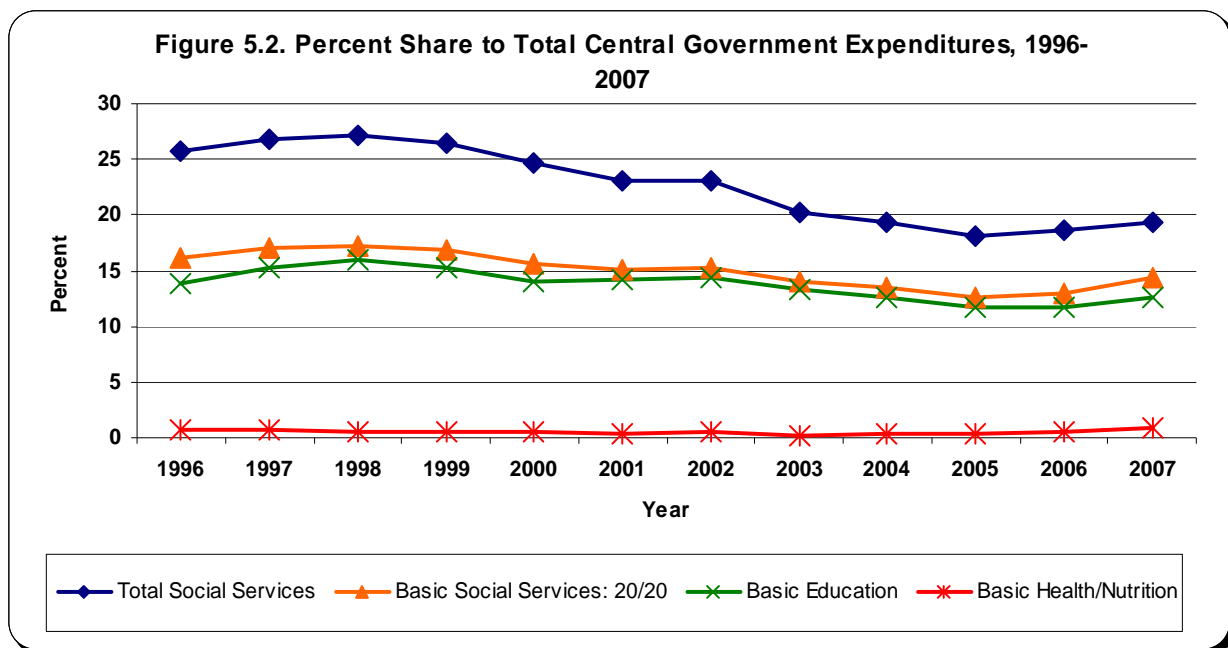
It is therefore not surprising that the growth in the budgets of many government agencies was near-zero, if not negative, in 2001–2005. Thus, when measured relative to GDP, national government spending on all sectors with the exception of debt service shrank in 1998–2005 (**Table 5.4**). In particular, national government spending on all the social sectors combined went down by more than 2 percentage points of GDP from 5.5% of GDP in 1998 to 3.2% in 2005 and 2006. This is roughly equivalent to the reduction suffered by all the economic sectors as a group.

In terms of rate of increase in the budget, social sector spending was relatively more secured than government spending on the economic sectors. However, budgetary support for public administration, national defense, and peace and order was even more protected than that for the social sectors in the aggregate.

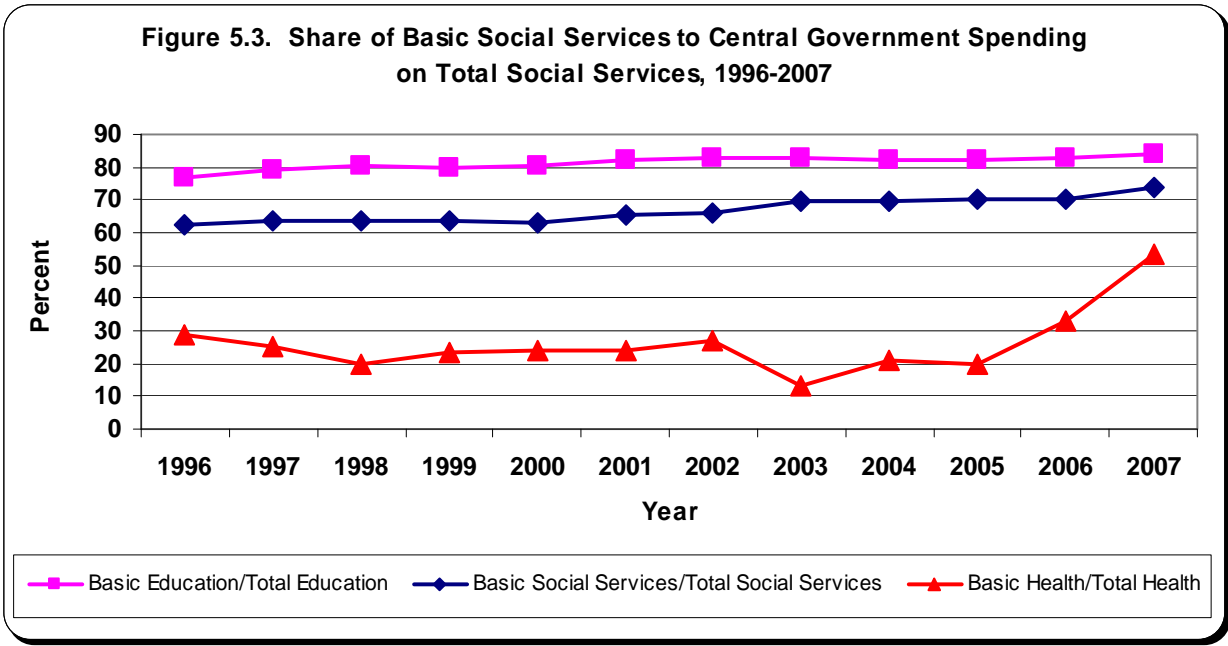
Table 5.5. National Government Expenditures (Obligation Basis) as a Percent of GDP, 1990-2007

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total NG expenditures	20.5	19.8	19.0	18.8	19.4	19.5	19.2	20.3	20.2	19.5	20.3	19.5	19.1	19.1	17.8	17.4	17.3	17.4
Total economic services of w/c infrastructure	4.8	5.2	3.9	3.6	4.3	4.4	3.9	4.5	3.8	3.6	3.8	3.2	2.6	2.7	2.5	2.2	2.7	3.4
	2.9	3.4	2.5	2.3	2.8	2.7	2.2	2.5	2.4	2.3	2.4	2.0	1.5	1.6	1.6	1.2	1.7	2.1
Social services	4.2	4.0	3.9	3.6	3.7	4.4	4.9	5.4	5.5	5.2	5.0	4.5	4.4	3.9	3.5	3.2	3.2	3.4
Education	3.1	2.6	2.8	2.6	2.7	3.2	3.4	3.9	4.0	3.7	3.5	3.4	3.3	3.1	2.7	2.5	2.5	2.6
of w/c DepEd	2.6	2.2	2.3	2.2	2.2	2.4	2.8	3.2	3.2	3.0	2.9	2.8	2.7	2.5	2.2	2.0	2.0	2.2
Health	0.7	0.7	0.7	0.5	0.5	0.4	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
of w/c DOH	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
National defense	1.2	1.2	1.1	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.1	1.0	1.0	1.3	1.1	1.1	1.1	1.1
Public administration	1.3	1.3	1.6	1.5	1.6	1.5	1.6	1.6	1.6	1.2	1.3	1.3	1.2	1.1	1.0	1.3	1.1	1.2
Peace & order	1.2	1.1	1.1	1.1	1.1	1.2	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.2	1.3	1.3
Debt service	6.6	6.0	5.9	5.2	4.7	3.8	3.5	3.2	3.7	3.6	4.2	4.8	4.8	5.2	5.4	5.5	5.1	4.0
Others	1.2	1.0	1.5	2.6	2.8	2.9	2.7	2.9	3.0	3.4	3.6	3.3	3.6	3.5	3.0	2.9	2.8	3.0
Total NG expd net of debt service	13.9	13.8	13.1	13.5	14.7	15.7	15.6	17.1	16.4	15.9	16.1	14.7	14.3	13.9	12.4	11.9	12.2	13.4

Thus, despite numerous government policy pronouncements in favor of the social sectors, the social services sectors in the aggregate failed to maintain their share in the total budget of the central government. This is largely attributable to the rigidities in the budget brought about by large debt service commitments and the mandated IRA transfers to LGUs. Thus, the share of all the social sectors combined in central government expenditures (i.e., the central government social allocation ratio) declined from 27% in 1998 to 18% in 2005 before increasing to 19% in 2006 and 2007 (**Figure 5.2**). Moreover, real per capita spending on all the social services sectors as a group (in 2000 prices) went down by about 5% yearly from P2,334 in 1997 to P1,552 in 2005 before rising to P1,809 in 2007.



On a positive note, basic social services as a group tended to be more favored relative to tertiary-level services in the allocation of the budgets of the various social sector agencies of the national government during the period under study. Mainly, the central government social priority ratio (i.e., the share of human development priorities in total central government social sector spending) improved from 63% in 1996 to 74% in 2007 (**Figure 5.3**).



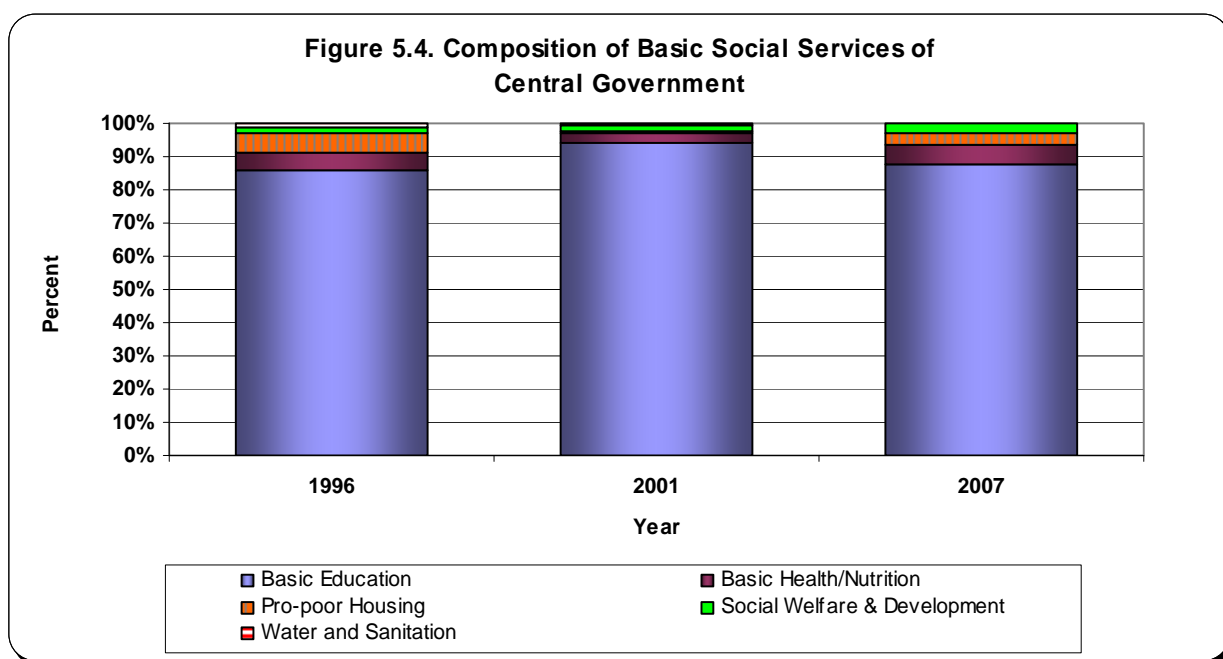
On the whole, however, the movement in the social allocation ratio dominated the opposing trend in the social priority ratio so that a deterioration in the central government human development priority ratio (i.e., the ratio of central government spending on human development priorities to total central government expenditures) was evident during the period under study. Thus, the share of basic social services to total central government expenditures went down from 17% in 1998 to 13% in 2005 before inching up to 14% in 2007 (Figure 5.2). Consequently, real per capita NG spending on basic social services was cut by almost a third from P1,482 in 1997 to P1,085 in 2005 before climbing to P1,338 in 2007 (Table 5.6).

Table 5.6. Real Per Capita MDG Expenditure of Central Government (in 2000 prices), 1996-2007

(in pesos)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Basic Education	1,108	1,333	1,337	1,256	1,249	1,201	1,210	1,174	1,079	1,003	1,038	1,175
Basic Health/Nutrition	62	63	41	49	46	37	44	18	30	25	45	79
Social Welfare & Development	25	25	26	25	28	21	23	27	27	30	28	33
Water and Sanitation	15	24	11	12	12	9	11	2	1	2	5	4
Pro-poor housing	78	37	37	43	49	11	6	12	13	25	32	47
Basic Social Services: 20/20	1,287	1,482	1,452	1,386	1,384	1,280	1,294	1,233	1,151	1,085	1,148	1,338
Memo Item:												
Total Education	1,440	1,679	1,661	1,572	1,549	1,463	1,465	1,419	1,311	1,218	1,255	1,400
Total Health and Nutrition	216	250	209	210	190	157	163	135	144	127	137	148
Total Social Services	2,054	2,334	2,280	2,181	2,201	1,960	1,956	1,778	1,657	1,552	1,641	1,809

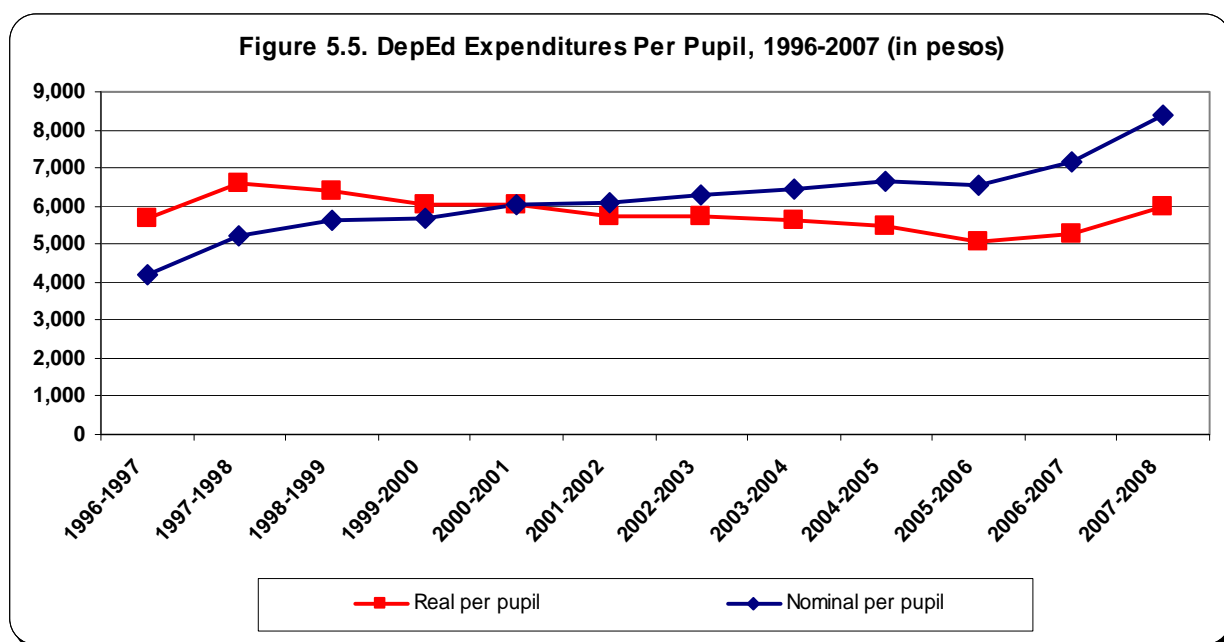
The cut in real per capita national government spending was deepest in basic water and sanitation (29% yearly on the average between 1997 and 2005) and in basic health and nutrition (11%). On the other hand, the contraction in real per capita spending on basic education was more modest. In contrast to the trends in other basic social sectors, real per capita spending on social welfare and development services was fairly stable, hovering around the P25–P30 range for most of the period.

2.2 Composition of Central Government MDG Spending. The national government allocated close to 91% of its total spending on basic social services to education, 3% to health, 2% to pro-poor housing, 2% to social welfare and development services, and less than 1% to water and sanitation on the average in 1996–2007 (**Figure 5.4**). It is notable that the share of social welfare and development services in total NG spending on basic social services was fairly stable during the period but spending on socialized housing had been on the rise in more recent years.



2.3 Composition of NG Education Expenditures. The budget of the DepEd was relatively more protected than the budgets of other agencies, posting better than average growth in 2000–2007. Despite this, real DepEd spending per pupil fell from P6,601 in 1997 to P5,038 in 2005 (**Figure 5.5**). However, the basic education subsector is a major beneficiary of the

fiscal space created by improvements in NG revenue stream starting in 2006. Thus, real DepEd spending per pupil rose to P5,256 in 2006 and P5,958 in 2007.



In 2005–2007, the DepEd prioritized spending on key inputs (namely, classrooms, textbooks, desks/ chairs, and teachers) to address the deficit in these inputs that has hounded the basic education sector for years. For instance, total allotment for the construction of additional classrooms expanded from 2.7% of total allotment for the DepEd (inclusive of the School Building Program or SBP) in 2005 to 3.9% in 2006 and 9.7% in 2007 while the allotment for repair of school buildings rose from 0.4% to 0.6% and 0.7% of total DepEd allotments in the same period (**Table 5.7**). In like manner, the share of the allotment for textbook procurement to the total allotment for the DepEd increased from 1.2% in 2005 to 1.9% in 2006 and 2.2% in 2007. Meanwhile, allotment for the creation of new teacher items and procurement of desks/chairs was equal to about 1.1% and 1.2%, respectively, to the total allotment for the DepEd in 2005–2007.

Table 5.7. DepEd Spending on Major Programs and Initiatives, 2005-2007

	2005					2006					2007				
	Levels (in million pesos)		Obligation-to-Allotment Ratio	Percent Distribution		Levels (in million pesos)		Obligation-to-Allotment Ratio	Percent Distribution		Levels (in million pesos)		Obligation-to-Allotment Ratio	Percent Distribution	
	Allotment	Obligation		Allotment	Obligation	Allotment	Obligation		Allotment	Obligation	Allotment	Obligation		Allotment	Obligation
Pre-school	97	96	99.2	0.08	0.08	99	99	99.9	0.07	0.08	261	246	94.3	0.16	0.16
Elementary	70,442	69,352	98.5	58.07	59.52	71,555	71,374	99.7	53.36	55.96	78,796	78,395	99.5	48.91	51.62
Secondary	27,254	27,146	99.6	22.47	23.30	27,184	27,056	99.5	20.27	21.21	32,438	32,024	98.7	20.13	21.09
Teacher training	137	128	93.6	0.11	0.11	648	343	52.9	0.48	0.27	1,399	795	56.8	0.87	0.52
Hardship pay	84	81	96.2	0.07	0.07	78	76	97.3	0.06	0.06	88	86	97.5	0.05	0.06
New teacher items	1,646	1,533	93.1	1.36	1.32	1,313	1,230	93.7	0.98	0.96	1,658	1,611	97.2	1.03	1.06
Textbooks	1,442	636	44.1	1.19	0.55	2,511	889	35.4	1.87	0.70	3,609	1,821	50.5	2.24	1.20
Desks/ Armchairs	1,451	832	57.4	1.20	0.71	1,523	434	28.5	1.14	0.34	2,035	1,116	54.9	1.26	0.73
School MOOE rationalization	276	249	90.3	0.23	0.21	825	536	65.0	0.62	0.42	145	142	97.8	0.09	0.09
Repair of schoolbuildings	445	416	93.4	0.37	0.36	763	316	41.3	0.57	0.25	1,105	770	69.7	0.69	0.51
Construction of schoolbuildings	988	0	0.0	0.81	0.00	1,757	1,356	77.2	1.31	1.06	9,702	8,712	89.8	6.02	5.74
GASTPE	2,057	2,057	100.0	1.70	1.77	2,325	1,827	78.6	1.73	1.43	2,942	2,942	100.0	1.83	1.94
Schools First Initiative											230	229	99.8	0.14	0.15
Foreign-assisted projects	2,313	1,918	82.9	1.91	1.65	1,755	1,324	75.4	1.31	1.04	1,749	1,706	97.6	1.09	1.12
School Building Program (SBP)	2,310	2,310	100.0	1.90	1.98	3,431	3,431	100.0	2.56	2.69	5,990	5,990	100.0	3.72	3.94
Total DepEd budget	118,989	114,204	96.0	98.10	98.02	130,670	124,124	95.0	97.44	97.31	155,120	145,879	94.0	96.28	96.06
Total DepEd budget with SBP	121,300	116,514	96.1	100.00	100.00	134,101	127,555	95.1	100.00	100.00	161,110	151,869	94.3	100.00	100.00
Memo item															
Total school building construction	3,298	2,310	70.0	2.72	1.98	5,188	4,787	92.3	3.87	3.75	15,692	14,702	93.7	9.74	9.68
Total school level MOOE after rationalization	3,111	2,963	95.3	2.56	2.54	3,790	3,395	89.6	2.83	2.66	6,270	5,893	94.0	3.89	3.88

As a result, the DepEd was able to gradually reduce the teacher deficit from 37,986 in SY 2003–2004 to 9,333 as of the end of SY 2007–2008 while the classroom deficit was reduced from 31,952 to 20,238.³⁹ On the other hand, the textbook-pupil ratio improved dramatically from 1:6 in SY 1999–2000 to an average of 1:1.2 for all subjects with the exception of secondary level English, which had a ratio of 1:2 in SY 2007–2008.

To close the gap in the provision of key education inputs, the DepEd also identified four main areas for additional investments so as to improve education outcomes, as follows: school-based management (SBM), competency-based teacher standards (CBTS), quality assurance and accountability framework, and outcomes-focused resource mobilization. The Department's Program Implementation Plan (PIP 2006) emphasizes that the first area, SBM, is the common pathway and main integrating vehicle for implementing the PIP activities in the other three areas. Thus, the 2006 PIP argues that the PIP is primarily a plan for implementing SBM that incorporates not just the structural and process foundations of SBM but also competency-based teacher standards, quality assurance and learning support, and outcomes-focused resource mobilization.

The key actions to implement SBM include the provision of school-based MOOE and competitive capacity-building School Grants. The key actions to implement competency-based teacher standards include the allocation and use of INSET funds to meet that teacher development needs. Meanwhile, the key actions to implement quality assurance and accountability framework include providing support to regional offices to acquire capabilities to perform their assigned functions relative to quality assurance, and providing textbooks and instructional materials to schools. The key actions to implement the outcomes-focused resource mobilization include NG-LGU cost sharing in school building construction.

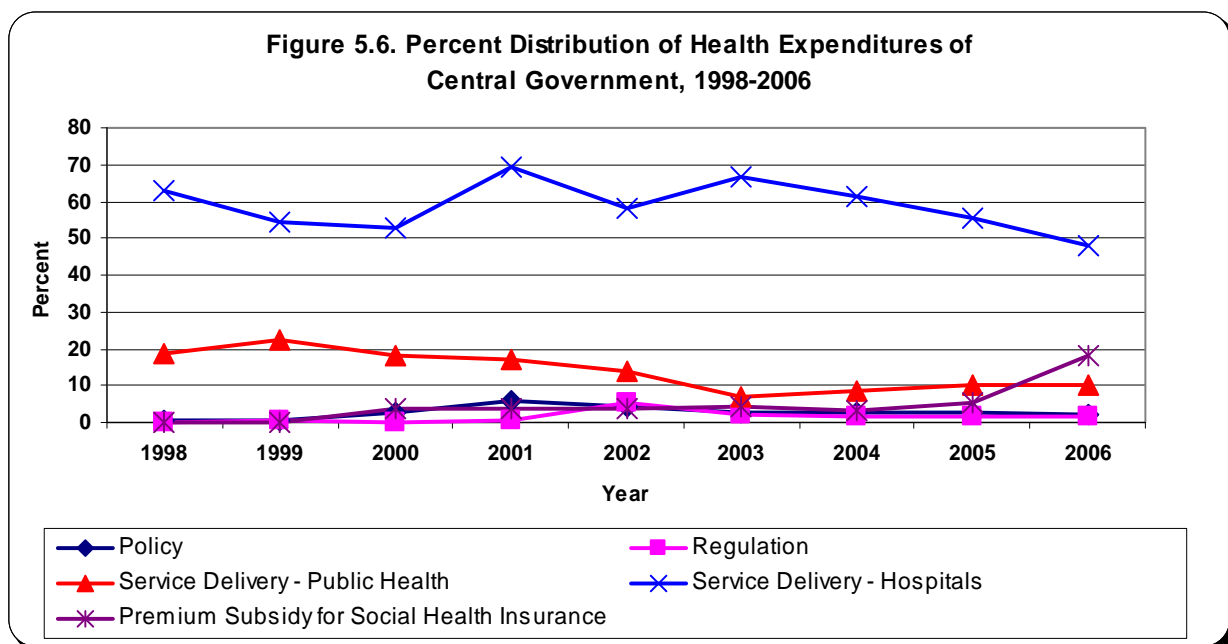
DepEd's budget allocation in 2005–2007 reflects the aforementioned priorities. Thus, the allotment for school-level MOOE increased from 2.6% of total allotments in 2005 to 2.8% in

³⁹ A total of 41,546 new classrooms were constructed from various funding sources in 2004–2007. However, more than half of this number was actually utilized to replace dilapidated or sub-standard classrooms that were previously in use prior to the availability of the new classrooms. This situation indicates the need to improve the inventory of public school buildings classified according to physical condition.

2006 and 3.9% in 2007. Similarly, the allotment for teacher training rose from 0.1% of total allotments in 2005 to 0.5% in 2006 and 0.9% in 2007. In addition, the share of foreign-assisted projects, which supports SBM implementation, as well as the three other priority areas of the PIP accounted for 1.4% of total DepEd allotments in 2005-2007.

The absorptive capacity of DepEd has been a cause of concern, however. For instance, the allotment utilization rate for textbooks and desks/chairs was fairly low—less than 50% in 2005–2007. Similarly, the DepEd was not able to maximize the utilization of the available allotment for teacher training and repair of school buildings in 2006 and 2007.

2.4 Composition of NG Health Expenditures. The share of delivery of public health services in total health expenditures of the national government contracted continuously from 22.3% in 1999 to 7.0% in 2003 (**Figure 5.6**). This cutback was reversed in 2004–2006, albeit gradually. This became possible as the DOH, whose budget was fixed in nominal peso terms during the period, started to gradually shift resources away from retained hospitals towards public health, including foreign-assisted projects, even as retained hospitals were allowed to retain their income from hospital fees. This shift became even more significant with the adoption of the “*Fourmula One for Health*” reform initiative in 2006.



On the other hand, it is significant that the budget share of the subsidy for the premiums of indigents to the social health insurance program of the Philippine Health Insurance Corporation (PHIC or PhilHealth) rose sharply to 18% in 2006 after remaining at a fairly constant level of 4% in 2000–2005.⁴⁰ Proper targeting of the poor to be enrolled in the social health insurance program has been a major cause of concern as high inclusion and exclusion errors⁴¹ may result when the selection of beneficiaries is politicized. It is noteworthy that the PhilHealth has taken significant strides in this area by putting in place a means test to identify indigents. More recently, the use of a proxy means test to select beneficiaries has been proposed.

At the same time, PhilHealth reports show that the availment rate under the indigent program pales in comparison with that under the regular program of PhilHealth. This indicates the need to improve the access of enrolled poor households to health facilities and other health services.

In 2007, the Paper on Budget Strategy —formulated as part of the preparation of the 2008 President’s budget—identified the health sector as one of the high priority sectors in terms of budget allocation. As a result, the DOH’s budget (and the public health subsector in particular) and the social health insurance program were expected to receive a boost when the 2008 GAA was enacted and approved.

3. Size and Composition of Local Government MDG Spending

An analysis of the trend in size and composition of LGU revenues and expenditures in 2001–2007 also reveals how economic uncertainties and the fiscal constraints faced by the central government have diminished not only the size of the overall LGU spending pie but also the budget share of the social services sectors during most of the period. The resulting decline in LGU spending on social services in real per capita terms is a cause of concern because it has been associated with the stagnation, if not deterioration, in the service levels of these sectors.

⁴⁰ PhilHealth officials point out that oftentimes the release of the national government counterpart to the premiums of indigent households is usually delayed. Thus, a significant portion of the allocation for 2006 was meant to cover the arrears of the national government.

⁴¹ An inclusion error occurs when non-poor households are included in the program while an exclusion error occurs when poor households are not included in the program.

3.1 Aggregate LGU Income. Given the results of earlier studies, which suggest that LGU spending is largely determined by the size of their resource envelope (**Box 5.1**), LGU spending in 1996–2007 is best seen in the light of the trends in the level and composition of LGU income during the same period. With the IRA accounting for the bulk (65%) of LGU income for all LGUs in the aggregate (**Figure 5.7**), the movement in total LGU income is largely driven by the fluctuations in the IRA. Variation in the dependence of different levels of LGUs on the IRA is notable, however. Provinces and municipalities rely heavily on the IRA, with the IRA accounting for 83% and 77% of their income, respectively. In contrast, the IRA contributes 45% of the total LGU income of all cities in the aggregate.

The IRA-to-GDP dipped in 1998, 2001, and 2004. In 1998, although the mandated IRA share of LGUs was appropriated in full, part of the appropriation was withheld as an austerity measure implemented by the national government in response to its dire fiscal position at that time. In 2001 and 2004, the IRA was effectively cut due to the reenactment of the national government budget in those years.⁴² As a result, the IRA, which accounted for about two-thirds of total LGU income, grew at a slower pace in 1998–2004 than it would have had the provisions of the LGC been implemented to the letter. Although the fiscal position of the central government had eased in 2006–2007, the IRA-to-GDP ratio continued to slip as it mirrored the deterioration in BIR revenues with two-year lag (**Figure 5.8**). On a positive note, an increase in the IRA-to-GDP ratio might be expected in 2008-2009.

⁴² Prior to 2007, the IRA was not automatically appropriated. Thus, the reenactment of the national government budget pegs the IRA to the previous year's level, effectively reducing the IRA that is actually transferred to LGUs relative to the level that is mandated for the given budget year as per the LGC.

Box 1. Elasticity of Social Sector Spending of LGUs with respect to Changes in Own-Source Revenue (OSR) and IRA

Earlier studies on the possible determinants of per capita LGU spending (e.g., available resources [IRA as well as own-source revenues], cost adjustment factors [e.g., population density], household demand factors [e.g., per capita household income]), reveal that LGU spending is largely dependent on the size of its resource envelope (i.e., per capita IRA and per capita OSR).

Provincial-level marginal propensity to spend

Per capita spending of provinces on health is found to be significantly related to their per capita IRA (**Box Table 1**). In contrast, the coefficient of per capita OSR in the equations for provincial per capita spending on this sector is not statistically significant. This result suggests that provinces largely fund the cost of health services (which are devolved functions) out of their IRA. At the same time, the marginal propensity of provinces to spend on the health sector is found to be equal to 0.08, indicating that provinces tend to spend 8 centavos on the health sector out of every one peso increase in their IRA.

Box Table 1. Marginal Propensity to Spend on the Social Service Sectors a/

	Provinces			Cities				
	per capita IRA		per capita OSR	per capita IRA		per capita OSR		
Education	-0.016		0.10	**	0.02	*	0.05	**
Health	0.08	**	0.08		0.06	**	0.02	**
SWD	-0.01		0.04	*	0.01	**	0.05	**

* statistically significant at 5%

** statistically significant at 1%

a/ based on 2001-2005 panel data

On the other hand, per capita spending of provinces on the education sector and on the social welfare and development (SWD) sector depends solely on their per capita OSR. However, provinces appear to give higher priority to the education sector than to the SWD sector. Their marginal propensity to spend on the education sector out of their OSR (0.10) is more than twice that for the SWD sector (0.04). This result is not surprising given the fact that education services are largely funded out of the Special Education Fund (SEF), which is part of LGUs' own-source revenue.

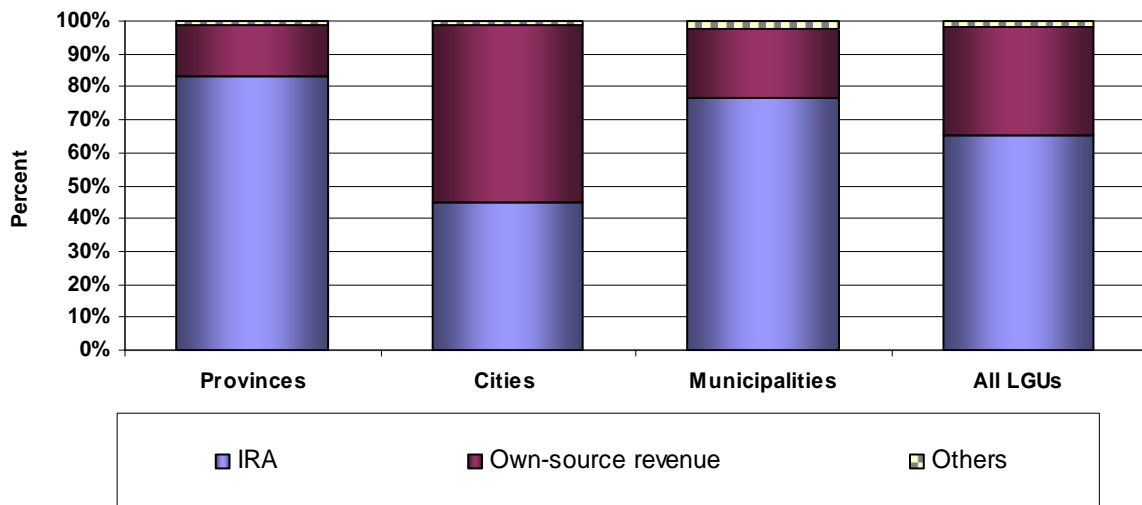
City-level marginal propensity to spend

Unlike provinces, per capita spending of cities on all three social services subsectors (i.e., health, education, and SWD) are found to be dependent on both their per capita IRA and per capita OSR (**Box Table 1**). As expected, the cities' marginal propensity to spend on the education sector out of their OSR is higher than that on the health sector. However, it is surprising that their marginal propensity to spend on SWD out of their OSR is also higher than that on the health sector.

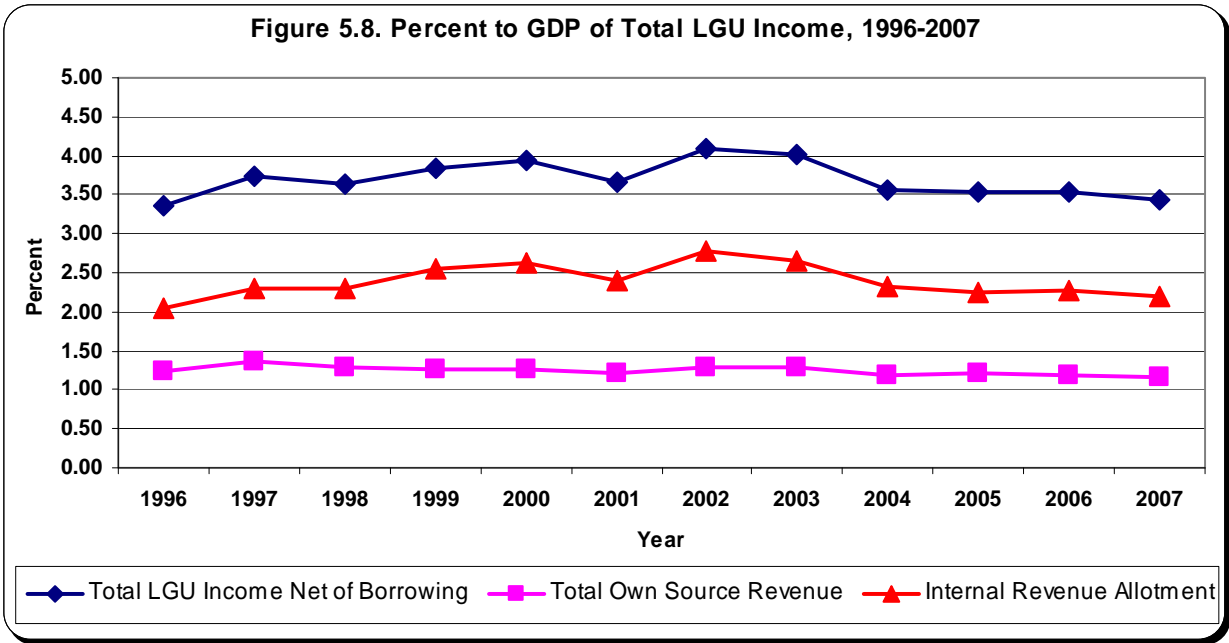
On the other hand, the marginal propensity of cities to spend out of their IRA is highest for the health sector, followed by the education sector and then the SWD sector.

Given that the distribution of the local revenue base of the LGUs is highly uneven and that the IRA distribution formula does not fully compensate for this disparity, it is likely that per capita spending of LGUs on the social sectors will also be uneven. These findings also suggest that the disparity in inter-provincial human development outcomes (like health status and education achievement) will likely remain high.

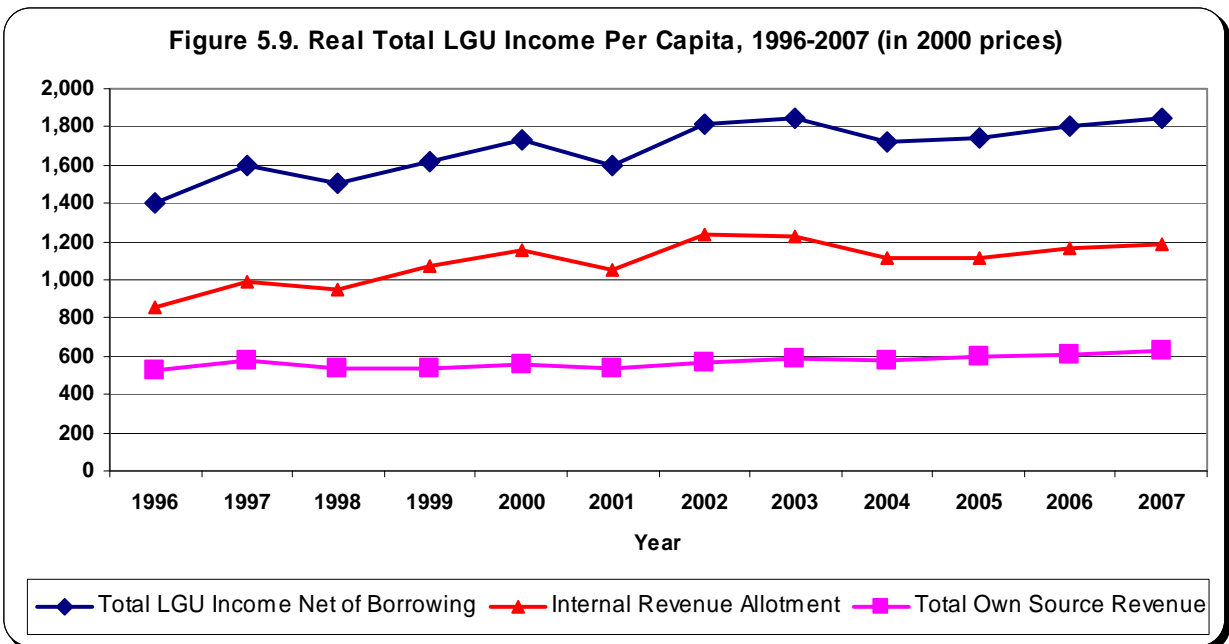
Figure 5.7. Composition of LGU income, 2001-2007



On the other hand, the elasticity of LGUs' OSRs is greater than unity with the growth of OSR of all LGUs in the aggregate, exceeding that of GDP in the post-LGC period. Thus, OSR effort (i.e., OSR-to-GDP ratio) has risen from 0.8% of GDP in 1991 to 1.4% of GDP in 1997. Then, the OSR-to-GDP ratio dipped gradually, reaching 1.2% of GDP in 2001. While the OSR performance of LGUs improved somewhat in 2002–2003 (with the OSR-to-GDP ratio increasing to 1.3%), the situation worsened once more in 2004–2007. Mainly, the growth of LGU OSR had lagged behind GDP growth in 2003–2007 such that the overall OSR-to-GDP ratio slipped from 1.3% of GDP in 2002–2003 to 1.2% of GDP in 2007. This trend was also evident for all levels of local government but was more muted in the case of cities (**Figure 5.8**).



Consequently, a clear upward trend in real per capita LGU income was evident in 1996–2003. However, after taking a dip in 2004, real per capita LGU income gradually recovered in 2005–2007, with the 2007 level just about equal to the 2003 level (**Figure 5.9**).



3.2.1 LGU income in LSD study areas. All the LSD study areas are more dependent on the IRA than the average LGUs (**Table 5.8**). However, the LSD study areas performed better than average in terms of OSR generation. To wit, the growth of OSR and total tax revenues in the LSD study areas was higher than that of the average LGU in 2006–2007.

Table 5.8. LGU income in LSD study areas, 2003-2007

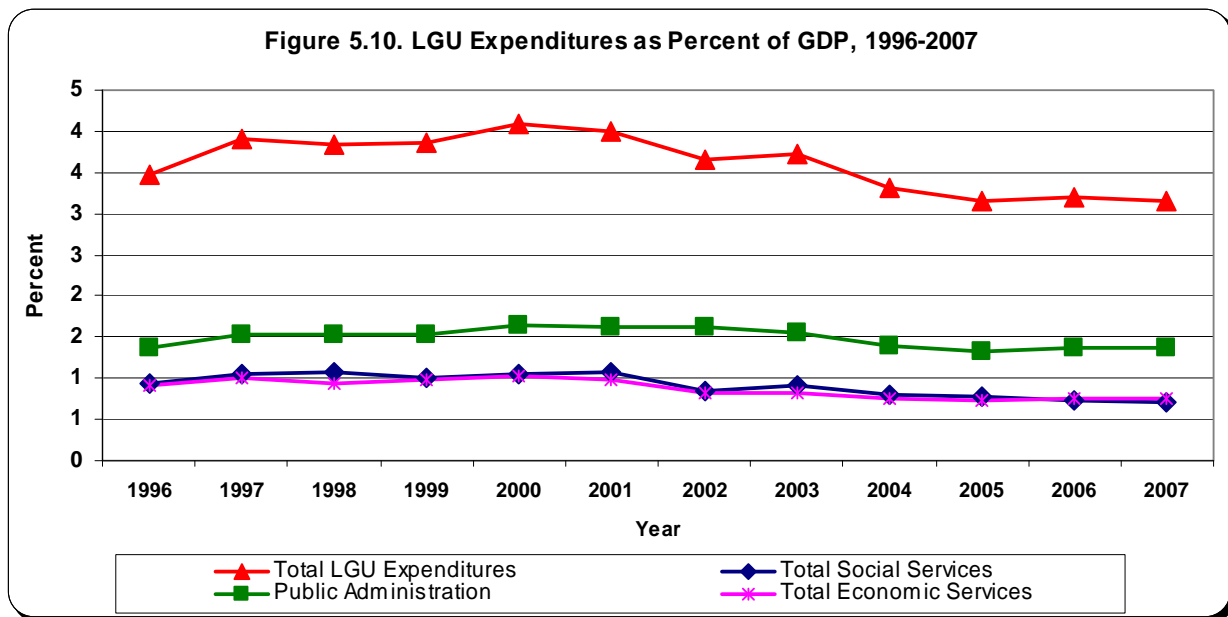
	2003-2007			2006			2007		
	Share of IRA to total LGU income	Growth of OSR	Growth of tax revenue	Total LGU income per capita (2000 prices)	OSR per capita (2000 prices)	Tax revenue per capita (2000 prices)	Total LGU income per capita (2000 prices)	OSR per capita (2000 prices)	Tax revenue per capita (2000 prices)
Bayugan	86.1	8.0	4.7	908	130	65	1277	178	80
Prosperidad	86.1	13.0	18.3	882	132	37	1302	211	80
Sibagat	91.3	25.3	2.7	1492	145	19	2221	269	31
Agusan del Sur Province	87.6	14.8	19.3	867	92	33	1214	143	51
Dumaguete	59.4	11.1	9.6	1795	741	475	2707	1147	700
Negros Oriental Province	85.4	18.7	13.0	485	79	16	725	118	24
Memo items:									
Average municipality	76.7	4.6	2.1	998	201	124	882	170	101
Average province	83.2	10.1	7.4	526	81	46	488	77	45
Average city	44.2	9.8	8.7	2127	1173	946	2077	1138	918

In 2006, the overall fiscal capacity of Sibagat and the province of Agusan del Sur as measured by their total LGU income per capita exceeded the national average. Agusan del Sur did better than the national average in terms of both its per capita OSR and per capita IRA. On the other hand, while the per capita OSR of Sibagat was lower the national average, its per capita IRA was considerably higher than the national average and more than compensated for its below average OSRs. As result, total LGU income per capita of Sibagat was about 50% higher than the national average in 2006.

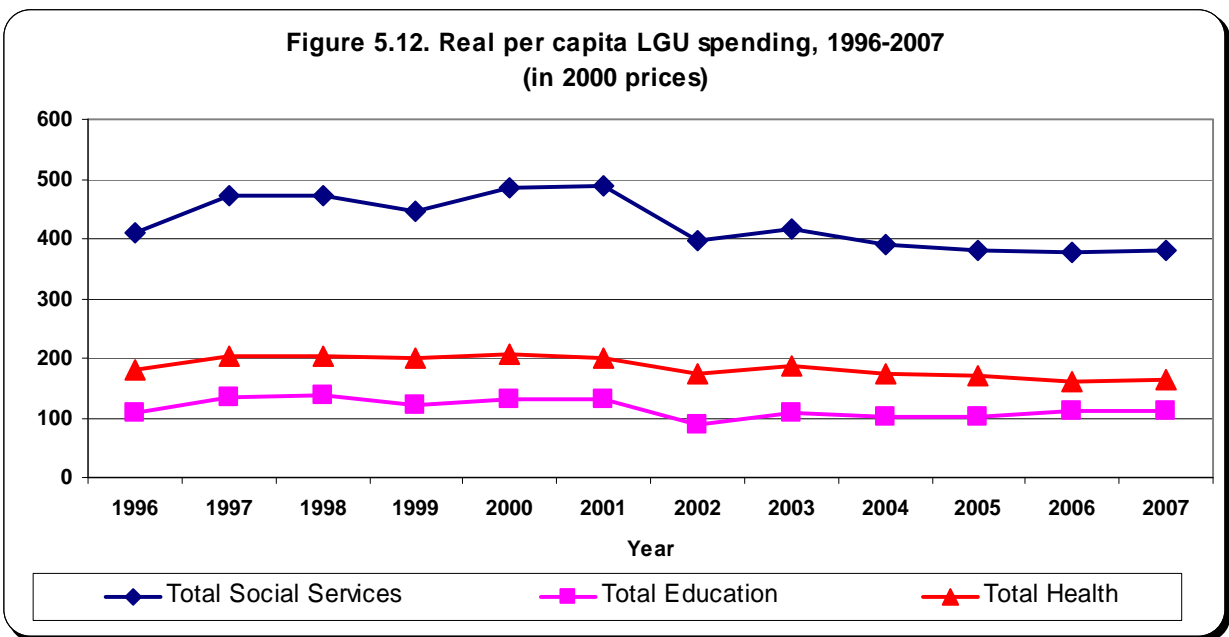
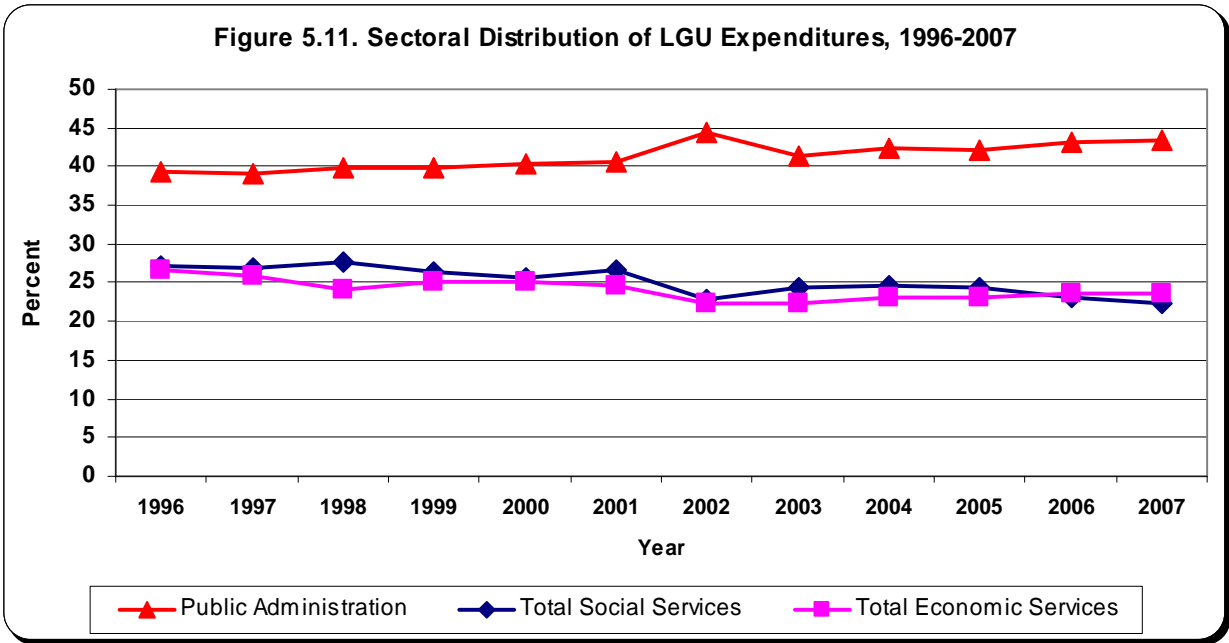
In contrast, the fiscal capacity of the province of Negros Oriental, the city of Dumaguete, and the municipalities of Bayugan and Prosperidad fell below the national average in 2006. In the case of Negros Oriental, Bayugan, and Prosperidad, not only did they underperform in terms of generating revenues locally but they also received less IRA on per capita basis than the average LGU. Dumaguete City's higher-than-average IRA per capita was not enough to offset its lower-than-average OSR per capita.

In 2007, however, the fiscal capacity of all LGUs in the LSD study areas was better than the national average. This stemmed from the fact that the per capita OSR and per capita IRA in all the areas were higher than the national average during the year.

3.2 Aggregate LGU Spending. Given the close link between LGU income and LGU expenditures, the movement in LGU income levels in 1996–2006 was closely mirrored by movements in LGU spending. Consequently, the LGU expenditure ratio contracted from a peak of 4.1% of GDP in 2000 to a low of 3.2% in 2005–2007, after exhibiting an uptrend in 1996–2000 (**Figure 5.10**).

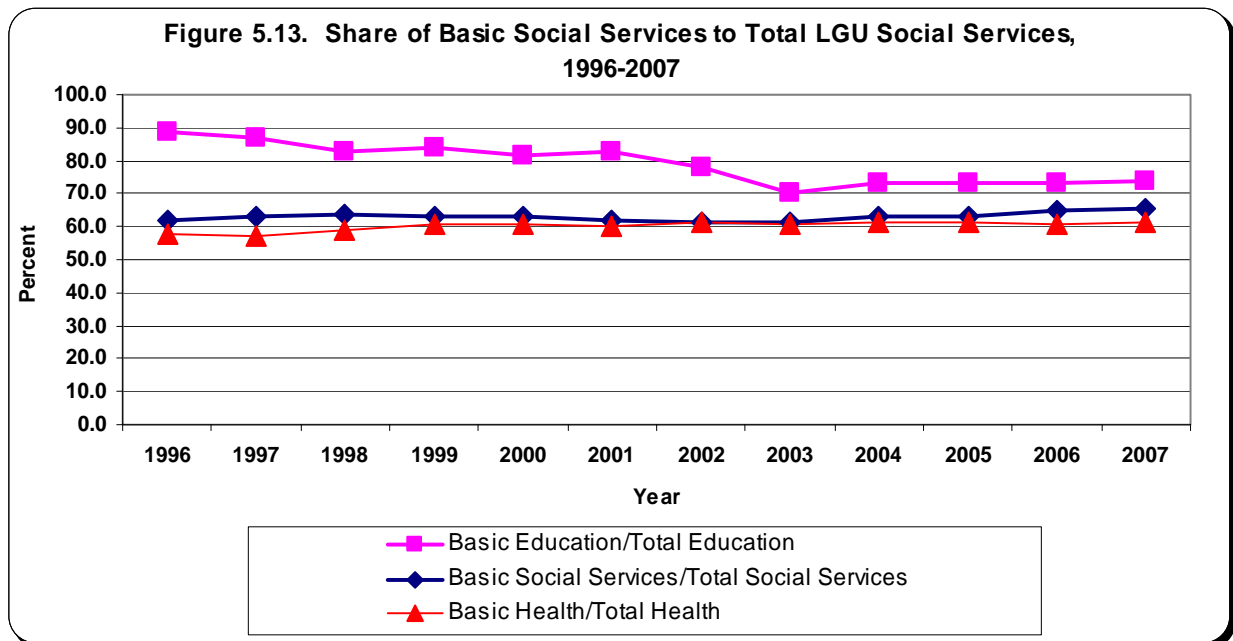


From the perspective of human development, it is doubly worrisome that, concomitant with the shrinking of the expenditure pie, the social services sectors as a group appeared to have been given lower priority than the other sectors in 2001–2007, with budgetary resources being shifted out from the said sectors to public administration. Specifically, the budget share of all the social services sectors combined (or the social allocation ratio) contracted the most by from 25% in 2000 to 22% in 2007. This 3% reduction was considerably larger than the 1% reduction in the budget share of all the economic services sectors as a group during the period. In contrast, the budget share of general public administration expanded by about 3%— from 40% in 2000 to 43% in 2007 (**Figure 5.11**). Thus, real per capita spending (in 2000 prices) on all the social services sectors combined went down by 4% yearly from P489 in 2001 to P380 in 2007 (**Figure 5.12**). On the other hand, a 3% reduction was also evident for LGU spending on the education and the health sectors.



While the share of basic health in total health spending of LGUs was fairly stable in the 58%–61% range in 1996–2007, the share of basic education spending to total education spending of LGUs decreased from a high of 89% in 1996 to a low of 74% in 2007 as the LGUs (cities and the bigger municipalities, in particular) devoted a bigger portion of their education budgets to higher education. This movement consequently pulled down the overall social allocation ratio (i.e., the share of basic social services in total social sector spending of

LGUs) from 64% in 1998 to 61% in 2002 before posting a turnaround to 66% in 2007 (Figure 5.13).



With the movement in social priority ratio further re-enforcing that of the social allocation ratio, the human priority ratio (i.e., the share of basic social services to total LGU spending) went down from a high of 19% in 1998 to an average of 15% in 2006–2007 (Figure 5.14).

In turn, real per capita LGU spending on basic social services in the aggregate (in 2000 prices) went down consistently from a high of P307 in 2000 to a low of P242 in 2005 before rising to P251 in 2007 (Table 5.9). The reduction in real per capita LGU spending on human development priorities in 2000–2007 was largely driven by the retrenchment in LGU spending on basic health and basic education, with LGU spending in these subsectors decreasing by 3% and 4% yearly, respectively, during the period.

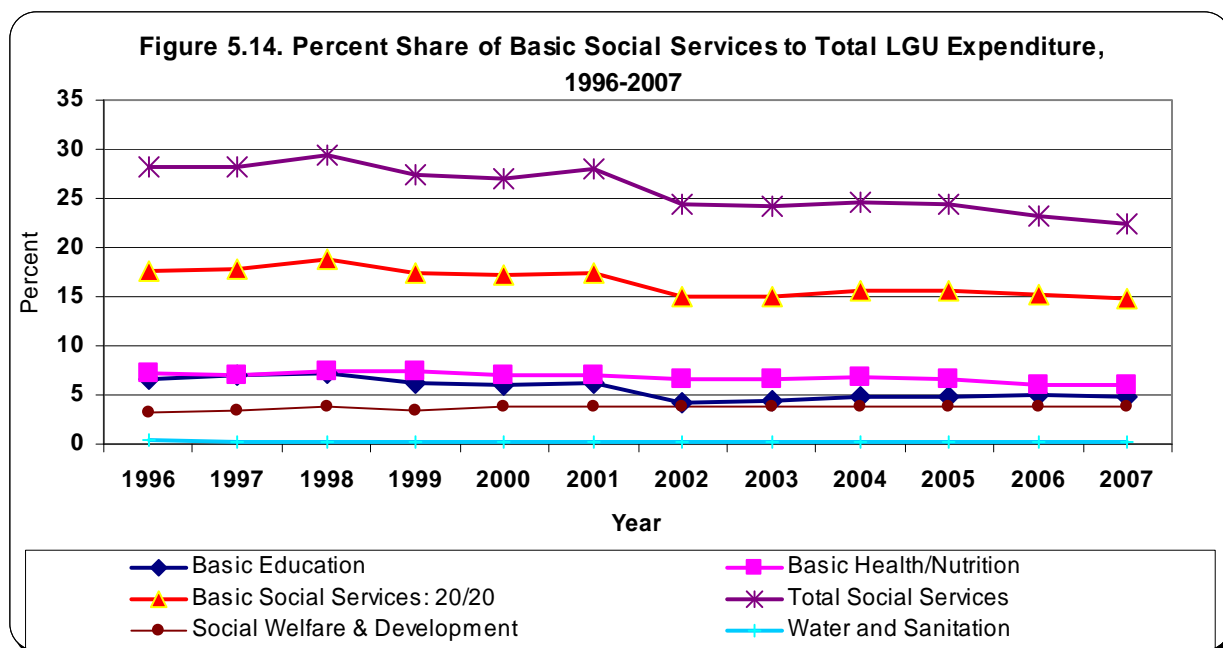


Table 5.9. Real Per Capita Expenditures in Basic Social Services of LGUs (in 2000 pesos)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Basic Education	97	118	114	102	107	110	70	75	75	74	82	82
Basic Health/Nutrition	105	117	120	121	126	121	107	114	107	104	97	100
Social Welfare & Development	48	58	61	54	69	67	62	64	60	59	62	63
Water and Sanitation	4	5	4	5	4	5	4	4	4	4	4	4
Pro-poor housing	1	1	1	1	1	1	2	3	2	2	2	2
Basic Social Services: 20/20	255	299	300	282	307	305	244	259	248	242	248	251
Memo Item:												
Total Education	109	135	138	121	132	133	89	108	102	101	112	111
Total Health and Nutrition	180	204	203	199	208	201	175	186	175	169	160	163
Total Social Services	409	472	471	447	486	491	396	418	390	381	378	380

3.2.2 LGU spending in LSD study areas. The priority given to all the social services sectors combined in the budgets of the province of Negros Oriental and the municipalities of Bayugan and Prosperidad was higher relative to the national average in 2006-2007. Negros Oriental exhibited a higher preference for both the education and health sectors than the average LGU. In contrast, the higher budget share of all the social services sectors as a group in Bayugan and Prosperidad is largely driven by the allocation provided to the health sector (Table 5.10).

Table 5.10. Percent distribution of total LGU spending in LSD areas, 2006-2007

	Basic education		Basic health		Water and sanitation		Basic soc. services		Total health		Total education		Total soc. services	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Bayugan	1.0	1.7	11.0	10.8			15.7	14.1	17.8	16.1	1.0	1.7	22.6	23.1
Prosperidad	1.4	4.1	11.9	12.9			16.9	21.4	11.9	12.9	1.4	4.1	16.9	21.4
Sibagat	0.5	0.3	10.6	7.0			14.2	9.4	10.6	7.0	0.5	0.3	14.3	9.4
Dumaguete City	5.4	3.3	6.0	6.6			16.9	15.1	6.0	6.6	7.0	5.0	24.4	24.6
Agusan del Sur	0.5	0.6	0.1	0.2	0.3	0.4	1.5	1.6	15.6	15.2	1.6	1.7	18.0	17.7
Negros Oriental	4.8	4.4	3.6	2.0			10.4	8.3	29.7	27.2	5.7	5.3	37.4	34.4
Memo item:														
Average province	3.1	3.0	5.4	5.3	0.1	0.1	10.7	10.5	17.0	16.8	4.7	4.6	24.8	24.7
Average city	8.5	7.8	4.7	4.7	0.1	0.2	15.5	14.9	7.4	7.4	11.4	10.5	28.1	26.2
Average municipality	2.6	2.6	7.7	7.7	0.5	0.5	13.9	13.9	7.7	7.7	3.3	3.3	16.7	16.7

Moreover, the higher priority given to social services in Negros Oriental did not quite translate to a higher priority for basic social services, in contrast to that in Prosperidad and Bayugan. It is notable that in Negros Oriental the bulk of allocation for the social services sectors was eaten up by tertiary level services. Bayugan and Prosperidad, however, appear to have focused their social sector spending on basic health services.

On the other hand, while the budget share of all the social services sectors was lower than the national average in Dumaguete City, the city showed a higher preference for basic social service sectors (basic health services in particular) in 2006-2007. In comparison, the budget share of all social services in the aggregate and of basic social services (including basic education and basic health) was lower than the national average in Sibagat and Agusan del Sur in 2007.

As a result, while per capita LGU spending on basic health was higher than the national average, spending on basic education was lower than the national average in the municipalities of Bayugan, Prosperidad, and Sibagat and in Dumaguete City in 2006-2007 (**Table 5.11**). In contrast, per capita LGU spending on both basic health and basic education was lower than the national average in Agusan del Sur. Meanwhile, per capita LGU spending on basic education as well as hospital was better than the national average in

Negros Oriental in 2007. However, the same was not true of per capita LGU spending on basic health.

Table 5.11. Real per capita LGU spending in LSD areas, 2006-2007

	Basic education		Basic health		Water & sanitation		Basic soc. services		Total health		Total education		Total soc. services		Total LGU expd	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Bayugan	8	14	91	92	0	0	141	136	142	135	8	14	180	193	796	837
Prosperidad	7	25	64	78	0	0	97	140	64	78	7	25	90	129	535	604
Sibagat	7	6	144	132	0	0	207	194	144	132	7	6	194	189	1358	1319
Dumaguete City	94	67	115	90	0	0	324	325	115	123	122	102	424	506	1738	2056
Agusan del Sur	5	5	1	2	3	3	18	20	137	127	14	14	158	148	878	837
Negros Oriental	27	29	20	13	0	0	62	60	166	180	32	35	208	228	557	663
Memo item:																
Average province	15	15	27	26	0	0	62	61	85	82	24	22	123	121	497	489
Average city	157	157	87	95	3	3	307	321	137	149	211	211	521	527	1852	2013
Average municipality	24	24	71	71	5	5	141	143	71	71	30	30	153	155	917	929

4. Conclusion

The efficacy of public expenditure policy in supporting the attainment of the MDGs depends on three important factors (Bird, Litvack, and Rao 1995). First, how much is spent on MDG programs? Second, where is it spent? That is, to what extent are these expenditures directed to areas which are lagging behind in terms of the MDG targets? Third, how well is it spent? That is, to what extent are policies implemented so that the intended benefits and outcomes are attained?

On the one hand, governments have to ensure that the size and composition of the public expenditure program are geared towards the provision of basic social services and pro-poor infrastructure and investments. It cannot be denied that the government's expenditure program has a direct effect on human development outcomes, but increased government spending on basic social services is not a guarantee for improvements in the well-being of the population in general, and the poor in particular.

Non-budgetary policies, including the governance framework that defines how government resources are spent, are just as important as the amount of budgetary support. The same is true of the targeting mechanisms employed to implement income enhancement and social safety net measures for the poor. These issues will be discussed in the chapters on sector analyses.

Finally, in allocating resources to MDG-related programs and activities, it is important to remember that basic social services are characterized by strong complementarities. That is, the impact and effectiveness of each basic social service component is enhanced by the availability of other basic social services (UNDP 1996).

CHAPTER 6

Sector Analysis: Primary and Secondary Education

1. Introduction

1.1 Objective

This study examines the current system of institutional and fiscal arrangements for *primary and secondary* levels of the education sector and how that system affects the actual functioning of the sector. The study has benefited from consultations with key informants and stakeholders on how future improvements can be achieved.

The study also identifies the informal arrangements that exist in the delivery of education-related services (e.g., parents-teachers-community associations [PTCAs] and NGOs) that are not captured and dealt with by the current formal system of institutional and fiscal arrangements. The aim is to inform policy decisions on the need to regularize and effectively involve these informal arrangements in the education sector.

The findings of the study are meant to support the government and its partners in strengthening the education sector. The objective is therefore not merely to produce a few short-lived, limited proposals. The study is concerned with links to national policies, institutions, and programs, as well as sustainability.

1.2 Approach

A specific consultative process had been adopted to include relevant stakeholders in the study, so that the government had led the process as far as possible, and that during the process of mapping and analyzing the current context and situation, areas for reforms and change naturally emerged.

Key informants included primarily government staff involved in providing the service. Stakeholders also included teachers, school principals, PTCAs, education line agency staff, and local government functionaries.

1.3 Analytical Framework

Consistent with the LSD Triangulation Framework discussed in Chapter 1, the developments in the three elements of the framework—policy, institutions, and finance—pertaining to the basic education sector are presented in this section.

2. Policy

2.1.1 History and current status of education decentralization efforts. As mentioned in Chapter 1, the 1991 LGC did not include education among the devolved services. However, this did not prevent the sector from undertaking decentralization efforts where it was deemed beneficial for its operations. Decentralization in education is still evolving. This chapter focuses on describing the decentralization process. On the whole, however, institutional reforms in terms of transfer of administrative roles and functions seem to be slow-moving. Much of the key functions remain with the central office. Similarly, fiscal reform has not been as swift as policy changes. Given this, evaluating the impact of decentralization is not as straight-forward and this chapter does not aim to do this task. However, in the process, some insights on the impact of reform efforts are documented.

Efforts toward increasing the power of field units⁴³ are embodied in the framework of shared governance, the institution of school-based management, the increasing role of PTCAs, and the use of local languages as medium of instruction.

The Governance of Basic Education Act asserts the centrality of the school in the formal education system and mandates the field offices, including the schools, to translate basic education policy into programs, projects, and services adapted to local needs. It empowers schools and learning centers to decide in the best interest of the students. The Act aims to

⁴³ This is called political decentralization in the study protocol.

provide school teachers and staff flexibility in the service, encourage initiative for school improvement, and provide means to do and sustain this, among others.

In view of achieving the Education for All (EFA) goals, the DepEd is undertaking the Basic Education Sector Reform Agenda (BESRA). Among the Key Reform Thrusts (KRTs) is getting all schools to continuously improve. This entails a head for every school, a continuous school improvement process, school-based resource management, and representation in local school boards. The school improvement process involves the establishment of a school governing council and the development of a school improvement plan to address the needs of the school. The school's ability to act on its needs suggests decentralization of political power.⁴⁴

Towards empowering schools and their communities to improve the learning of students, the DepEd aims to institute school-based management (SBM) in all public schools in the country. SBM is defined as “the decentralization of decision-making authority from central, regional, and division levels to the individual schools, with the intent of bringing together the school heads, teachers, students, as well as parents, the local government units and the community at large in promoting effective schools.” The SBM has four objectives:⁴⁵

- (1) Empower the school heads to lead their teachers and students in a continuous school improvement process leading to higher learning outcomes;
- (2) Bring resources, including funds, within the control of schools to support the delivery of quality educational services;
- (3) Strengthen partnerships with the communities and LGUs to encourage them to invest time, money, and other resources in providing a better school learning environment; and
- (4) Institutionalize participatory and knowledge-based continuous school improvement process.

⁴⁴ National Education For All Committee 2006. Basic Education Sector Reform Agenda (2005–2010), Pasig City, Philippines.

⁴⁵ DepEd 2008c. Moving Forward BESRA's Collaborative Action. Pasig City, Philippines.

Educational standards are understandably set at the national and regional levels to enable the use of a uniform standard in monitoring performances across schools, divisions, and regions. The central office also sets the school curriculum, prescribing the subject areas and their content, the time allotment, the medium of instruction, and the grading system and reporting of pupil performance.⁴⁶ School heads only implement the school curriculum with supervision from the district supervisor.

The DepEd encourages the organization of PTCAs in public schools, recognizing their role in mobilizing community support for schools. They are authorized to collect contributions from parent-members to implement their programs and projects for the benefit of the school and to hold office in their respective schools. However, PTCAs are prohibited from “[d]irectly interfering in the academic and administrative management and operation of the school.”⁴⁷

Notwithstanding the policy on strengthening the use of the English language as a medium of instruction in the educational system, the DepEd authorized the use of local languages as auxiliary medium of instruction for the formal education and the Alternative Learning System (ALS) and ordered the integration of the use of the mother tongue as the language of instruction in school improvement plans. This is in recognition of evidence-based findings of international and local researches/studies pointing to the benefits of using the mother tongue in enhancing children’s learning.

Although much of the administrative decisions remain with the central government, certain decisions are deconcentrated to regional and division offices while others are devolved to the LGUs.⁴⁸

Key administrative decisions, particularly on school building and hiring, are decentralized at the division level. Prioritization of school building projects lies at the division office. The school only participates in monitoring and evaluating the school buildings. Hiring of school teaching and non-teaching personnel, as well as the firing of non-teaching personnel, are responsibilities of the division superintendent. The firing of teaching personnel rests with the regional office. In 2004, in line with the SBM policy, the school head did the recruitment and,

⁴⁶ DepEd 2002a. The 2002 Basic Education Curriculum; DepEd. 2003a. Revised Implementing Guidelines of the 2002 Secondary Education Curriculum Effective School Year 2003–2004.

⁴⁷ DepEd 2003b. Revised Guidelines Governing PTAs/PTCAs at the School Level.

⁴⁸ This is called administrative decentralization in the study protocol.

together with a school-based committee, the ranking of teacher-applicants. Since 2006, the school selection committee led by the school head only receives applications and verifies the documents, and then recommends the qualified applicants to the division superintendent. The division office evaluates and ranks the applicants and selects from among them.

While the 1991 LGC has assigned to LGUs the administration of health, agriculture, and social welfare, the administration of educational services largely remains with the national government. A few education functions are assigned to the local governments. The LGC assigns responsibility over daycare centers to barangays, school buildings and other facilities for public elementary and secondary schools to municipalities, and support for education facilities to cities. However, municipalities also have indirect education functions given their responsibility for social programs and projects on child and youth welfare, street children, and juvenile delinquents.

In ARMM, as per RA 9054, regional powers in education are devolved to LGUs. On the other hand, “[t]he regional government shall adopt educational policies that shall perpetuate Filipino and Islamic values and ideals and the just aspirations of the Bangsa Moro...”

Fiscal decentralization was undertaken with the direct release of resources to field offices and implementing units and the authorization of PTCAs to mobilize resources for schools.

The Rules and Regulations of RA 9155⁴⁹ provides for the “equitable, direct and immediate release of resources to the field offices.” Aimed at decentralizing fiscal management, it tasks the education secretary to (i) formulate a system that equitably allocates resources to field offices, (ii) establish a process of directly and immediately releasing relevant appropriations to them (including personnel services and MOOE, desks, textbooks, and repair and maintenance of school buildings), and (iii) establish a system of financial reporting. This is aimed at delineating the responsibilities of the DepEd central office, regional offices, division offices, and secondary schools as well as the Department of Budget and Management (DBM) central office and regional offices regarding the direct release of funds. It also aims to improve the flow of funds to ensure the timely payment of personnel benefits and the implementation of projects and activities of DepEd. Secondary schools with financial

⁴⁹ DepEd 2002b. Rules and Regulations of RA 9155

personnel can spend their own MOOE. Elementary schools and secondary schools without financial personnel receive their MOOE either in cash or in kind at the discretion of the division.

Although school personnel are restricted from collecting school fees, PTCAs are authorized to collect fees as needed by schools.

The complementation of private schools to public schools and the increasing use of resources of private schools are also evident.⁵⁰

The Constitution declares the state's recognition of the complementariness of private and public educational institutions but mandates the state to supervise and regulate the same. Filipino citizens should have at least 60% ownership of educational institutions. Setting up educational institutions solely for non-Filipinos is not allowed, and foreigners generally may not comprise more than a third of the enrolment in any school.

Provision of private elementary education has increased over the past 36 years. Enrolment in private elementary schools increased from 4.9% of total elementary enrolment in 1970 to 7.9% in 2006. Provision of private secondary education, on the other hand, had decreased from 55.6% of total secondary enrolment in 1970 to 20.4% in 2006. This could be attributed to the passage of the Free Public Secondary Education Act of 1988, which encouraged more parents to shift their children to public secondary schools.

RA 6728 mandates the state to “provide the mechanisms to improve quality in private education by maximizing the use of existing resources of private education.” Assistance is provided to students in private institutions whose family income is not more than P36,000 per annum. Assistance to private education consists of:

1. Tuition fee supplements for students in private high schools, including students in vocational and technical courses;

⁵⁰ This is called market decentralization in the study protocol.

2. High School Textbook Assistance Fund: students in public schools shall be provided a comprehensive textbook program under the Secondary Education Development Program (SEDP);
3. Expansion of the existing Educational Service Contracting (ESC) Scheme;
4. The voucher system of the Private Education Student Financial Assistance Program (PESFA);
5. Scholarship grants to students graduating as valedictorians and salutatorians from secondary schools;
6. Tuition fee supplements to students in private colleges and universities;
7. Education Loan Fund; and
8. College Faculty Development Fund.

The DepEd's Budget Strategy for 2007 provides 30% coverage of private secondary school enrolment through the GASTPE.

2.1.2 Legal and policy frameworks. The right to education is enshrined in Article XIV of the 1987 Philippine Constitution, which mandates the state to “protect and promote the right of all citizens to quality education at all levels” and to “take appropriate steps to make such education accessible to all.” Toward this end, it provides for the establishment of “a system of free public education in the elementary and high school levels” and for “compulsory elementary education.” The Constitution provides for compulsory elementary education for all children of school-age, notwithstanding the parents’ rights in taking care of their children.

RA 9155 confirms the state policy of protecting and promoting “the right of all citizens to quality basic education and to make such education accessible to all,” including alternative learning systems. It gives the DepEd “authority, accountability and responsibility for ensuring access to, promoting equity in, and improving the quality of basic education.”

Pursuant to the Constitutional mandate of free basic education and in view of the EFA targets and the MDGs, the DepEd prohibits the collection of school fees from school children from the pre-school level up to Grade 4. School fees may be collected from school children from Grade 5 up but on a voluntary basis and starting only on the second month of school, particularly avoiding collection at the time of enrolment, which may drive away prospective pupils. In 2008, the President, through the DepEd Secretary, also ordered that the wearing of

uniform in public schools shall no longer be required.⁵¹ These are designed to remove financial obstacles to enrolment in public schools.

The DepEd Basic Education Information System assesses net enrolment in elementary among children 6–11 years old. According to the National Statistics Office, the labor force includes “persons 15 years old and over who are either employed or unemployed” based on certain definitions. The Constitution mandates compulsory elementary education for all children of school age. Considering the definition of net enrolment, the age of compulsory education and the minimum age for entering the labor force has a gap of 4 years.

In 2001, DepEd authorized the collection of voluntary contributions for Boy Scouts of the Philippines (BSP), Girl Scouts of the Philippines (GSP), Anti-TB, Red Cross,⁵² school publication,⁵³ and PTCA fee.⁵⁴ However, in 2002, the department prohibited the collection of these contributions during enrolment and prescribed the collection between September and November.⁵⁵ In 2003, the new Secretary authorized the collection of fees during enrolment “provided that the student has already enrolled.”⁵⁶ In 2005, the department issued an order prohibiting the consideration of payment of voluntary contributions as a requirement for admission, release of report card, or test result and clearance.⁵⁷ It also prohibited teachers and other school personnel from collecting the contributions. It advised the collecting organizations to assign representatives or the PTCA to collect in their behalf. It also authorized the Parents-Teachers Association (PTA)/PTCA to collect contributions from its members for its programs and projects. In 2008, pursuant to the Constitutional mandate of free basic education and in view of the EFA targets and the MDGs, the DepEd prohibited the collection of school fees from school children from the preschool level up to Grade 4.⁵⁸ School fees may be collected from school children from Grade 5 up but on a voluntary basis and starting only on the second month of school.

⁵¹ DepEd 2008d. Department Order No. 45, s. 2008

⁵² DepEd 2001a. Department Order No. 31, s. 2001

⁵³ DepEd 2001b. Department Order No. 51, s. 2001

⁵⁴ DepEd 2001c. Department Order No. 26, s. 2001

⁵⁵ DepEd 2002c. Department Order No. 12, s. 2002 and DepEd 2002d. Department Order No. 42, s. 2002

⁵⁶ DepEd 2003c. Department Order No. 38, s. 2003

⁵⁷ DepEd 2005a. Department Order No. 22, s. 2005

⁵⁸ DepEd 2008e. Department Order No. 19, s. 2008

Evidence suggests several instances of divergence from policy. Apparently, school personnel themselves still collect contributions. Schools also collect fees other than those authorized but respond to the needs and mandates of the school. These can be addressed with the help of the PTCA, which is authorized to collect. It is also likely that school fees are being collected during enrolment and being used as a requirement, for example, before a student can take an examination.

While the constitutional provision for free education has been pursued by the department, the compulsory feature of elementary education lacks attention. It has been argued that schools focus on keeping enrolled students in school while missing to bring all eligible students to school. The department and local stakeholders should conceive of strategies that would enhance school participation. Where absent, local anti-truancy ordinances should be legislated identifying the roles of education personnel, local government personnel, and the communities and creating new institutions as may be necessary. Where present, the anti-truancy ordinances should be enforced with the collaboration of the local government, the school, and the community.

Executive Order (EO) 210 directs the teaching of English as a second language starting in Grade 1, its use as a medium of instruction for English, Mathematics, and Science starting in Grade 3, and as the primary medium of instruction in high school, with learning conducted in English 70% of the time. Filipino shall continue to be the medium of instruction for Filipino and Araling Panlipunan.

The Implementing Rules and Regulations of EO 210 provide for the use of local languages as auxiliary medium of instruction for the formal education and the ALS.⁵⁹ Recognizing that the “use of the mother tongue as the language of instruction beginning in Grade 1... as the most effective way to improve student learning and... serve as a strong bridge language to learn a second language,” the Secretary ordered the provision of successful models of language of learning to field offices and the integration of the use of the mother tongue as the language of instruction in school improvement plans, and permitted the use of school MOOE in the development and distribution of relevant instructional materials.

⁵⁹ DepEd 2006a. Implementing Rules and Regulations on Executive Order No. 210 (Establishing the Policy to Strengthen the Use of the English Language as a Medium of Instruction in the Educational System; as amended by DepEd 2008f. Addendum to DepEd Order No. 36, s. 2006.

The DepEd also recognizes the significant role of Islamic education in providing access to education, particularly among Muslim children. In consultation with relevant stakeholders, the DepEd formulated a standard curriculum for public schools and private Madaris in Muslim communities, including the Arabic language, Islamic studies, and Islamic values.⁶⁰ Islamic education has also been provided in some schools in predominantly non-Muslim communities with migrant Muslims, such as Agusan del Sur. However, its implementation may suffer from lack of certified teachers.

3. Institutions: Actors and Their Roles and Responsibilities

The department has four levels of governance: the national level headed by the Secretary, the regional, the division, and the school. RA 9155 defines the assignment of responsibility across the agency based on the principle of shared governance. Each unit has a role and is accountable for corresponding outcomes. The principle of shared governance is defined by the law as follows:

1. Shared governance is a principle which recognizes that every unit in the education bureaucracy has a particular role, task and responsibility inherent in the office and for which it is principally accountable for outcomes;
2. The process of democratic consultation shall be observed in the decision-making process at appropriate levels. Feedback mechanisms shall be established to ensure coordination and open communication of the central office with the regional, division, and school levels;
3. The principles of accountability and transparency shall be made operational in the performance of functions and responsibilities at all levels; and
4. The communication channels of field offices shall be strengthened to facilitate flow of information and expand linkages with other government agencies, LGUs, and NGOs for effective governance;

The Governance of Basic Education Act assigns the responsibility for policymaking primarily to the national level, with the Secretary formulating national education policies. However, regional offices are also mandated to define a regional framework for education

⁶⁰ DepEd 2004a. Standard Curriculum for Elementary Public Schools and Private Madaris.

policy that is sensitive to local values, needs, and expectations. National educational standards are set by law and merely implemented by the department. Regional offices may, however, develop regional standards in view of measuring international competitiveness. The monitoring of education outcomes is shared by the national level and the regional offices, and includes the conduct of research.

Provision and administration of education services are undertaken at all levels. Planning is done at the national level, by the regional, division, and district offices, and the school with its development of a school education program and school improvement plan. Moreover, the regional offices formulate the budget corresponding to regional education plans including the division and district plans. The law does not provide for budgeting from the school up. However, it mandates the school to mobilize resources by accepting donations and grants to improve its teaching capacities and facilities and to provide for its material needs. Supervision is undertaken by the regional and division offices. Local governments have had an increasing role in the provision of education by assuming a greater role in financing local education needs.

The regional director has appointive and disciplinary authority over the personnel of the regional office except the assistant regional director. Regional offices evaluate division superintendents and assistant superintendents but their selection and promotion is done by a board created by the Secretary. Division offices supervise the operation of schools, both public and private at elementary and secondary levels, integrated schools, and learning centers, ensuring compliance with quality standards. The schools division superintendent exercises appointive authority over the teaching and non-teaching personnel of the division, including division supervisors, school district supervisors, and school heads; and disciplinary authority over non-teaching personnel. However, disciplinary authority over teaching personnel lies with the regional director.

Production or actual delivery of educational services is done at the division offices and schools. Actual service delivery is undertaken by the school, led by the school head. Educational services are provided by school teachers while administrative functions are carried out by non-teaching staff. In 2004, in line with the SBM policy, the school head did the recruitment, and together with a school-based committee, the ranking of teacher-

applicants.⁶¹ Since 2006, the school selection committee led by the school head only receives applications and verifies the documents, and then recommends the qualified applicants to the division superintendent.⁶² The division office evaluates and ranks the applicants and selects from among them.

The school principal administers and manages the school personnel as well as the physical and financial resources of the school. Schools are at the forefront of service delivery, implementing the school curriculum and offering education programs, projects, and services. The division supervisors provide subject area supervision while district supervisors provide professional and instructional advice and support to the school heads and teachers/facilitators of schools and learning centers.



School head and staff at the East Prosperidad Central Elementary School, Agusan del Sur in a meeting to discuss teaching-related issues.

As per RA 7880, also known as the "Fair and Equitable Access to Education Act," 90% of the budget for the construction of school buildings is administered by the DPWH. The remaining 10% is administered by the DepEd. In 2005, a separate budget for the construction of school buildings in areas experiencing acute classroom shortage was administered by the DepEd and implemented by NGOs, LGUs, PTCA, and the DepEd through contracting.⁶³

School repair and maintenance is principal-led and administered by the school. The school proposes and submits a scope of work to the division office, which evaluates the same and submits the list of approved proposals to the regional office for the release of allotment. Funds are released by the DBM regional office directly to secondary schools with financial staff, and through the division office for elementary schools and secondary schools without financial staff. Repair and maintenance is implemented with community participation. The regional and division offices assist in and supervise the implementation. The school head

⁶¹ DepEd 2004b. DepEd Order No. 1, s. 2004.

⁶² DepEd 2006b. DepEd Order No. 17, s. 2006 as revised by DepEd 2007b. DepEd Order No. 4, 2007.

⁶³ DepEd 2005b. Submission of List of Recipient Schools to be funded under the CY 2005 School Building Program for Areas Experiencing Acute Classroom Shortage.

submits a liquidation report to the division superintendent. Between 2006 and 2008, the allotment to schools increased from 80% to 90% while that for regional and division offices declined from 20% to 10%. For schools, priority was given to the improvement of water and electrical systems.

The desk allocation across congressional districts is determined by the central office. The regional/division office determines the distribution between elementary and secondary levels based on actual needs. The division office undertakes the procurement in accordance with the Government Procurement Reform Act (GPRA). It also determines the distribution across schools considering the construction of new classrooms under the school building program and the shortage of classroom seats based on the Basic Education Information System. In 2007, private sector participation in the procurement process was institutionalized.

The procurement of textbooks is undertaken by the central office following the GPRA. The department recommends that local governments purchase supplementary materials rather than textbooks.⁶⁴ Field offices, particularly the regional offices, only monitor the delivery of textbooks to district offices and secondary schools.⁶⁵

The functions undertaken by field offices are largely consistent with policy. The division office in Agusan del Sur, for instance, claims responsibility for overseeing the performance or achievement of the whole division, staff/personnel development, financial management, physical facility improvement, and management and supervision of programs and projects. In Dumaguete City, the division superintendent is the overall manager of the division. She does supervisory and administrative functions, including looking into financial matters, hiring and firing, teacher training, achievement of children, personnel problem, and school problems (physical, teachers). She also promotes good governance, taking care of schools' well-being in terms of human relationships, honesty, and integrity. The superintendent also does linkaging with LGU officials (congressmen, governors, and mayors) and the community to seek assistance in the hiring of teachers, in building construction, and in classroom repairs to be funded from the General Fund (apart from the SEF). Per RA 9155, however, resource mobilization is the school head's role.

⁶⁴ DepEd 2004c. Textbook Policy.

⁶⁵ DECS 2000. Amendments to DECS Memorandums No. 59, s. 2000 and 509, s. 1999 (Re Implementation of SEMP Textbook Component).

In Prosperidad, Agusan del Sur, the district supervisors serve as instructional leaders. They assist school heads in running schools and in implementing DepEd programs. They also engage in curriculum development although policy assigns them only supervision. In Bayugan North District, district supervisors supervise schools (especially multi-grade schools headed by teachers-in-charge). They also coordinate with barangay officials for the ALS. They look into the improvement of student performance and help implement the projects of DepEd and other agencies. In Dumaguete City, the district supervisors oversee, monitor, and evaluate the performance of pupils (e.g., in the National Achievement Test [NAT]), and the instruction/teaching–learning process. They also provide instructional leadership by, among others, observing classes and providing mentoring.

The proximity of schools and the openness of teachers are helpful to district supervisors. Spending at the district level depends on the collection of real property tax for the SEF. District supervisors also encounter some problems. One supervisor complains that the local government disallowed the proposed SEF budget for travel, hampering their ability to assist schools in remote areas. Some private schools question why the district does not allot a budget for them. Some private schools do not comply with reporting requirements.

All the schools visited by the study team are headed by a school principal. Most of the schools have school improvement plans (SIPs). However, some elementary schools, notably those in poorer areas, cannot show an SIP. The sample SIPs obtained included vision, mission, goals, and objectives. They also demonstrated the participation of community stakeholders, such as the school governing councils, barangay councils, PTCAs, teachers, and NGOs. Most of the schools received support from the provincial and municipal governments, the barangay, the PTCA, and private donors. However, there were



The school's vision and mission is prominently displayed at the school grounds in East Prosperidad Central Elementary School, Agusan del Sur.

no indications that these were being reported to district supervisors and the division superintendent as required by law.

One function which schools have a problem fulfilling is creating an environment conducive to teaching and learning. Some schools complain of lack of classrooms, equipment and facilities (e.g., gym, speech laboratory, computer room), textbooks, supplies (e.g., medicines in clinic), and water supply. Other problems include lack of teacher training and teacher absenteeism. However, more than lack of training, the greater challenge may be a weak follow-through to ensure adoption of skills learned or acquired. Support systems (e.g., supplies and materials, follow-up mentoring, and coaching of teachers to build confidence in putting these skills into practice) may be inadequate and should be considered as the education budget becomes decentralized to the divisions and schools. Teacher absenteeism and tardiness that represent a major source of leakage of education resources are also often ignored.

The general poverty in communities also make learning difficult as students experience hunger, do not have uniforms, and run the risk of dropping out. On the other hand, the otherwise well-off may also be given to truancy as they frequent internet cafes, billiard halls, and sing-along bars. The prohibition on collection of fees during enrolment has also hampered resource mobilization. In the face of these problems, schools rely primarily on the support of their respective communities. They believe school/community feeding programs, sponsorships, and scholarships could enhance school participation and reduce dropout rates. Parents' and businesses' cooperation and local government legislation against truancy would prevent students from cutting classes. Barangay monitoring would discourage teacher absenteeism.

The direct release of funds to schools enhances school management and administration as it facilitates fund utilization. Independent schools have their own financial staff and draw their funds directly from the DBM. Thus, they are able to spend their funds with ease. In Dumaguete City, an independent high school spent 92% of its MOOE for the period 2006–2008. On the other hand, dependent schools do not have financial staff and draw their MOOE from division offices, either in cash or in kind as determined by the latter. A dependent high school in Dumaguete City draws some of its MOOE from the division office in the form of cash advance by request according to its requirements. It receives the rest in kind and has

only moderate influence over the kind of items it receives. The school's MOOE budget known to the principal is only 8% of the actual figure from the division office and the actual amount drawn may even be less depending on the processing and liquidation. During the first semester of SY 2007–2008, the school received cash advances of only about 6% of its allotment for the period. As the foregoing shows, fiscal decentralization is hampered by institutional constraints, which in turn hinders political empowerment. The absence of financial staff constrains the direct release of funds, which in turn restricts the ability of schools to address their needs.

The division superintendent undertakes the hiring, assignment, and evaluation of personnel in the division, including the division and district supervisors, school heads, teachers, and non-teaching staff. Protests on the appointment or assignment of a public teacher are filed with and decided by the regional director, whose decision is subject to appeal to the Civil Service Commission. The division superintendent has disciplinary authority only over non-teaching personnel under his or her jurisdiction.⁶⁶ Disciplinary authority over teaching personnel is lodged with the regional director as per Magna Carta for Public School Teachers (RA 4670). The promotion of teaching and non-teaching personnel at the division, district, and school levels is undertaken by provincial/city board, the composition of which is governed by guidelines issued by the Secretary.

The department may address the staffing needs in remote areas. According to the Magna Carta, the school superintendent may cause the transfer of teachers as necessary for the service. However, such transfer cannot be made without the consent of the teacher. The government shall pay the transfer expenses of the teacher and his or her family. There is no salary supplement for posting in remote areas. According to the Magna Carta, the government shall provide for the transfer expenses of the teacher and his or her family.

Salaries are nationally determined. A schedule of monthly salaries for school, district, and division officials is presented in **Table 6.1**. According to the Magna Carta, salary scales of teachers funded by local governments should not be less than those of teachers funded by the national government. However, given the huge demand for teachers and the limited resources, LGUs are increasingly unable to pay teachers' salaries as much as those paid by

⁶⁶ Sec 4.3 RA 9155 Implementing Rules and Regulations.

the national government. Thus, instead of hiring teachers, local governments are increasingly supporting para-teachers/volunteers who are given lower wages and no benefits (**Table 6.2**). In Dumaguete City, the LGU supported eight Secondary School Teacher I items in 2006 and 2007. Each was paid P15,396 per month in 2007. In 2008, the LGU no longer gave this kind of support. Instead, the number of para-teachers was increased from 15 in 2007 to 22 in 2008. Each para-teacher was paid only P6,000 per month. Taclobo High School hosts four of these para-teachers. In Agusan del Sur, volunteer-teachers only receive P4,000–P4,500 compared to regular teachers who receive P10,000–P12,000 per month plus allowances (e.g., Personnel Economic Relief Allowance [PERA], Additional Compensation Allowance [ACA]). Volunteers do not receive allowances. Nevertheless, volunteers accept the work hoping that their experience will give them an edge in hiring should a regular item become available in the future. In Sibagat, Agusan del Sur, SEF-paid teachers also receive P6,000 a month, although the volunteer teacher in Sibagat High School only receives P4,500 a month. Volunteer teachers in Bayugan National Comprehensive High School also receive P4,500 per month. The limitation of local financial resources constrains the institution of regular teachers.

Table 6.1 Monthly Salaries of School, District, and Division Officials/Personnel

Position	Salary Grade	Monthly Salary (P)	
		Minimum	Maximum
Teacher I	SG-10	12,026	14,297
Teacher II	SG-11	12,748	15,151
Teacher III	SG-12	13,512	16,061
Master Teacher I		17,059	20,277
Master Teacher II		18,082	21,494
Principal I		19,168	22,784
Principal II		20,318	24,150
Education Supervisor I/District Supervisor		22,397	26,623
Assistant Schools Division Superintendent		26,203	31,148
Schools Division Superintendent		27,250	32,393

Source: Department of Education – Dumaguete Division.

**Table 6.2 Monthly Salaries/Wages/Honoraria of Locally Paid Teachers,
Dumaguete City, 2006–2008**

	2006	2007	2008
Salaries of Secondary School Teacher I	13,937.21	15,395.54	-
Salaries of Teachers (Contractual)	-	7,366.70	-
Honorarium of Acting Principal (Night Class)	2,500.00	2,500.00	2,500.00
Wages for Para-Teachers	-	6,000.00	6,000.00
Honorarium for Arabic Teacher	-	1,200.00	1,200.00

Source: LSB Budget Resolutions.

Secondary schools with financial staff pay the salaries and allowances of their teachers and other personnel through checks or automated teller machines (ATMs). For elementary schools and secondary schools without financial staff, salaries and allowances are prepared by the regional office or lead schools and released through checks or ATMs.

The Secretary issues the criteria for the assessment of teachers, head teachers, and school heads.⁶⁷ The criteria for teachers include education, Licensure Exam for Teachers (LET) / Professional Board Examination for Teachers (PBET) rating, interview, teaching experience, and specialized training/skills. The criteria for head teachers and school heads include education, experience, training, and eligibility. The Secretary has also issued guidelines on the hiring and deployment of pre-school teachers.⁶⁸

RA No. 8190 of 1996 grants local residents priority in the appointment or assignment of classroom public schoolteachers. To address imbalances in teacher complement, the Secretary in 2003 ordered regional directors to issue authority to fill-up vacancies only upon division superintendents' redeployment of vacancies to schools with severe teacher shortage.⁶⁹ Moreover, in 2004, teacher and principal appointments were division-based and specific school assignment was made separately.⁷⁰ Despite these measures, the imbalance has not significantly improved over the next two years, prompting the Secretary in 2005 to specify certain conditions whereby transfers may be made even without the consent of the teacher and to issue guidelines on the selection of teachers to be transferred.

⁶⁷ DepEd 2004b. DepEd Order No. 1, s. 2004 ; DepEd 2005c. DepEd Order No. 20, s. 2005; and DepEd 2003d. DepEd Order No. 85, s. 2003 as modified by DepEd 2004d. DepEd No. 48, s. 2004 and DepEd 2007c. DepEd Order No. 39, s. 2007.

⁶⁸ DepEd 2007d. DepEd Order No. 57, s. 2007

⁶⁹ DepEd 2003e. DepEd Order No. 50, s. 2003

⁷⁰ DepEd 2004e. DepEd Order No. 45, s. 2004.

DepEd has been allocating budget for in-service training since 2006 to the regions and divisions. The budgetary allocations are based on training proposals submitted to the central office. Training programs must be based on training strengths and needs and supportive of the EFA targets. The in-service training funds comprise 5% of the MOOE of each unit.⁷¹

4. Finance: Financing and Inter-Governmental Fiscal Transfers

4.1 Financing Strategy

The bulk of financing for public education system comes from the national government through the budget of the DepEd. The national government occasionally provides conditional grants. The local governments participate in the financing through their own allocation from local resources, the bulk of which comes from the IRA, a formula-based block grant from the national government.⁷² The local chief executive also sits as co-chair in the Local School Board (LSB), which is tasked with the allocation of the SEF financed from 1% of the real estate tax collected by the LGU. The school also collects contributions from students in the form of fees for various purposes. In addition, the PTCAs also raise funds to finance school needs from contributions of its members. Finally, there are occasional donations from the private sector.

The flow of funds from the national government through the DepEd is governed by the Rules and Regulations of RA 9155. It provides for the “equitable, direct and immediate release of resources to the field offices.” Aimed at decentralizing fiscal management, it tasks the Secretary to formulate a system of equitably allocating resources to field offices, establish a process of directly and immediately releasing the relevant appropriations to them, including personnel services and MOOE, desks, textbooks and repair and maintenance of school buildings; and establish a system of financial reporting.

In a joint circular issued in 2004,⁷³ the DBM and the DepEd ordered the direct release of funds from the DBM to the DepEd central office, regional offices, and implementing units

⁷¹ DepEd 2009a. DepEd Order No. 11, s. 2009: Policies and Guidelines on Planning and Administration / Management of the Human Resource Training and Development Program.

⁷² Manasan (2007) points out that the IRA system substantially increases the resources at the disposal of LGUs. Prior to the LGC, the share of LGU in national taxes is only 20%. The IRA doubles the share to 40%.

⁷³ DepEd – DBM Joint Circular No. 2004-1.

(division offices and secondary schools with financial staff, including lead schools assisting secondary schools without financial staff). The direct release of MOOE to schools has in the first instance required the provision or designation of financial staff. This represents the initial step in the capacity-building of schools in financial management. Elementary schools and secondary schools without financial staff shall draw cash advances from their respective division offices or lead schools subject to liquidation. The education secretary has ordered against designating teachers to do cashiering and bookkeeping as it would interfere with their teaching.⁷⁴

In Dumaguete City, there are two “independent schools” that receive their funds directly from the DBM (having their own disbursement officer and bookkeeper). There are 18 elementary schools and 5 secondary schools all fiscally dependent on the division office. Until 2006, these schools received their MOOE in kind. In 2007, they started receiving some of their MOOE in cash to cover for supplies and equipment. Cash advances are given on a monthly basis subject to liquidation of earlier advances. However, as practiced throughout the region, about 30% of the budget is still provided in kind (covering travel and other supplies).

In Agusan del Sur, there are 29 “empowered schools” that receive their MOOE directly from DBM. Of these 29 empowered secondary schools, 10 were provided disbursing officers and bookkeepers. For others, some teachers were designated as disbursing officers and bookkeepers, a practice discouraged by the department. In 2007, the division started releasing MOOE funds in cash to elementary schools, with the empowerment of schools based on the SBM system. However, some MOOE are still received in kind (e.g., supplies from DBM, instructional materials, textbooks, and teachers’ manuals). The division buys textbooks prescribed by the subject area supervisors although schools may also purchase supplemental reference materials. For secondary schools, the textbooks are provided by the central office through the Secondary Education Development and Improvement Program. Textbooks are distributed according to school needs based on the BEIS. The distribution of school MOOE is based on student population. In 2007, elementary schools had an allotment of P250 per student while high schools had an allotment of P500 per student. In 2008–2009, allotment for elementary schools increased to P307 per student. However, the actual amount received by schools depended on the amounts released by DBM.

⁷⁴ DepEd 2004f. DepEd Order No. 37, series 2004.

In 2008, the two independent schools in Dumaguete City utilized an average of 96% of their MOOE. On the other hand, dependent secondary schools received only 6.46% of their MOOE allotment as of December 2008 while elementary schools received only 7.45%. In Agusan del Sur, the 5 (initially) independent schools utilized 92% of their MOOE in 2007. On the other hand, of the cash allotments received between June and November 2008 for elementary schools, only 77% was released. For dependent secondary schools, only 74% was released and some 10% of the MOOE for secondary education was not utilized. In short, fund utilization is higher among independent schools that receive their funds directly from DBM. The low fund utilization among dependent schools may be due either to delay in the release by DBM, delay in the release by the division offices, and delay in liquidation by schools of the cash advances. Apart from increasing fund utilization, the direct release of funds to schools also provided schools relative autonomy in procurement, allowing them to buy the items they need according to the kind they want.

In 2007, the education secretary issued the “Budget Strategy of 2007 for the Basic Education Sector.”⁷⁵ Aimed at attaining the objectives of the EFA 2015 National Plan, the strategy was prescribed to guide the execution of the 2007 budget and the supplemental budget for 2006, as well as to initiate forward planning and budgeting for 2008–2010. The budgeting was envisioned to be performance-based; quality-oriented in terms of inputs, processes, and outputs; accountability-focused; and transparent.

To make the budgeting performance-based, DepEd installed a monitoring and evaluation system using the Organizational Performance Indicators Framework (OPIF). To ensure quality, it specified standards of inputs, processes and outputs with the adoption of the Quality Assurance and Accountability Framework. It also made units accountable for the performance of their functions, the formulation and execution of their budget proposal, and the reporting of their performance for monitoring and evaluation.

All central, regional, and division offices and schools are directed to prepare their performance targets and budget proposals. The budget should be classified into direct operating expenses and program expenses, with the former not exceeding 30% and the latter

⁷⁵ DepEd 2007e. Department Order No. 24 s. 2007.

making up at least 70%. Disclosure of off-budget resources such as the SEF, donations, and incomes is also encouraged.

The forward budgeting for 2008–2010, a first in the department, aims at improving financial management and reporting; improving the quantity and quality of classrooms, equipment, teachers, and principals; and soliciting the support of the communities, local governments, the private sector, and donor organizations. The forward budgets for schools should be based on the SIP and on the same standard MOOE per capita. However, high schools with improved technical-vocational curriculum will receive P760 to P1,000 per student. The budget also includes provisions for school repair and maintenance and training and development.

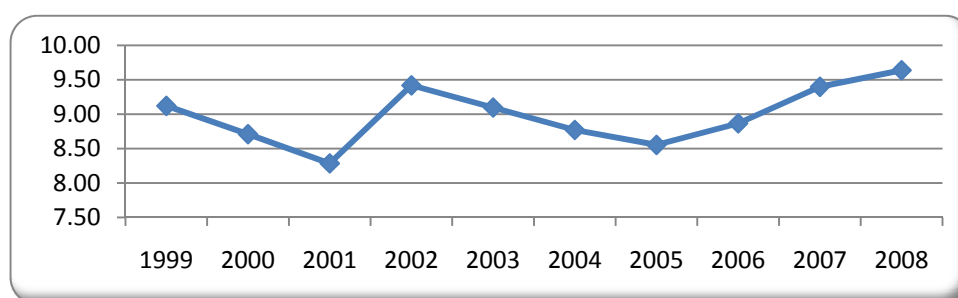
Local governments and local education officials also play a role in determining local budget allocations for education. As per the LGC, the local government, through the local school board (LSB),⁷⁶ determines the annual supplemental budget for the operation and maintenance of public schools within the locality in the form of an annual school board budget corresponding to the SEF sourced from the special tax on real property and enables the disbursement of the same. The local legislature, with advice from the LSB, also makes appropriations for educational purposes from the general fund.

4.2 Funding Trends

The share of social services in central government spending (i.e., social allocation ratio) decreased from 27% in 1998 to 18% in 2005, then increased to 19% in 2006 and 2007 (Manasan 2009). The share of basic education in particular decreased from 16% in 2005 to 12% in 2006 but increased to 13% in 2007. The share of social services to GDP had generally risen between 1985 and 2000 from 2.5% to 17%. Since 2000, however, it had generally decreased to 14% in 2005 and then rebounded to 19% in 2007. The budget for basic education as a percentage of GDP had fluctuated in the past 10 years (**Figure 6.1**), decreasing from 9.1% in 1999 to 8.3% in 2001. After rising to 9.4% in 2002, it gradually decreased to 8.6% in 2005, and then picked up again and reached a high of 9.6% in 2008.

⁷⁶ Local education officials act as co-chairmen of local school boards with the division superintendent, city superintendent, and district supervisor being the co-chairs of the provincial, city, and municipal school boards, respectively. The allocation of the SEF is primarily prepared by the local education officials based on school needs as requested by school heads, PTCAs, and barangays, or as the officials themselves deem appropriate.

Figure 6.1 Basic Education Budget as Percentage of GDP, 1999–2008



Source of data: GAA

Between 2000 and 2008, the budget of the DepEd grew nominally by 6% annually. In real terms, however, it had grown by less than 1% annually (0.39%) on average. After decreasing in 2000–2001, it grew by almost 14% in 2002 but declined again in 2003–2005. It recovered in 2006 and grew by over 10% in 2007. However, it decreased again in 2008.

Manasan, Cuenca, and Villanueva-Ruiz (2008) analyzed the distribution of education spending between the national government and local governments from 1987 to 2005. They observed that in the post-LGC period, the share of local government spending to total government spending on education had been quite uniform (about 7%). However, local government spending on education relative to GDP decreased from 0.3% in 1998 to 0.2% in 2005. This coincided with the decline in the growth of local governments' income for SEF between 1998 and 2005. Moreover, LGUs were unable to utilize their SEF entirely during those years.

In 2005, despite a reduction in DepEd's total budget and the total share of field offices, direct releases to field offices rose by 143%. In 2006, total funding rose by 2.6%, but most of this went to the central office. Despite the less proportionate increase of the share of field offices, direct releases to field offices and sub-allotments from the central office rose more proportionately. In 2007, almost three quarters (73%) of the growth in funding accrued to the field offices; 59% went to field operations while 16% went to sub-allotments from the central office.

Personnel services make up the bulk of spending at the national level, but this consistently decreased from 92% in 2003 to 87% in 2007 (**Figure 6.2**). On the other hand, MOOE

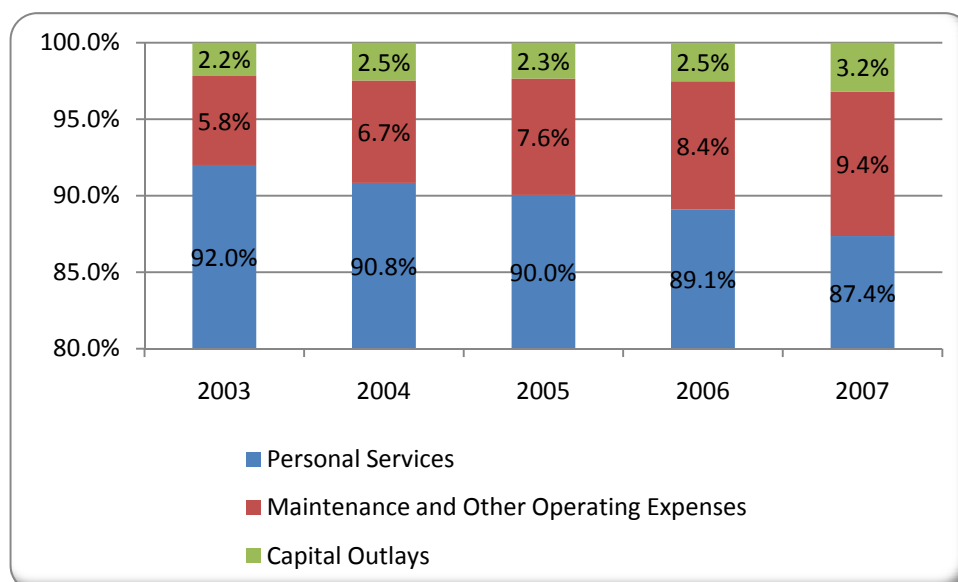
constitute a relatively small but increasing share of national spending, rising from 5.8% in 2003 to 9.4% in 2007. Capital outlay is even smaller but similarly rose from 2.2% in 2003 to 3.2% in 2007.

The share of personnel services is even higher at the regional level although it has also decreased from 96% in 2003 to 91% in 2007 (**Figure 6.3**). On the other hand, MOOE rose from 3% to 6% while capital outlay rose from 0.4% to 2.8% over the same period.

At the division level, the budget share of personnel services decreased from 97% in 2003 to 94% in 2007 while MOOE increased from 2.9% to 5.9% over the same period (**Figure 6.4**). There was no budget for capital outlay.

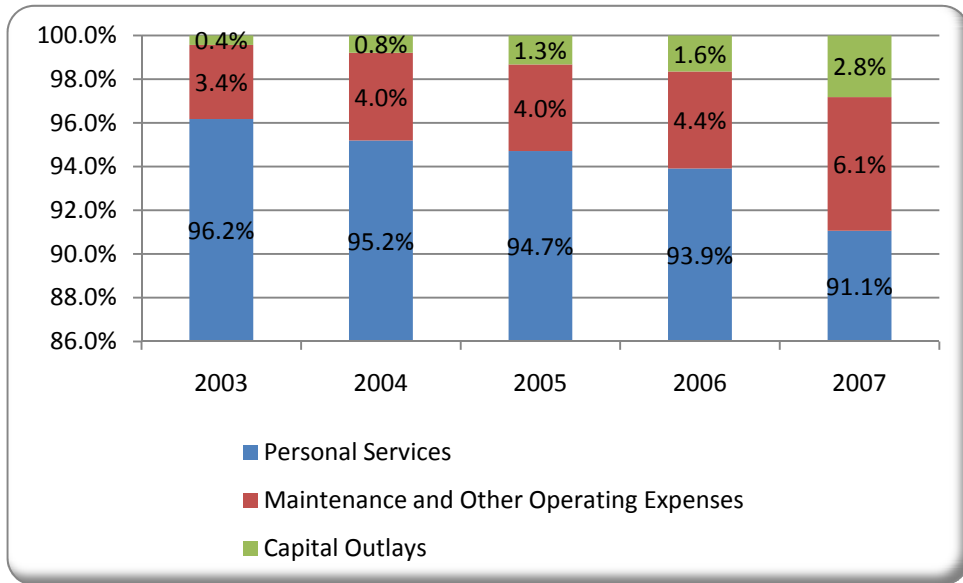
At the elementary school level, the share of personnel services rose from 98.2% to 98.5% in 2004–2005 but significantly declined to 96.6% in 2007 (**Figure 6.5**). MOOE, on the other hand, rose from 1.5% in 2006 to 3.4% in 2007. The share of personnel services is lower in the secondary level at 90% in 2007, down from 94% in 2003 (**Figure 6.6**). MOOE, meanwhile, rose from 6.1% to 10% over the same period.

Figure 6.2 Distribution of Education Spending: National Level



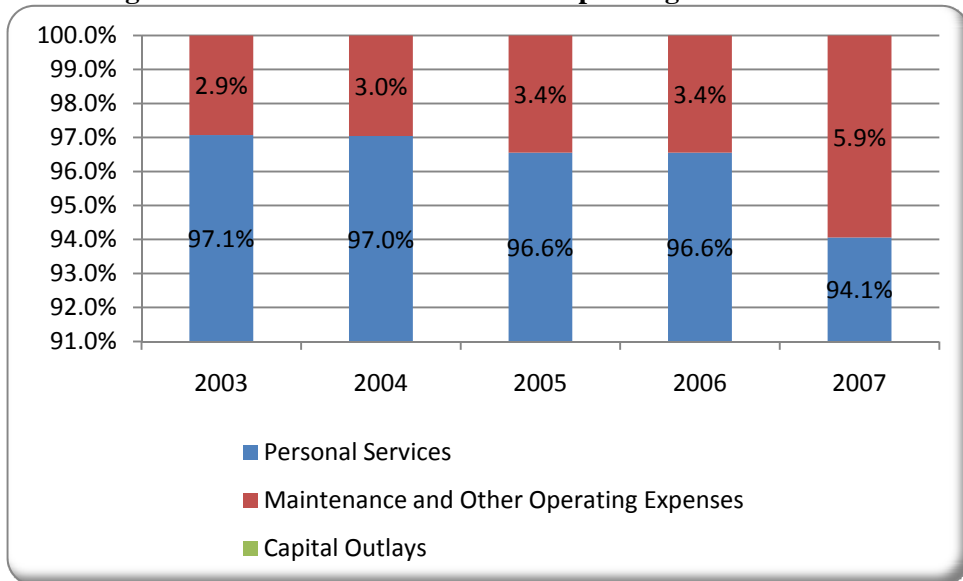
Source of basic data: DepEd Statement of Allotments, Obligations and Balances

Figure 6.3 Distribution of Education Spending: Regional Level



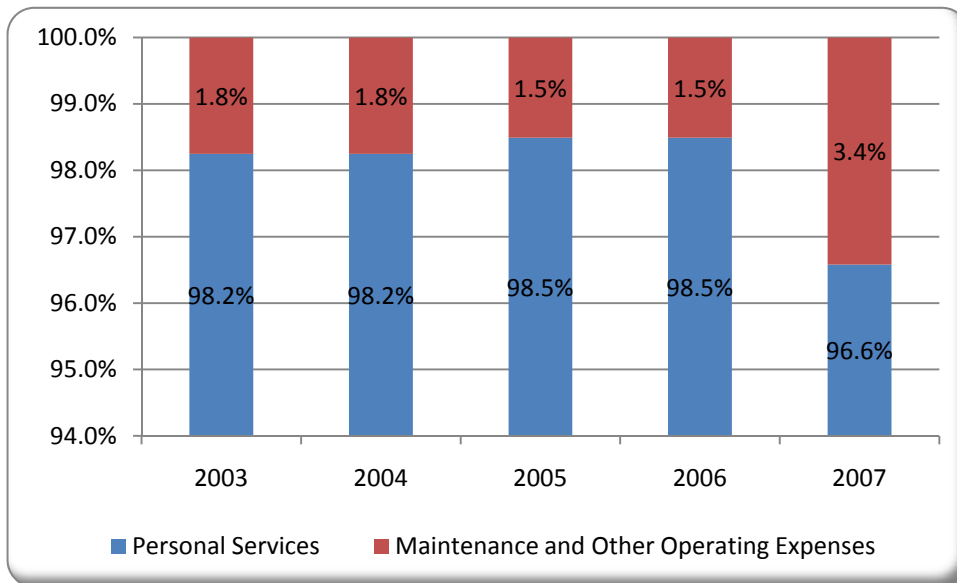
Source of basic data: DepEd Statement of Allotments, Obligations and Balances.

Figure 6.4 Distribution of Education Spending: Division Level



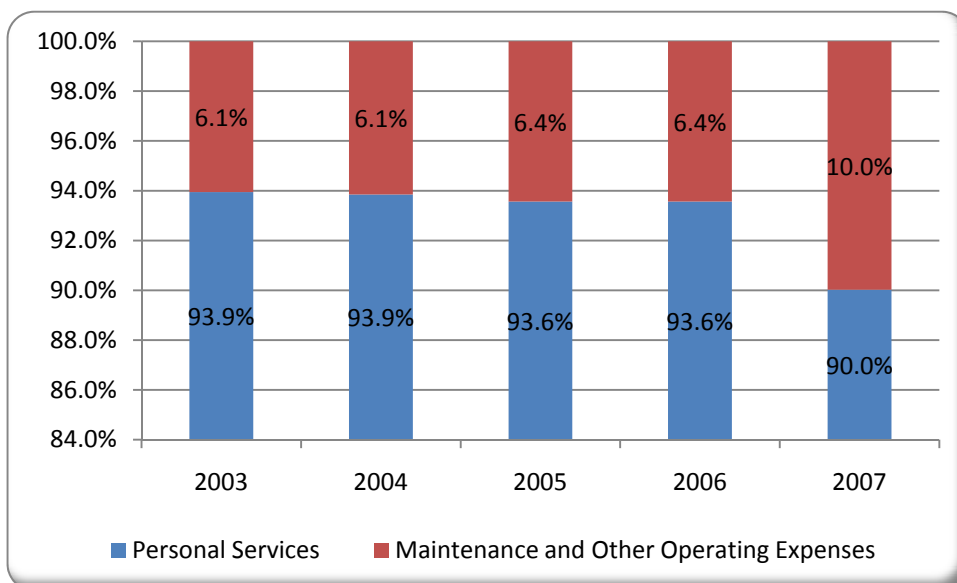
Source of basic data: General Appropriations Act.

Figure 6.5 Distribution of Education Spending: Elementary Schools



Source of basic data: General Appropriations Act.

Figure 6.6 Distribution of Education Spending: Secondary Schools



Source of basic data: General Appropriations Act.

As of 2007, over 99% of the DepEd’s income comes from the national government subsidy. Only 0.73% comes from user fees. Of the total budget of the department, the share of donor funding (loan proceeds) increased from 1.24% in 2003 to 1.41% in 2004 but fell to 0.57% in 2007. The share of various sources to school-level funding is exemplified by a secondary school in Agusan del Sur (**Table 6.3**). In SY 2007–2008, over 90% of the school’s finances

came from the DepEd's allocation. Households through the PTCA provided some 6% of the school's funds, more than that contributed by the local government: 2.5% came from school fees, 1.4% from monthly donations, 0.9% from fund drives, and 0.8% from PTCA fees. The LGU provided 3.4% of the school resources, mostly from the general fund. SEF accounted for a very small share of the school's resources, only 0.2%.

A household survey conducted for this study in October 2008 in Dumaguete City, Negros Oriental and in three municipalities of Agusan del Sur provides data on household spending for education (**Tables 6.4 and 6.5**). In public schools, allowances make up from one-third to one-half of household spending on education. Transportation takes up between 25% and 40%, uniforms 5%–8%, books around 4%–7%, and projects 3%–6%. With the bulk of household spending on public education going to allowances and transportation, school participation may be affected by reductions in income especially among the poor, even in public schools where tuition is free.

For households sending their children to private schools, tuition constitutes a significant portion of education spending. Tuition in private elementary schools averages P12,000 and makes up between one-fifth and over one-half of education spending. School fees comprise about one-sixth; books, one-fifth; allowances, about one-fifth; transportation, one-sixth; and projects, about 7% of spending on education.

In SY 2007–2008, the average amount of fees collected by private secondary schools⁷⁷ was about P11,000—a little over P7,000 as tuition and almost P4,000 as miscellaneous and other fees. In Dumaguete City and the three municipalities of Agusan del Sur, tuition in private secondary schools make up between one-fourth and one-third of household spending on education while school fees constitute about one-eighth. Another one-fourth to one-third goes to allowances while another eighth goes to transportation. The rest is spent on books, projects, uniform, and PTCA.

The average amount of school fees paid by a public elementary student is P256, while the total amount of authorized fees is P185, distributed as follows: Boy Scout (P30) / Girl Scout

⁷⁷ These are the 2,565 secondary schools involved in the Educational Service Contracting (ESC) Scheme and Educational Voucher System (EVS) for SY 2007–2008.

(P35), Anti-TB (P5), Red Cross (P35),⁷⁸ publication (P55), and student organization (P55).⁷⁹ The discrepancy may be due to certain mandated activities, the funding for which may not be reaching the concerned levels. For instance, some schools collect fees for Student Technologists and Entrepreneurs of the Philippines (STEP) although this should be financed by the Office of the Secretary.⁸⁰ Some schools also collect fees for the school maintenance program (e.g., Brigada Eskwela) recently institutionalized by the department.⁸¹ Other fees collected include those for athletic association, athletics, computer laboratory sustainability, speech laboratory, science laboratory, ID card, library, math fair, science fair, and miscellaneous. Some of these fees cover activities initiated by local governments (e.g., athletics) while others should have been covered by MOOE.

Table 6.3 Sources and Uses of School Funds, Prosperidad NHS, Agusan del Sur (SY 2008–2009)

Sources / Uses	Total	PS	MOOE	CO	Balance
GAA	8,406,513.00	7,511,305.00	895,208.00	0	0
Fund drives	83,695.00	0	83,695.00	0	0
School fees	227,240.50	0	182,351.00	0	44,889.50
PTCA	72,300.00	29,221.00	481.00	31,398.00	11,200.00
Basketball Court project	29,645.00	12,850.00	0	0	16,795.00
Monthly donations	133,510.10	426,148.37	2,860.00	0	25,699.64
GF Municipal	295,513.81				
SEF Municipal	15,000.00				
Lates and absences	10,684.10				
TOTAL	9,728,809.52	7,979,524.37	1,164,595.00	31,398.00	98,584.14
Column Percentages					
	Total (%)	PS (%)	MOOE (%)	CO (%)	
GAA	90.6	94.1	76.9	0	
Fund drives	0.9	0	7.2	0	
School fees	2.5	0	15.7	0	
PTCA	0.8	0.4	0.0	100.0	
Basketball Court project	0.3	0.2	0	0	
Monthly donations	1.4	5.3	0.2	0	
GF Municipal	3.2				
SEF Municipal	0.2				

⁷⁸ DepEd 2001a. Schedule of Collection of Authorized Voluntary Contributions.

⁷⁹ DepEd 2006c. Guidelines on the Voluntary Collection of Fees from Students of Public Elementary and Secondary Schools.

⁸⁰ DepEd 2003f. Strengthening the Student Technologists and Entrepreneurs of the Philippines (STEP) to Enhance the Technology and Livelihood Education (TLE) of the Basic Education Curriculum (BEC).

⁸¹ DepEd 2008g. Institutionalization of the Brigada Eskwela Program or the National Schools Maintenance Week (NSMW).

Lates and absences	0.1				
TOTAL	100.0	100.0	100.0	100.0	
Row Percentages					
	Total	PS (%)	MOOE (%)	CO (%)	Balance (%)
GAA	100	89	11	0	0
Fund drives	100	0	100	0	0
School fees	100	0	80	0	20
PTCA	100	40	1	43	15
Basketball Court project	100	43	0	0	57
Monthly donations	100	94	1	0	6
GF Municipal					
SEF Municipal					
Lates and absences					

Note: GAA allotment covers January–December 2008; other sources may be underestimated as they are only as of July 2008 to January 2009.

Table 6.4 Annual Education Expenditure by Type of School, SY 2007–2008

	Fees	Tuition	Books	Projects	Uniform	PTCA Cont	Transport	Allowance	Total
Public									
Preparatory	124	237.3	184.83	90.17	251.79	42.78	875.36	1,690.38	3,496.61
Elementary	255.67	3.49	372.73	334.18	416.15	112.62	1,645.40	2,008.86	5,149.10
High School	346.24	681.17	404.32	455.09	453.73	170.57	3,639.20	3,170.71	9,321.03
Private, Non-sectarian									
Preparatory	5,622.22	10,972.22	958.88	1,138.89	728.5	583.33	6,306.67	3,544.44	29,855.15
Elementary	5,650.00	9,869.58	2,296.13	1,240.38	1,066.62	203.85	7,750.77	6,399.23	34,476.56
High School	4,820.00	20,187.50	3,098.89	1,555.56	2,023.22	322.22	4,937.78	20,806.78	57,751.95
Private, Sectarian									
Preparatory	7,536.67	2,333.33	1,400.00	1,166.67	266.67	50	1,090.00	573.33	14,416.67
Elementary		14,500.00	19,520.00	1,000.00	8,000.00	300	8,140.00	14,300.00	65,760.00
High School	3,641.67	6,029.29	1,438.57	827.14	1,008.21	91.79	4,070.00	5,531.43	22,638.10

Source: Local Service Delivery Household survey.

Table 6.5 Share in Annual Education Expenditure by Type of School, SY 2007–2008 (in %)

	Fees	Tuition	Books	Projects	Uniform	PTCA Cont	Transport	Allowance
Public								
Prep	3.55	6.79	5.29	2.58	7.20	1.22	25.03	48.34
Elem	4.97	0.07	7.24	6.49	8.08	2.19	31.96	39.01
HS	3.71	7.31	4.34	4.88	4.87	1.83	39.04	34.02
Private, Non-sectarian								
Prep	18.83	36.75	3.21	3.81	2.44	1.95	21.12	11.87
Elem	16.39	28.63	6.66	3.60	3.09	0.59	22.48	18.56
HS	8.35	34.96	5.37	2.69	3.50	0.56	8.55	36.03
Private, Sectarian								
Prep	52.28	16.18	9.71	8.09	1.85	0.35	7.56	3.98
Elem	-	22.05	29.68	1.52	12.17	0.46	12.38	21.75
HS	16.09	26.63	6.35	3.65	4.45	0.41	17.98	24.43

Source: Local Service Delivery Household survey.

4.3 Funding Flows

The allocation of resources/educational inputs across the department is guided by various policies. Budget allocation for classrooms/school buildings is guided by RA 7880, which allocates 50% of the budget for classrooms to congressional districts based on student population, 40% exclusively to districts with classroom shortage, and 10% as determined by the DepEd. Use of the budget should be based on “educational priorities of the legislative district, as determined by the [department] upon prior consultation with the representative of each legislative district,” with the principal goal of addressing classroom shortage. The budget for capital outlay is directly released to and administered by the DBM.

The Commission on Audit (COA 2007) reveals that the allocation of classrooms/school buildings suffers from leakages as the prioritization based on classroom shortage has not been complied with. This has been attributed to “non-concurrence of the concerned congressmen with the priority listings prepared by the division offices and [to] intervention of local government officials in the construction project...” This is because the law only mandates the allocation of 40% of budget based on classroom shortage. With the allocation of 50% based on student population, half of the budget is liable to be allocated to urban areas where there are more students.

Based on guidelines issued by the department in 2003, division offices prepare a priority listing of school buildings based on the budget ceiling for their congressional district. The ceiling is set by the central office based on classroom needs and in consultation with the congressman concerned.⁸² In a joint memorandum, the DepEd and the DBM also issued guidelines on the coordination and monitoring of DPWH-constructed school buildings. The memorandum directs the DPWH to provide the division office and the school head a copy of the plans, specifications, program of works, and schedules for complete school buildings.⁸³

Bidding is administered by the DPWH. The division office is only invited for the bid opening. The school head observes the critical stages of the construction and invites a representative from the community and from professional organizations during inspection. After construction, an inspection is conducted jointly by a DPWH representative, the DepEd division representative, the school head, the community professional representative, and the contractor. An evaluation among teachers and students using the building is also conducted one year after turn-over.

The COA found cases of non-compliance to the guidelines in 10 regions, both by the concerned DPWH and DepEd personnel. For instance, DPWH personnel were not able to coordinate with DepEd personnel, provide them with copies of the program of works, plans, specifications, and schedule of construction projects. As a result, DepEd personnel were not able to witness critical stages of the construction, or to report delayed or abandoned projects.

For DepEd-administered school building projects, priority is given to schools with classroom-student ratio of 1:60 or worse, those with temporary/makeshift classrooms, and those with no classroom at all.

In the distribution of desks/armchairs, the department policy gives first priority to schools with new academic classrooms and school buildings; second priority to schools with high shortage of classroom seats per the Basic Education Information System (BEIS), i.e., those whose seating-pupil ratio is greater than 1.00.⁸⁴ Each elementary school should have no less than 25 sets of tables and chairs while each secondary school should have at least 50

⁸² DepEd 2003g. Submission of the Priority List of School Buildings to be Funded Under CY 2003 DepEd Schoolbuilding Program.

⁸³ DepEd 2003h. Guidelines for the Coordination and Monitoring of DPWH-Constructed School Buildings.

⁸⁴ DepEd 2004g. 2004 Desks/Armchair Procurement Program.

armchairs. The cost of each elementary desk should not be more than P1,500 while each secondary school armchair should cost no more than P750.

The policy on prioritization has been grossly violated as “[a]cute seat shortages in 2,764 elementary and secondary schools were not addressed because a total of 84,254 sets of tables and chairs and 150,748 armchairs costing P197 million were allocated to 2,777 elementary and 899 secondary schools identified as having adequate seat provisions for School Years 2004–2007.”⁸⁵ Among the reasons for this are

1. the allotment for the district may not be distributed equitably,
2. the distribution is based on requests rather than on actual needs according to the BEIS,
3. the seats are funded and distributed by LGUs, and
4. the priority schools are difficult to reach.

Also, delay in budget releases and slow procurement delayed the 2006 School Furniture Program. This, together with the overlapping procurement among the central, regional, and division offices resulted in excess seats for schools in NCR. This shows how institutional arrangements and actual fiscal results defeat the intent of policy.

The department also directs the allocation of teachers. To address imbalances in teacher complement, the Secretary in 2003 ordered regional directors to issue authority to fill-up vacancies only upon division superintendents’ redeployment of vacancies to schools with severe teacher shortage.⁸⁶ Moreover, in 2004, teacher and principal appointments were division-based. Specific school assignment was made separately.⁸⁷ Despite these measures, the imbalance has not significantly improved over the next two years, prompting the Secretary in 2005 to specify certain conditions whereby transfers may be made even without the consent of the teacher and to issue guidelines on the selection of teachers to be transferred.

Among other policies, the allocation of textbooks is determined by the Textbook Exchange Program (TEP). TEP aims to eliminate multiple textbooks and to transfer surplus textbooks to

⁸⁵ Commission on Audit, 2007.

⁸⁶ DepEd 2003e. DepEd Order No. 50, s. 2003.

⁸⁷ DepEd 2004e. DepEd Order No. 45, s. 2004.

schools with shortage within the district, division, or region.⁸⁸ The COA (2007) found that “most school principals did not comply with the textbook exchange program,” resulting in “unused and undistributed textbooks/manuals totaling 1,275,056 with a total cost of P57,341,280.55 still stored in libraries and storerooms in division offices, high schools, and elementary schools.” Non-compliance was primarily due to “lack of knowledge or awareness of the [TEP] among school principals in the regions. In addition, common reasons include excess deliveries, multiple titles, non-RBEC compliant, limited copies, lack of funds to transfer, teachers’ refusal to accept for fear of losses, issued only when requested, obsolescence, worn out, and a few are kept as buffer stocks.” The policy on TEP lacks institutional support in terms of information dissemination.

The department also guides the distribution of school funds, particularly MOOE. In 2004, the department received additional MOOE from the DBM, an amount it lost in the previous year due to a reenacted budget. This MOOE was divided between elementary and secondary levels in proportion to enrolment. The allocation for elementary across divisions considers the enrolment, number of districts, geographic conditions, and travel time with respect to Manila. Of the MOOE budget, 5% is allotted to in-service training. Of the remaining amount, 30% is allocated for division and district MOOE while 70% goes to elementary schools. Of the budget for schools, 40% is divided in proportion to enrolment and 60% is divided according to class of municipality, in favor of poorer municipalities. The school MOOE is released to the division offices, which may release to individual school in cash or in kind. For secondary schools, priority is given to schools with less per student MOOE in the previous year and to schools in lower-class municipalities. Of the additional MOOE, only half was allowed to be spent. The other half was earlier declared as savings and committed as year-end cash gift.

The Budget Strategy of 2007 directs the formulation of the school budget based on the SIP and the standard MOOE per capita of P209 for elementary and P507 for high school. The budget covers utilities, school supplies and materials, training-related travelling, training (for secondary schools), meetings of school governing councils, vehicle maintenance, rents, auditing, and janitorial and security services. Other expenses shall be financed by off-budget resources such as canteen income, PTCA collections, and local government and community support. The allocation of school MOOE based on population gives schools equal per-student

⁸⁸ DepEd 2003i. The Textbook Exchange Program.

budgets. However, some schools may have greater needs than others. Moreover, spending on certain items can have economies of scale, favoring larger schools.

Apart from the regular MOOE, the central office has provided SBM grants to schools since 2006. The SBM grant, ranging from P10,000 to P50,000, is aimed at assisting the school in formulating its SIP. The allocation of grant across regions and divisions is determined by the central office, while the allocation among schools is determined by the division. Divisions are ranked in terms of participation, completion, and achievement rates. Half of the SBM grant is distributed based on performance in these indicators. Divisions with the poorest performance get more grants. The other half of the grant is based on the number of elementary and secondary schools within divisions. The grant will finance the establishment and strengthening of school management structures and the implementation, monitoring, and reporting of SIPs. The grant may finance supplies and materials, meals (not exceeding 10% of total grant), transportation expenses of resource persons, and reproduction cost. It cannot be used for hiring and payment of salaries of additional staff, purchase of equipment, payment of honorarium, training of school or cluster heads in SBM, and school MOOE.⁸⁹

In 2008, the division of schools of Agusan del Sur received SBM grants totaling P3.5 million. The least-performing elementary and secondary schools—those with high dropout rates and low promotion, participation, and retention rates—received 30% of such grants. Within the SBM Framework and Standards, these school are classified under Level I, complying with only the minimum requirements of SBM. Schools under Level II received 65% of the grant. Apart from complying with minimum requirements, these schools intensify “mobilization of resources and maximize effort of the school to achieve the desired learning outcomes.” Schools under Level III received 5% of the grant, further “maximizing efforts of the school and the community/stakeholders to achieve higher learning outcomes.” One high school visited is a second-time recipient of the SBM grant. The first grant (worth P50,000) was used for faculty training and equipment (all-in-one printer). The second grant (also P50,000) was used for NAT Review materials development.⁹⁰ In October–December 2008, the school received a grant of P5,488 and spent 91% of it by the end of the period. In Dumaguete City,

⁸⁹ DepEd 2008h. DepEd Order No. 55, series 2008.

⁹⁰ It should be noted that DepEd 2001d. Department Order No. 9, series of 2001 prohibited the conduct of NEAT and NSAT (now NAT) review sessions.

one elementary school visited was a grant recipient. In July–August 2008, it received a grant of P10,000, which was used to purchase computer parts, school supplies, and digital camera.

The SBM grant is significant because, although its amount is small relative to the school's MOOE allotment, it can be a lot bigger than the MOOE actually received by the school in cash. However, it is not clear how differently the grant is utilized compared to the regular MOOE. Contrary to guidelines, the SBM grant has been used for the purchase of equipment. In this case, if the utilization of the regular MOOE can be facilitated, it may be sufficient to finance the requirements of the school even without an SBM grant. It is also not clear how much the grant has influenced the empowerment of schools. Distribution of financial resources to pursue the policy intent of the SBM grant depends on the institutional capability of division offices to evaluate proposals and assist the lagging school in this respect.

4.4 Local Revenue and Spending

Local sources of funds for education include real property taxes (a part of which finances the SEF), the 20% development fund, the PTCA collections, and private donations.

The LGC authorizes provinces, cities, and municipalities within Metropolitan Manila to impose and collect “an annual tax of one percent (1%) on the assessed value of real property... in addition to the basic real property tax. The proceeds thereof shall exclusively accrue to the Special Education Fund (SEF).”⁹¹ It also directs the automatic release of the SEF to the local school boards. The SEF collected by provinces shall be shared equally by the provincial and municipal school boards.⁹² Local governments can also finance education from the general fund, particularly the 20% development fund.

The DepEd encourages the operation of PTCAs in public schools since they mobilize community support for schools. To ensure accountability, the department required the registration of PTCAs with appropriate agencies (e.g., Securities and Exchange Commission [SEC] and Cooperative Development Authority [CDA]). Registered associations are eligible for tax incentives in the provision of staff and faculty development; construction and

⁹¹ Book 2, Chapter V, Section 235.

⁹² Book 2, Chapter VII, Section 272.

upgrading of facilities; provision of books, instructional materials, and equipment; and modernization of instructional materials and technologies through computers, television, internet, and satellite programs, among others.

In 2001, the department issued guidelines in the collection of PTCA fees. The guidelines encourage PTCAs to collect contributions in a socialized manner, or according to capacity to pay. PTCA contributions should be voluntary. Teachers should not collect these fees. To reduce the burden on their members, PTCAs are also encouraged to solicit support from local governments and community organizations to augment the school MOOE. The department has directed the treatment of PTCA collections as trust funds to be deposited in a reputable bank and disbursed according to accepted accounting and auditing rules.⁹³ PTCAs are also required to submit annual audited financial reports.

In Agusan del Sur, the PTCA contribution ranged from P25 to P565 per member. In one school, the contribution included the authorized fees. In Dumaguete City, the two secondary schools visited collected P50 per member. In Bayugan National Comprehensive High School, the PTCA collected over P822,000, equivalent to 26% of the school's MOOE provided by the department. Within seven months, collection reached 90% of target. Apart from association dues, the PTCA also collected other fees for feeding, Araling Panlipunan, mathematics, computer, laboratory, English, reading materials, Filipino, science, Music, Arts, Physical Education and Health (MAPEH), National Music Competitions For Young Artists (NAMCYA) and Technology and Livelihood Education (TLE) totaling over P1 million in seven months. The collection satisfied the requirements for the period and had a balance of 43%. In Sibagat National High School, the PTCA collected P270,000, equivalent to 21% of the school's MOOE provided by the department.



Sibagat National High School Governing Council – photo taken after the focus group discussion for the project.

⁹³ DepEd 2003b. Department Order No. 23, s. 2003.

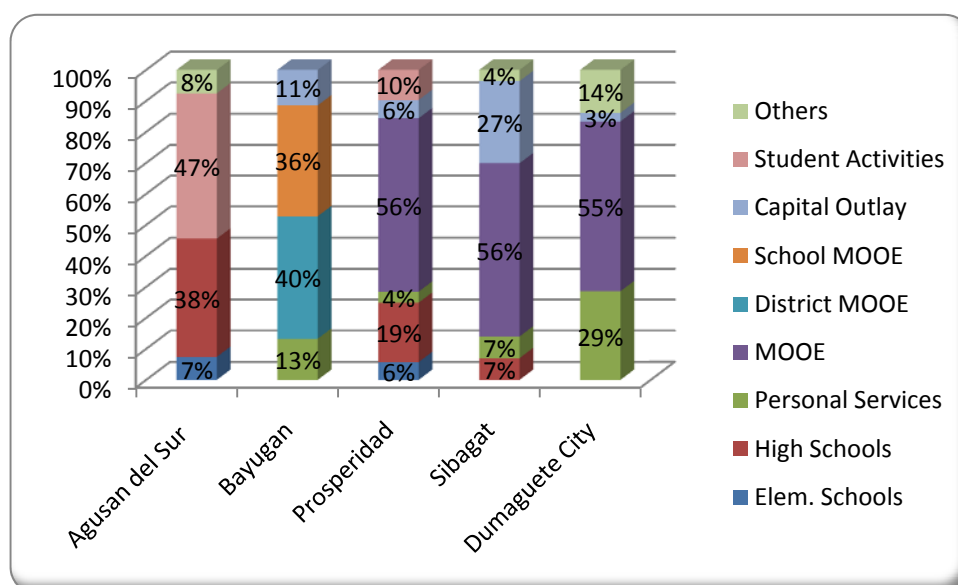
The LGC provides that the SEF be used for the “operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the Local School Board.” DECS-DBM-DILG Joint Circular 1-B, series of 2001 includes “the payment of salaries and authorized allowances of teachers hired to handle new classes as extensions of existing public elementary or secondary schools” as priority items for SEF funding.



This vegetable garden and fisheries for children (Gulayan at Palaisdaan Alay sa Kabataan-GPAK) of the Dumaguete City High School was awarded 2nd place at the district level in a program sponsored by the provincial government.

Consistent with the LGC, the bulk of the SEF in most areas goes to MOOE (**Figure 6.7**). In Agusan del Sur, a quarter of the SEF is allotted for operating expenses of secondary schools while some 7% is allotted for operating expenses of elementary schools. For municipalities, most if not all the MOOE fund is allotted for operating expenses (including supplies, utilities, and travel expenses) of district offices. Some municipalities (e.g., Bayugan and Sibagat) also provide financial assistance to schools, particularly for school repair and improvement. All the three municipalities in Agusan del Sur and Dumaguete City allot much of the MOOE to student activities such as scouting and sports activities. The SEF has been financing many of the activities mandated by the department but for which no funding is given, shifting the burden from the national government to the local government. It also funds the ALS.

Figure 6.7 Allocation of Special Education Fund



Source of data: Local government units.

The share of personal services varies widely across areas, from a low of 2% in Agusan del Sur to a high of 29% in Dumaguete City. In Agusan del Sur, as of SY 2007–2008, over a quarter of the secondary school teachers are locally funded (**Table 6.6**). In the three municipalities, this financed the honoraria / poverty alleviation for locally paid teachers and utility workers. In Dumaguete City, this financed the secondary school teachers, public health nurses, clerks, utility workers, para-teachers, a teacher of Arabic language, a principal for a night class, and school traffic enforcers. In some instances, personnel services are underreported and included under MOOE.

Table 6.6 Number and Proportion of Locally and Nationally Funded Secondary School Teachers, Agusan del Sur (SY 2007–2008)

	Total Locally Funded Teachers		Total Nationally Funded Teaching Positions		Total No.
	No.	%	No.	%	
Agusan del Sur	295	25.3	869	74.7	1164
Bayugan	24	13.0	161	87.0	185
Prosperidad (Capital)	43	37.4	72	62.6	115
Sibagat	8	16.0	42	84.0	50

Source: Basic Education Information System, Department of Education, Division of Agusan del Sur.

The share of capital outlay ranged from 3% for Dumaguete City to 27% for Sibagat. Despite its relatively small share, capital outlay for Dumaguete City financed the construction of

school facilities and acquisition of equipment. On the other hand, for the municipalities, capital outlay financed only office fixtures and equipment, such as computer, photocopier, and air conditioner.

The SEF has been addressing needs not satisfied by the national government. It funds expenses for personnel services, for which it was not originally designed. On the other hand, the SEF has not been significantly financing some items for which it was designed to fund. For instance, SEF budget for school construction and repair and facilities and equipment is generally low and has been declining. Appropriation of the SEF by the Local School Board has given local governments autonomy in the distribution of local resources for education. Co-chairmanship of the division superintendent/district supervisor in the LSB allows the consideration of the needs of the schools. However, consultation with schools is not assured.

Some local governments allot a portion of their general fund to education. The municipality of Prosperidad in Agusan del Sur, for instance, allots about 3% of its current operating expenses to education through the LSB (**Table 6.7**). Most of this amount (over 90%) goes to secondary education, about 6% to technical/vocational, and only 3% to elementary schools.

Table 6.7 Total LGU General Fund Spending on Education by Level: Prosperidad 2004, 2006

	2004		2006	
	Amount	%	Amount	%
Total LGU	44,240,461.95		52,621,884.58	
GF - Education	1,367,455.50	3.09	1,560,671.31	2.97
Elementary	50,000.00	3.66	42,000.00	2.69
Secondary	1,245,934.50	91.11	1,425,831.06	91.36
Voc/Tech	71,521.00	5.23	92,840.25	5.95

Note: Percentage for general fund for education is relative to total LGU spending; percentages for elementary, secondary and vocational /technical are relative to general fund for education.

The barangays also spend on education, particularly on day-care centers, following the LGC. The allocation for this is usually incorporated in their 20% development fund. In 2008, the barangays visited (where data are available) spent 6% to 13% of their development fund on the maintenance/rehabilitation of their day care centers. The amount ranged from 1.3% to 2.7% of the barangays' total budget.

The use of PTCA funds varies across schools, depending on their actual needs. In one high school in Dumaguete City, 55% of the funds is spent on MOOE (intramurals, allowance for

athletes, and fuel, etc.) while 45% is spent on capital outlay (school fencing). In Agusan del Sur, the PTCA of Sibagat National High School spent 73% of its income on capital outlay (speech laboratory, bulldozing, and water system). The rest was spent on MOOE. In one elementary school in Agusan del Sur, 27% is allotted for personnel services (e.g., payment of the security guard) and 16% for MOOE (the school's electric bill). The rest covers authorized fees. In Bayugan National Comprehensive High School, 64.9% of the PTCA collection is appropriated for personnel services (honorarium of PTA personnel and compensation of security guards), 24.6% for MOOE, and 10.9% for capital outlay.



Dilapidated Multi-Purpose Hall in Afga Central Elementary School—one example of a project that could be financed through voluntary contributions by mobilizing resources.

In many schools, the PTCA has become an important actor in mobilizing resources despite the voluntary nature of contributions. It was able to provide for school needs not financed by the school's own resources. It has effectively become the epitome of local empowerment in the management of schools. However, PTCA funds remain inadequate to address all the needs of schools. In poor communities, it is unable to mobilize enough resources for school needs. Some essential school facilities remain in disrepair, posing risks to students (see photo). Nevertheless, in view of the increasing role of PTCAs in mobilizing and managing resources for the school and in light of their registration and operation as juridical entities, they need to enhance their capabilities, especially in

financial management and in program and project planning, budgeting, monitoring, and evaluation.

Other sources of support to education include local chambers of commerce, national associations of native-born individuals (e.g., Alliance of Bayuganon Nationwide), private businesses, professional/civic organizations (e.g., Rotary), and international organizations (e.g., Sir Medjugorje—see Box 1).

4.5 Assessment of trends in actual service delivery

4.5.1 **Service standards.** The Basic Education Information System (BEIS) is the primary Management Information System of DepEd. It processes the data gathered from the “Government Elementary School Profile (GESP), Government Secondary School Profile (GSSP), and Unified School Profile (USP) for planning, budget preparation, resource allocation and performance monitoring. The system consists of three modules: the Quick Counts Module, the School Statistics and the Performance Indicators Module. The BEIS Quick Counts Module is used to process quick summaries on total enrolment, number of nationally paid teachers, classrooms and furniture at every public elementary and secondary school. It produces automated reports on pupil-teacher analysis, pupil-classroom analysis, and pupil-furniture analysis which are used for budgeting and resource

Box 2: School-Feeding Program

In Dumaguete City, one source of educational assistance is Sir Medjugorje, a Scottish international relief organization funded by the church. This organization conducts school-feeding in three most depressed areas of the city (Looc, Calindagan, and Batinguel). With a core staff of 7 and 27 parent-volunteers, it feeds 200 Grades 1, 2 and 3 pupils in each elementary school simultaneously three times a week at 3 o’clock in the afternoon with nutritious food. It also feeds 200 street children. However, it does not feed in the morning due to lack of volunteers, who are usually parents of school children and who cook for their families in the morning. According to a member of the core staff, if there were volunteers from the well-off, morning feeding would be possible. The program is now on its 4th year in Calindagan, 2nd year in Looc, and 1st year in Batinguel.




















Basic Education Information System, Division of Agusan del Sur, Caraga

allocation. It is also capable of generating reports by school district, municipality class, and urban-rural classification. The reports generated by the system utilize the color coding scheme [Table 6.8] to illustrate the adequacy of teachers, classrooms or furniture in a particular area.”⁹⁴

The standard pupil-classroom ratio is 45:1 as per RA 7880, or the “Fair and Equitable Access to Education Act” of 1995. The law allocates 60% of DepEd’s budget for capital outlay among legislative districts with classroom shortage (i.e., those whose pupil-classroom ratio is 46:1 or higher). An adequate pupil-seat ratio for one-shift is 0.9:1. In 2003, the department issued guidelines for the distribution of desks/armchairs. According to the guidelines, the allocation of desk and armchairs for each school should not be less than 24 sets of tables and chairs for elementary school and 48 armchairs for secondary school. Teacher deployment is considered manageable if pupil-teacher ratio is less than 45:1. Pupil-teacher ratio of 45:1 to 50:1 represents a moderate teacher shortage. A ratio above 50:1 represents severe teacher shortage.

⁹⁴ DepEd 2008i

Table 6.8 Basic Education Information System

Pupil:Room Ratio		
Pupil:Room Ratio	Color Code	Remarks
Less than 46	 Blue	Meets Republic Act 7880 with one shift
46.00–50.99	 Yellow	Fails to meet RA 7880 with one shift
51.00–55.99	 Gold	Does not meet RA 7880 even with double shifting
More than 56	 Red	Does not meet RA 7880, schools with severe shortage of classrooms
No classroom available	 Black	No existing instructional rooms
SCHOOL FURNITURE ANALYSIS		
Pupil:Seat Ratio	Color Code	Remarks
Less than 0.49	 Blue	Two-seats per pupil even in one-shift schools
0.50–0.69	 Sky Blue	Surplus seat provision
0.70–0.89	 Green	Generous seat provision
0.90–1.00	 Yellow	Adequate in one-shift schools
1.01–1.99	 Gold	Adequate in two-shift schools
2.00–2.99	 Orange	More than 2 pupils per seat; Inadequate in two-shift schools
More than 3.00	 Red	More than 3 pupils per seat; Severe shortage in two-shift schools
No seats available	 Black	No existing seats
TEACHER DEPLOYMENT ANALYSIS		
Pupil:Teacher Ratio	Color Code	Remarks
Less than 25	 Blue	Excessive surplus teacher provision
25.00–29.99	 Sky Blue	Surplus teacher provision
30.00–34.99	 Green	Generous teacher provision
35.00–39.99	 Yellow	National mean ratio
40.00–44.99	 Gold	Manageable ratio
45.00–49.99	 Orange	Moderate teacher shortage
More than 50.00	 Red	Severe teacher shortage
No teacher available	 Black	No nationally funded teachers
DROPOUT RATE (Arrow Down Symbol)		Textbooks with Enrolment 2005–2006
1% and below	 Green	 Textbooks }  Enrolment }
Greater than 1%–2%	 Yellow	
Greater than 2% and above	 Red	
ACHIEVEMENT RATE–DAT MPS (Flag)		Other Indicator:
50% and below	 Red	 Alternative Learning System }
Greater than 50%–65%	 Yellow	
Greater than 65% and up	 Green	
		Pre-school Flood Prone Area

Source: Department of Education, Division of Agusan del Sur.

4.5.2 Service coverage. The key statistics in public elementary schools are given in **Table 6.9**. The pupil-classroom ratio in the Philippines improved slowly over the past five years, although there are relatively sufficient classrooms in public elementary schools, with about 35 pupils per room. There are slightly more classrooms in the CARAGA Region with a pupil-classroom ratio of 34:1. In Central Visayas, the number of classrooms has somewhat improved. Still, its pupil-classroom ratio is 36:1. The division of Dumaguete City now has more classrooms than the rest of Central Visayas Region and has pupil-classroom ratio close to the national average. On the other hand, the division of Agusan del Sur had a minimal improvement in the number of classrooms, resulting in worse pupil-classroom ratio (37:1) than much of the CARAGA Region.



School mapping being done by community members from Bayugan, Sibagat and Prosperidad in the province of Agusan del Sur.

Table 6.9 Key School Statistics in Public Elementary Schools, SY 2007–2008

Region / Division / District / School	Pupil-Room Ratio		Pupil-Seating Ratio		Pupil-Teacher Ratio	
	2003	2007	2003	2007	2003	2007
Philippines	34.90	34.82	1.10	1.02	34.01	33.18
Region VII - Central Visayas	36.79	36.36	1.05	0.96	35.83	34.36
Dumaguete City	37.77	34.80	0.85	0.87	36.10	32.82
North District	36.28	32.19	0.90	0.84	35.14	33.22
Amador Dagudag MES	27.71	23.13	1.11	1.18	29.85	28.92
Batinguel ES	48.60	48.64	0.89	1.04	46.29	41.15
South District	40.23	34.96	0.80	0.81	37.64	32.66
West District		37.39		0.96		32.62
Caraga Region	33.39	33.92	0.96	0.91	31.51	30.54
Agusan del Sur	37.00	35.99	0.99	0.85	35.85	32.39
Bayugan East	36.86	37.16	0.98	0.70	34.84	30.64
East Bayugan CES	42.36	40.09	1.12	0.49	37.78	37.92
Bayugan Central	34.26	38.53	0.88	0.84	34.03	29.99
Bayugan West	34.11	33.40	0.89	0.74	33.06	29.30
Prosperidad I	37.28	34.02	0.79	0.85	35.86	31.39
East Prosperidad CES	39.67	37.30	0.54	0.86	36.22	32.08
Prosperidad II	34.63	33.46	1.10	0.82	35.02	32.91
Sibagat	37.48	34.82	0.92	0.70	35.89	31.92
Afga ES	26.16	26.56	0.96	0.54	33.13	30.36

Source of data: Basic Education Information System, DepEd Agusan del Sur and Dumaguete City divisions.

The slow progress in classroom provision and the worsening pupil-classroom ratio for some regions may be due to leakages in the distribution of new classrooms. In 2007, the COA reported that “[a]cute classroom shortages in 2,929 schools were not addressed because school building projects (DPWH-led) costing at least P597.8 million were implemented in 1,329 school sites which have the least need for school buildings/classrooms.”⁹⁵ The COA found that the lists of school building projects for 2004–2007 approved by the Schools Division Superintendents and the DPWH District Engineers and concurred by congressmen concerned included 1,329 2nd, 3rd and 4th priority schools while excluding 2,929 first priority schools. The deviation is said to be due to “non-concurrence of the concerned congressmen with the priority listings prepared by the Division Offices and [to] intervention of local government officials in the construction projects.”

With a pupil-seat ratio of 1.02:1 in 2007, the Philippines on average has adequate seating, but only for two-shifts. This is due to the slow improvement over the last five years. Relative to this, seat provision is more adequate in Central Visayas and CARAGA. With pupil-seat ratios of 0.96:1 and 0.91:1, respectively, there are adequate seats even for a single shift. This is in contrast to 2003 when seats were inadequate for one shift, particularly in Central Visayas. In Dumaguete City, seat provision is more generous relative to much of Central Visayas, despite a slight increase in the pupil-seat ratio. Seat provision in Agusan del Sur is also more generous than that in CARAGA region as a whole, with a marked improvement in pupil-seat ratio over the last five years.

Still, “[a]cute seat shortages in 2,764 elementary and secondary schools were not addressed because a total of 84,254 sets of tables and chairs and 150,748 armchairs costing P197 million were allocated to 2,777 elementary and 899 secondary schools identified as having adequate seat provisions for School Years 2004–2007.” Among the reasons for this were: (i) the allotment for the district might not have been distributed equitably, (ii) the distribution was based on requests rather than on actual needs according to the BEIS, (iii) the seats were funded and distributed by LGUs, and (iv) the priority schools were difficult to reach. Also, the delay in budget releases and slow procurement delayed the 2006 School Furniture Program. This, together with overlapping procurement among central, regional, and division offices, has resulted in excess seats for schools in the National Capital Region (NCR).

⁹⁵ Commission on Audit, 2007.

Pupil-teacher ratio in the Philippines is higher than in most of its neighbors in Southeast Asia. In 2006, its pupil-teacher ratio was 35:1, a lot worse than in Thailand (18:1), Indonesia (20:1), Vietnam (21:1), Singapore (23:1), Laos (31:1), and Myanmar (30:1), and better only than Cambodia's 50:1. Over the last five years, there has been a slight improvement in teacher provision, with overall pupil-teacher ratio decreasing from 34:1 in 2003 to 33:1 in 2007. In Central Visayas, although teacher provision has improved, the pupil-teacher ratio is still higher than the national average. Improvement in teacher provision is more significant in Dumaguete City with its pupil-teacher ratio better than that for Central Visayas and the country within the last five years. The CARAGA Region has enjoyed a more generous teacher provision than much of the country over the last five years. However, Agusan del Sur has had a higher pupil-teacher ratio than the region at large. Although it also had a higher pupil-teacher ratio than much of the country in 2003, it now enjoys a lower ratio than the national average.

Key school statistics in public high school are given in **Table 6.10**. The table shows that classroom provision in high school for the country as a whole has improved only modestly between 2003 and 2007. As the country failed to meet the standard 45:1 student-classroom ratio in 2003 even with double shifting, it still fails to satisfy the standard on a single shift. CARAGA Region shares the same improvement in classroom provision but with a student-classroom ratio less than the national average. Agusan del Sur enjoyed a more significant improvement. While it suffered a severe shortage of classrooms in 2003, it now meets the standard with a pupil-classroom ratio of 44:1.

Table 6.10 Key School Statistics in Public Secondary Schools, SY 2007–2008

Region/Division/School	Student-Room Ratio		Student-Seating Ratio		Student-Teacher Ratio	
	2003	2007	2003	2007	2003	2007
Philippines	54.05	48.04	1.40	1.12	36.34	33.99
Region VII - Central Visayas	59.63	53.62	1.48	1.12	41.17	34.57
Dumaguete City	37.80	29.42	0.67	0.85	35.25	34.16
Dumaguete City HS	19.66	13.13	0.36	0.38	29.35	26.63
Taclobo NHS	91.75	47.93	0.73	0.93	122.33	39.47
CARAGA Region	53.59	46.12	1.51	0.99	36.55	31.40
Agusan del Sur	57.39	43.61	1.55	0.87	40.02	32.59
Bayugan NCHS	38.93	53.68	1.05	1.06	47.02	50.13
Prosperidad NHS	64.60	52.45	1.80	1.05	44.55	28.85
Sibagat NHS	61.00	42.56	2.03	0.88	39.35	26.60

Source of data: Basic Education Information System, DepEd Agusan del Sur and Dumaguete City divisions.

Despite a general improvement in the provision of seats, the country's seat provision remains inadequate on a single shift, with a student-seat ratio of 1.12:1. This level of provision is shared by Central Visayas with a somewhat faster improvement. CARAGA Region has had an even faster improvement and now has adequate classrooms on a single shift. Moreover, Agusan del Sur, which had inadequate seats on a single shift in 2003, already enjoys a generous seat provision.

Student-teacher ratio in high school in the Philippines is the worst in Southeast Asia. In 2006, the student-teacher ratio was 37:1 compared to Myanmar's 34:1. The rest of the region has a student-teacher ratio below 30:1. Improvement in teacher provision in the Philippines over the last five years has also been slow, with student-teacher ratio only decreasing from 36:1 in 2003 to 34:1 in 2007. Teacher provision has improved in Central Visayas and CARAGA regions, even more markedly than for the country as a whole. From a manageable ratio of 41:1 in 2003, Central Visayas attained a generous level of teacher provision in 2007. In 2003, Dumaguete City had a student-teacher ratio less than those of Central Visayas and of the country. With only a modest improvement, its ratio in 2007 was higher than that for the country, although still lower than that for the region. Dumaguete City High School's already surplus teacher provision in 2003 improved further. CARAGA for its part surpassed the national average and also attained a generous teacher provision. Agusan del Sur's teacher provision likewise turned from manageable to generous.

4.5.3 Utilization of services. Elementary school participation in the Philippines is lower than the average in Southeast Asia (for countries with available data). UNESCO data shows that in 2006, net enrolment rate in elementary was 91% compared to Indonesia's 95% and Thailand's 94%. However, it was slightly higher than that of Cambodia (90%) and much higher than that of Lao People's Democratic Republic (Lao PDR) (84%). DepEd's BEIS reveals a lower elementary net enrolment rate for the Philippines at 83.22% in SY 2006–2007, down from 90.29% in SY 2002–2003 (**Table 6.11**). For this reason, the Philippine Midterm Progress Report on the MDG cites a low probability of attaining the Millennium Development Goal of achieving universal primary education by 2015 (NEDA 2007). Central Visayas has a lower net enrolment rate than the country as a whole, with a decline noted from 2002 to 2006. Dumaguete City has an even lower net enrolment rate of only 71.42% with a decrease of over 8% between 2002 and 2006. Net enrolment in CARAGA in 2006 is somewhat lower than that of Central Visayas. In Agusan del Sur, net enrolment is even lower.

Table 6.11 Elementary Participation Rates (SY 2002–2003, SY 2006–2007)

Region / Division		Gross Enrolment Ratio (GER), %		Net Enrolment Ratio (NER), %		Gender Parity Index			
						GER		NER	
		2002	2006	2002	2006	2002	2006	2002	2006
Philippines	Total (MF)	108.31	99.87	90.29	83.22	0.99	0.98	1.02	1.02
	Male (M)	109.04	100.69	89.51	82.39				
	Female (F)	107.54	99.00	91.10	84.08				
VII - Central Visayas	Total (MF)	109.57	97.79	88.09	78.87	0.96	0.96	1.01	1.02
	Male (M)	111.53	99.65	87.54	78.28				
	Female (F)	107.54	95.87	88.66	79.48				
Dumaguete City	Total (MF)	95.44	85.17	79.87	71.42	0.97	0.96	0.99	1.01
	Male (M)	96.73	87.00	80.14	71.08				
	Female (F)	94.11	83.28	79.60	71.76				
CARAGA Region	Total (MF)	103.78	89.96	80.73	77.76	0.97	0.97	1.01	0.99
	Male (M)	105.44	91.48	80.17	77.96				
	Female (F)	102.07	88.38	81.31	77.55				
Agusan del Sur	Total (MF)	100.03	84.21	76.05	75.99	0.97	0.98	1.02	0.99
	Male (M)	101.56	85.07	75.50	76.52				
	Female (F)	98.45	83.32	76.63	75.45				

Source of data: Basic Education Information System, DepEd.

Unlike much of Southeast Asia (e.g., Lao PDR, Indonesia, Cambodia, and Thailand) where schooling favors boys, elementary participation in the Philippines is higher among girls. Net enrolment among girls is 2% more than that among boys. The disparity between girls and

boys in Central Visayas is the same as that for the country. On the other hand, net enrolment in CARAGA and Agusan del Sur is somewhat higher among males than among females in 2006, although the reverse was true in 2002. Participation rates in elementary, gender-parity index, and urban-rural ratios by region for various years are given in **Table 6.12**.

Table 6.12: Primary Net Enrolment Rates by Region, Gender and Urbanity

Region	Net Enrolment Ratio, %		Gender Parity Index		Urban-Rural Ratio
	2002–2003	2006–2007	2002–2003	2006–2007	2005–2006
PHILIPPINES	90.29	83.22	1.02	1.02	1.1
NCR	97.38	92.89	1.02	1.02	
CAR	91.52	80.86	1.02	1.02	1.22
I - ILOCOS REGION	89.64	82.74	0.99	1.00	1.05
II - CAGAYAN VALLEY	86.71	77.70	1.01	1.01	1.02
III - CENTRAL LUZON	93.58	89.14	1.01	1.01	1.1
IV-A (CALABARZON)	95.97	92.36	1.01	1.01	1.07
IV-B (MIMAROPA)	91.52	83.84	1.00	1.02	1.02
V - BICOL REGION	90.95	83.80	1.02	1.02	1.05
VI - W. VISAYAS	85.95	74.96	1.02	1.01	1.01
VII - C. VISAYAS	88.09	78.87	1.01	1.02	1.13
VIII - E. VISAYAS	85.91	78.15	1.03	1.04	0.98
IX - ZAMBOANGA	89.74	77.59	1.01	1.02	1.12
X - N. MINDANAO	89.04	78.96	1.01	1.03	1.17
XI - DAVAO REGION	84.96	75.89	1.02	1.03	1.17
XII - SOCCSKSARGEN	82.01	76.35	1.03	1.04	1.2
ARMM	92.72	85.82	1.10	1.10	1.61
CARAGA	80.73	77.76	1.01	0.99	1.03

Sources: Basic Education Information System, Department of Education; Census of Population CY2000, National Statistics Office (NSO).

Participation in secondary schools in the Philippines is somewhat higher than the average for Southeast Asia (for countries with available data). UNESCO data shows that in 2006, net enrolment in high school in the Philippines was 60% higher than those of Cambodia (31%) and Lao People's Democratic Republic (35%), the same as Indonesia's, but lower than those of Brunei (90%) and Thailand (71%). DepEd's BEIS shows that secondary net enrolment decreased from 59% in SY 2002–2003 to 58.59% in SY 2006–2007 (**Table 6.13**). Net enrolment in Central Visayas was lower than that for the country in general. Net enrolment in Dumaguete City was somewhat higher than that for the region, having risen by over a percentage point between 2002 and 2006. Net enrolment in CARAGA was lower than those in the country and in Central Visayas. Net enrolment in Agusan del Sur was similar to that in the region.

Table 6.13 Secondary Participation Rates (SY 2002–2004, SY 2006–2007)

Region / Division		Gross Enrolment Ratio (GER), %		Net Enrolment Ratio (NER), %		Gender Parity Index			
						GER		NER	
		2002	2006	2002	2006	2002	2006	2002	2006
Philippines	Total (MF)	83.55	79.50	59.00	58.59	1.09	1.08	1.17	1.08
	Male (M)	80.18	76.44	54.39	53.85				
	Female (F)	87.00	82.62	63.72	63.44				
VII - Central Visayas	Total (MF)	86.29	79.31	57.30	53.86	1.07	1.08	1.20	1.08
	Male (M)	83.21	76.17	52.20	48.26				
	Female (F)	89.43	82.51	62.50	59.56				
Dumaguete City	Total (MF)	78.34	75.70	53.06	54.14	0.99	1.02	1.09	1.02
	Male (M)	78.67	75.02	50.85	49.52				
	Female (F)	78.00	76.40	55.31	58.86				
CARAGA Region	Total (MF)	76.01	69.97	49.77	48.89	1.12	1.12	1.26	1.12
	Male (M)	71.68	65.96	44.07	43.64				
	Female (F)	80.47	74.09	55.64	54.30				
Agusan del Sur	Total (MF)	64.99	61.12	43.11	48.86	1.15	1.18	1.28	1.18
	Male (M)	60.58	56.09	37.88	43.62				
	Female (F)	69.59	66.34	48.55	54.30				

Source of data: Basic Education Information System, DepEd Agusan del Sur and Dumaguete City divisions.

Unlike some countries in Southeast Asia (notably Cambodia and Lao People's Democratic Republic) where secondary participation favors boys, the Philippines has a higher net enrolment rate among females than among males (21% higher in 2006), in fact higher than that in Thailand (11%) and Brunei (5%). BEIS data show that net enrolment among females in 2006 was 8% more than among males, down from 17% in 2002 (**Table 6.13**). In 2006, enrolment disparity between females and males in Central Visayas was the same as the country's average. Disparity in Dumaguete City was less than in the region. Disparity in CARAGA was higher than the national average and that of Central Visayas. Disparity is even higher in Agusan del Sur. Participation rates in secondary schools, gender-parity index, and urban–rural ratios by region for various years are given in **Table 6.14**.

Table 6.14 Secondary Net Enrolment Rates by Region, Gender and Urbanity

Region	Net Enrolment Ratio (%)		Gender Parity Index		Urban-Rural Ratio
	2002-2003	2006-2007	2002-2003	2006-2007	2005-2006
PHILIPPINES	59.00	58.59	1.17	1.18	1.19
NCR	75.28	75.12	1.07	1.06	
CAR	59.64	59.10	1.30	1.25	1.53
ILOCOS	68.33	68.19	1.11	1.12	1.23
CAGAYAN VALLEY	59.54	58.85	1.19	1.20	1.33
CENTRAL LUZON	67.74	69.13	1.13	1.12	0.96
CALABARZON	68.16	71.26	1.12	1.13	1.09
MIMAROPA	57.55	58.86	1.21	1.22	1.25
BICOL	54.86	54.33	1.24	1.26	1.46
W. VISAYAS	57.32	52.89	1.21	1.25	0.94
C. VISAYAS	57.30	53.86	1.20	1.23	1.26
E. VISAYAS	48.99	49.88	1.29	1.31	1.14
ZAMBOANGA	49.24	47.70	1.20	1.23	1.54
N. MINDANAO	53.40	51.23	1.21	1.24	1.27
DAVAO REGION	52.28	47.84	1.20	1.23	1.53
SOCCSKSARGEN	53.38	48.85	1.23	1.23	1.48
CARAGA	49.77	48.89	1.26	1.24	1.03
ARMM	23.69	32.56	1.33	1.25	1.55

Source: Basic Education Information System, Department of Education; Census of Population CY 2000, National Statistics Office.

5. Basic Education Outcomes

5.1 Promotion and Dropout Rates

Promotion and dropout rates in elementary are given in **Table 6.15**. The average promotion rate in elementary decreased from 95% in 2003 to 91% in 2007. The CARAGA Region also experienced a decline in promotion rate from 95% to 89% over the same period. On the other hand, promotion rate in Central Visayas had improved, albeit slightly, from 89% to 90%. In Dumaguete City, promotion rate was higher and improved a little more from 94% to 96%. The average promotion rate for Agusan del Sur declined from 93% in 2003 to 86% in 2006.

**Table 6.15 Promotion and Dropout Rates in Public Elementary Schools
(SY 2003–2004, SY 2006–2007)**

Region / Division / District / School		Ave. Promotion Rate		Gender Parity Index		Ave. Dropout Rate		Gender Parity Index	
		2003	2007	2003	2007	2003	2007	2003	2007
Philippines	Total (MF)	94.53	91.29	1.03	1.04	1.37	1.26	0.57	0.59
	Male (M)	93.28	89.37			1.74	1.57		
	Female (F)	95.86	93.37			0.99	0.93		
Region VII - Central Visayas	Total (MF)	88.56	89.58	1.08	1.07	3.27	2.61	0.51	0.49
	Male (M)	85.11	86.63			4.26	3.44		
	Female (F)	92.32	92.81			2.19	1.70		
Dumaguete City	Total (MF)	93.69	95.78	1.05	1.04	0.95	0.72	0.31	0.52
	Male (M)	91.56	93.83			1.42	0.94		
	Female (F)	95.95	97.85			0.44	0.48		
North District	Total (MF)	94.95	95.36	1.04	1.05	0.68	0.54	0.31	0.64
	Male (M)	93.29	93.24			1.03	0.66		
	Female (F)	96.69	97.61			0.32	0.42		
Amador Dagudag MES	Total (MF)	93.99	87.60	1.08	1.20	0.00	0.00	-	-
	Male (M)	90.55	80.20			0.00	0.00		
	Female (F)	97.80	96.05			0.00	0.00		
Batinguel ES	Total (MF)	92.28	91.44	1.04	1.06	0.86	1.60	0.15	0.31
	Male (M)	90.64	89.17			1.46	2.32		
	Female (F)	94.03	94.26			0.22	0.72		
South District	Total (MF)	91.85	91.91	1.07	1.06	1.34	0.98	0.31	0.44
	Male (M)	89.03	89.33			2.00	1.35		
	Female (F)	94.86	94.71			0.62	0.59		
CARAGA Region	Total (MF)	95.04	89.04	1.02	1.06	1.50	1.01	0.60	0.57
	Male (M)	93.95	86.66			1.86	1.28		
	Female (F)	96.21	91.62			1.12	0.72		
Agusan del Sur	Total (MF)	93.48	86.01	1.02	1.07	2.64	1.82	0.67	0.52
	Male (M)	92.36	83.14			3.15	2.37		
	Female (F)	94.67	89.11			2.10	1.24		
Bayugan Central	Total (MF)	94.14		1.01		2.79	0.39	0.76	0.33
	Male (M)	93.71				3.15	0.58		
	Female (F)	94.61				2.40	0.19		
Bayugan East	Total (MF)	93.20		1.00		3.64	1.60	0.78	0.51
	Male (M)	93.07				4.08	2.08		
	Female (F)	93.34				3.18	1.07		
East Bayugan CES	Total (MF)	97.13		1.02		1.21	2.37	0.43	0.48
	Male (M)	96.39				1.68	3.16		
	Female (F)	97.87				0.72	1.52		
Bayugan West	Total (MF)	92.34		1.04		3.44	3.33	0.55	0.48
	Male (M)	90.40				4.42	4.48		
	Female (F)	94.33				2.45	2.17		
Prosperidad I	Total (MF)	92.04	95.89	1.05	1.03	3.33	1.39	0.56	0.45
	Male (M)	89.79	94.45			4.23	1.90		
	Female (F)	94.40	97.34			2.39	0.86		
East Prosperidad CES	Total (MF)	96.63	97.65	1.01	1.02	1.50	1.08	0.54	0.30
	Male (M)	96.08	96.67			1.96	1.66		
	Female (F)	97.16	98.62			1.06	0.50		
Prosperidad II	Total (MF)	92.61	93.14	1.04	1.05	2.88	2.64	0.66	0.59
	Male (M)	91.02	91.10			3.46	3.29		
	Female (F)	94.27	95.30			2.27	1.96		
Sibatag	Total (MF)	92.23	93.77	1.04	1.04	3.20	2.74	0.65	0.49
	Male (M)	90.41	92.02			3.86	3.64		
	Female (F)	94.16	95.62			2.50	1.80		
Afga ES	Total (MF)	93.15	94.48	1.06	1.01	3.02	2.55	1.19	0.74
	Male (M)	90.51	94.17			2.77	2.92		
	Female (F)	95.88	94.81			3.29	2.16		

Source of data: Basic Education Information System, DepEd Agusan del Sur and Dumaguete City divisions.

Dropout rate in the country decreased from 1.37% in 2003 to 1.26% in 2006. Dropout rates also decreased in Central Visayas and CARAGA. However, dropout rates in Central Visayas remained higher than the national average, but not in Dumaguete City. On the other hand, dropout rates in CARAGA had become lower than the average in the country, but not in Agusan del Sur.

Promotion and dropout rates in high school are shown in **Table 6.16**. Promotion rate in high school increased from 86% in 2003 to 89% in 2006. Promotion rate in Central Visayas had

been lower and improved much slower than that in the country as a whole. In Dumaguete City, however, there was a marked improvement in promotion rate from 79% in 2003 to 90% in 2006. Promotion rate in CARAGA was higher than the national average in 2003, but it had decreased and is already lower than the country's average. In Agusan del Sur, promotion rate had improved slowly and had been surpassed by much of the country.

**Table 6.16 Promotion and Dropout Rates in Public Secondary Schools
(SY 2003–2004, SY 2006–2007)**

Region / Division / School		Ave. Promotion Rate		Gender Parity Index		Ave. Dropout Rate		Gender Parity Index	
		2003	2006	2003	2006	2003	2006	2003	2006
Philippines	Total (MF)	85.61	88.58	1.12	1.08	6.40	9.88	0.48	0.52
	Male (M)	80.58	85.17			8.70	13.14		
	Female (F)	90.45	91.85			4.18	6.81		
Region VII - Central Visayas	Total (MF)	83.90	84.45	1.17	1.12	7.13	13.81	0.45	0.45
	Male (M)	77.21	79.46			9.92	19.35		
	Female (F)	90.37	89.22			4.43	8.62		
Dumaguete City	Total (MF)	78.80	90.29	1.21	1.13	8.70	6.17	0.46	0.54
	Male (M)	71.52	84.55			11.69	7.99		
	Female (F)	86.87	95.45			5.37	4.34		
Dumaguete City NHS	Total (MF)	82.33	78.15	1.16	1.25	12.30	9.54	0.60	0.54
	Male (M)	76.21	69.73			15.31	12.30		
	Female (F)	88.77	86.99			9.12	6.65		
Taclobo NHS	Total (MF)	85.76	62.50	1.07	1.17	5.50	4.38	0.27	0.88
	Male (M)	83.04	58.09			8.19	4.62		
	Female (F)	89.13	68.15			2.17	4.07		
CARAGA Region	Total (MF)	88.59	88.03	1.10	1.07	5.50	5.37	0.49	0.42
	Male (M)	84.03	85.14			7.50	7.76		
	Female (F)	92.75	90.71			3.68	3.24		
Agusan del Sur	Total (MF)	86.91	87.65	1.11	1.06	6.07	5.93	0.52	0.58
	Male (M)	82.24	85.14			8.10	7.63		
	Female (F)	91.19	89.90			4.21	4.45		
Bayugan NCHS	Total (MF)	88.71	91.14	1.08	1.06	5.15	5.66	0.53	0.57
	Male (M)	85.22	88.22			6.85	7.37		
	Female (F)	91.81	93.61			3.65	4.21		
Prosperidad NHS	Total (MF)	80.79	90.43	1.21	1.06	8.85	6.96	0.50	0.68
	Male (M)	72.71	87.50			12.03	8.44		
	Female (F)	87.85	92.80			6.07	5.76		
Sibagat NHS	Total (MF)	77.90	84.65	1.11	1.08	10.87	9.97	0.69	0.67
	Male (M)	73.63	81.20			12.99	12.16		
	Female (F)	81.66	87.52			9.00	8.15		

Source of data: Basic Education Information System, DepEd Agusan del Sur and Dumaguete City divisions.

Average dropout rate in high school increased between 2003 and 2006. Central Visayas had a dropout rate increase from 7% in 2003 to 14% in 2006. Despite this, the dropout rate in Dumaguete City decreased to 6%. For their part, CARAGA and Agusan del Sur had stable dropout rates of 5.5% and 6%, respectively.

5.2 Achievement Rates

Mean percentage scores in the National Achievement Test for Grade 6 are given in **Table 6.17**. Average achievement in Grade 6 improved between 2004 and 2007. In 2007, the average mean percentage score in the NAT for the entire country was 65%, up from 60% in 2004. Central Visayas followed the national trend in achievement rate, but at a bit higher. For Dumaguete City, however, there was a slight decline from 63% in 2004 to 62% in 2007. The

achievement rate for CARAGA was much higher at 72%, up from 69% in 2003. For Agusan del Sur, it was only slightly lower than that of CARAGA.

The mean percentage scores in the NAT for second year high schools are given in **Table 6.18**. Achievement levels improved for the country as a whole, from 47% in 2006 to 49% in 2007. From almost the same in 2006, Central Visayas' achievement rate improved much faster reaching 53% in 2007. Dumaguete City also improved a bit higher than the national average but lower than the regional average.

CARAGA's mean percentage score of 63% was much higher than that of the country and of Central Visayas. However, there was no improvement from previous year. For Agusan del Sur, there was a 1% decline to 62%. This decline was shared by some schools, such as Bayugan National Comprehensive School and Sibagat National High School.

Educational achievement/learning outcomes depend on the adequacy and quality of educational inputs. As the allocation of much of these inputs (particularly classrooms, desks/armchairs, teachers, and training) depends on the divisions, improvements in learning outcomes very much depend on how well division offices allocate these inputs. The adequacy and quality of instructional materials depend primarily on the provision by the central office, although divisions and schools can also influence this by participating in the textbook exchange program. The influence of schools on educational achievement relies primarily on their ability to maximize their MOOE.

Other indicators for Agusan del Sur, Negros Oriental, and all CPC-6 (Sixth Country Program for Children) areas are given in **Table 6.19**. CPC-6 is supported by UNICEF to improve access to and quality of Early Childhood Education and Basic Education in 24 disadvantaged provinces.

**Table 6.17 National Achievement Test: Mean Percentage Scores in Grade 6
(SY 2004–2005, SY 2006–2007, SY 2007–2008)**

Region / Division / District / School	MATH		ENGLISH		SCIENCE		FILIPINO		HEKASI		TOTAL TEST	
	2004	2007	2004	2007	2004	2007	2004	2007	2004	2007	2004	2007
Philippines	60.2	63.8	60.7	61.6	51.5	57.9	66.0	73.1	61.0	67.4		
	9	9	8	2	8	0	2	8	5	4	59.94	64.81
Central Visayas Region	63.6	66.0	61.8	62.9	55.2	57.7	62.2	73.4	59.9	68.2		
	7	0	2	7	2	2	4	2	0	1	60.57	65.66
Dumaguete City	63.2	60.3	68.5	57.1	51.7	54.0	71.4	73.5	58.5	62.7		
	5	9	2	5	5	6	2	6	4	6	62.70	61.58
CARAGA	71.9	75.1	69.8	72.6	63.3	65.4	70.1	73.4	69.4	72.9		
	4	8	7	4	5	1	0	9	0	5	68.93	71.93
Agusan Del Sur	70.5	76.2	69.4	72.5	62.7	69.7	70.3	78.1	68.7	77.9		
	8	5	4	3	5	8	5	8	4	0	68.37	70.85
Bayugan Central	72.2	73.4	75.2	69.8	67.8	68.5	71.4	74.0	74.2	76.4		
	3	7	9	8	2	7	2	4	6	7	72.21	72.49
Bayugan East	77.2	78.8	75.8	75.4	64.8	68.7	77.6	78.2	76.1	76.8		
	0	2	2	9	6	3	6	4	6	4	74.34	75.62
East Bayugan CES	81.6	83.5	82.7	69.7	69.2	73.0	87.1	79.2	86.6	84.0		
	9	4	9	9	8	1	7	9	0	8	81.51	77.94
Bayugan West	71.7	70.3	65.8	67.3	62.6	62.9	68.4	73.2	67.9	73.8		
	6	5	4	6	4	0	2	8	1	3	67.31	69.54
Prosperidad I	67.5	40.6	63.8	38.5	55.4	35.4	65.6	41.0	66.5	43.3		
	2	3	4	7	2	6	6	5	8	9	63.80	39.82
East Prosperidad CES	75.3	74.5	69.6	73.5	61.3	72.2	69.9	76.5	70.3	79.5		
	2	2	3	1	8	2	3	7	1	7	69.31	75.28
Prosperidad II	69.0	75.8	67.9	74.8	59.9	71.1	68.6	79.7	69.1	77.0		
	4	6	2	8	6	8	4	9	7	5	66.95	75.75
Sibagat	67.9	74.4	65.7	67.9	59.1	64.1	68.4	75.0	67.5	70.6		
	0	5	7	1	7	0	6	7	5	6	65.77	70.44
Afga ES	85.2	79.5	64.0	80.0	61.3	73.7	67.6	75.2	62.9	76.3		
	9	0	7	0	2	8	8	8	3	9	68.26	76.99
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Philippines	60.2	63.8	60.7	61.6	51.5	57.9	66.0	73.1	61.0	67.4		
	9	9	8	2	8	0	2	8	5	4	59.94	64.81
Central Visayas Region	60.0	66.0	63.5	62.9	48.2	57.7	66.2	73.4	56.5	68.2		
	5	0	0	7	7	2	3	2	3	1	58.92	65.66
Dumaguete City	63.2	60.3	68.5	57.1	51.7	54.0	71.4	73.5	58.5	62.7		
	5	9	2	5	5	6	2	6	4	6	62.70	61.58
Amador Dagudag MES	50.3	61.8	50.3	46.4	37.8	47.1	63.7	65.0	40.4	43.4		
	4	1	4	6	4	5	7	7	4	0	49.25	52.78
Batinguel ES	44.1	44.3	61.3	51.8	40.6	41.6	65.7	66.1	52.4	61.4		
	6	6	5	6	8	2	7	9	6	7	52.88	53.10

Source of data: DepEd Agusan del Sur and Dumaguete City divisions.

**Table 6.18 National Achievement Test: Mean Percentage Scores in 2nd Year
(SY 2006–2007, SY 2007–2008)**

Region / Division / School	MATHEMATICS		ENGLISH		SCIENCE		FILIPINO		ARALING PAN.		TOTAL	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Philippines	39.05	42.85	51.78	53.46	41.99	46.71	48.89	47.64	51.48	55.63	46.64	49.26
Central Visayas	39.19	46.33	54.88	58.11	40.82	50.49	47.35	48.12	52.33	60.04	46.91	52.62
DUMAGUETE CITY	37.72	42.53	55.80	58.99	41.08	49.35	48.44	45.64	50.24	58.59	46.66	51.02
Dumaguete City HS	36.00	53.27	27.62	40.63	54.81	30.80	45.58	42.77	44.83	50.17	41.77	43.53
Taclobo HS	32.67	56.14	28.33	38.31	47.23	32.95	42.98	43.56	46.18	62.62	39.48	46.72
CARAGA	61.03	60.13	66.26	65.19	61.19	63.17	59.64	59.19	66.39	66.66	62.90	62.87
AGUSAN DEL SUR	60.89	57.40	66.18	64.45	61.47	63.90	59.35	57.89	67.17	65.06	63.02	61.74
Bayugan NCHS	74.61	41.80	78.07	64.84	68.97	67.29	62.27	64.61	81.39	64.44	73.06	60.60
Prosperidad NHS	42.67	64.96	44.30	63.80	30.98	60.42	41.50	54.80	50.16	72.59	41.92	63.31
Sibagat NHS	79.26	60.05	73.06	79.54	82.02	75.06	80.74	76.11	82.55	73.52	79.53	72.86

Sources of data: DepEd Agusan del Sur and Dumaguete City divisions

**Table 6.19 Key Education Indicators in CPC-6 Areas, Agusan del Sur,
and Negros Oriental, 2007**

INDICATORS	All CPC-6 Areas	Agusan del Sur	Negros Oriental
Children aged 3-5 attending ECE	22.4	23.1	22.6
Children of primary school entry age attending Grade 1	42.0	31.8	43.9
Children attending first grade who attended preschool program in previous year	83.6	90.9	79.8
Primary School Net Attendance Ratio			
Both sexes	78.8	73.9	77.2
Male	76.6	72.4	73.8
Female	81.0	75.6	80.8
Secondary School Net Attendance Ratio			
Both sexes	50.4	43.4	39.1
Male	44.4	36.5	32.8
Female	56.5	50.3	45.3
Children entering Grade 1 who eventually reach Grade 6	82.2	76.9	63.9
Net Primary School Completion Rate	16.1	12.7	8.3
Transition Rate to Secondary Education	91.1	91.9	80.6
Gender Parity Index - Primary Net Attendance Ratio	1.06	1.04	1.09
Gender Parity Index - Secondary Net Attendance Ratio	1.27	1.38	1.38

Source: National Statistics Office, 2007 Sub-Regional Multiple Indicators Cluster Survey.

6. Equity

Disparities in education outcomes can be observed in terms of individual, household, and community factors. Common indicators include age and sex for individual factors, income for household factors, and location for community factors. Gender equality in education outcomes is one of the MDGs. Contrary to what is commonly observed in other countries (e.g., in South Asia), the educational performance of girls surpasses that of boys in the Philippines. Enrolment ratios (both gross and net), cohort survival rates, graduation rates, and transition rates are higher among females than among males. Dropout rates are lower among girls than boys. As for age, the 2006 LFS data reveals an inverted U-curve relating attendance to age. School attendance rises from age 6 to about 10 or 11, then starts to decline. Male attendance rates are below those of females. Boys also leave school earlier than girls, widening the disparity in attendance rates. Across ages, attendance rates are higher in urban areas than rural areas. Attendance rates also increase with income, and disparity across income levels is greater in secondary than in primary and among males than among females.

Location also provides an important dimension of disparity. Location dimension is usually discussed in terms geographic groupings, such as administrative regions, rural–urban location, ethnicity, and language. Latest data reveal that Davao region has the lowest NER in elementary, having decreased since 2005. Less than 7 out of 10 children aged 6–11 are enrolled in grade school. This contrasts to ARMM where almost 92% of children are enrolled, up from 87% in 2005. Western Visayas and CAR have the second and third lowest NERs, at about 70% and 71%, respectively. Most other regions have NERs of between 70% and 80%. Apart from ARMM, only Bicol has an enrolment rate above 80%.

Gender disparity in elementary enrolment decreased in all regions except ARMM, where it is highest. Participation among females in ARMM is 10% more than among males. This is followed by Eastern Visayas and SOCCSKSARGEN, where over 4% more females than males are enrolled. Gender parity is highest in the Ilocos Region and CARAGA, where participation rates between males and females are roughly the same. These rates even improved in favor of males. Gender parity is also high in Central Luzon and Cagayan Valley, where female participation rate is only 1% higher than that of males.

As of 2005, net elementary enrolment in urban areas is 10% higher than in rural areas. The advantage of urban areas is most evident in Mindanao where enrolment in urban areas in all regions is 12% to 18% higher than in rural areas, except in CARAGA. In Luzon, enrolment in urban areas for most regions is only 2% to 10% higher than in rural areas. However, the urban lead is 20% in the Cordillera. For the Visayas, enrolment rates in Western and Eastern Visayas are similar between urban and rural areas. In Central Visayas, however, enrolment in urban areas is 13% higher than in rural areas.

Secondary school participation remains lowest in ARMM, further decreasing from 36% in 2005 to 29% in 2007. Although net enrolment decreased in NCR, it is still the highest at 55%. While most regions had enrolment rates above 50% in 2005, most now have rates below this. Apart from NCR, only the Ilocos, CALABARZON, and Central Luzon have enrolment rates above 50%.

On average, gender parity in secondary school participation had not changed between 2005 and 2007. Net enrolment among females was still 18% higher than among males. Gender disparity remained highest in Eastern Visayas and Cordillera, with female participation higher than male participation by 30% and 27%, respectively. Gender disparity in ARMM, Central Visayas, and SOCCSKSARGEN also remained among the highest and had risen further. On the other hand, gender disparity decreased in Bicol, Western Visayas, CARAGA, and Cagayan Valley, and remained lowest in NCR, the Ilocos, Central Luzon, and CALABARZON.

Disparity between urban and rural areas is higher in secondary school participation than in elementary school participation. On average, secondary school enrolment in urban areas is 25% higher than in rural areas. Disparity is highest in Mindanao where high school participation in cities is 45% to 55% higher than in towns for two-thirds of the regions (ARMM, Zamboanga, Davao, and SOCCSKSARGEN). In Luzon, the urban areas better the rural areas by 53% in the Cordillera and by 46% in Bicol. Disparity is lower in the Visayas, the highest being that of Central Visayas at 26%. Inequity between urban and rural areas is lowest in CARAGA (3%), Central Luzon (4%), and Western Visayas (6%), with rural areas in the latter two regions having enrolment rates higher than urban areas.

7. Key Issues and Challenges

There are several barriers towards full and better utilization of MOOE allocated to schools. The inadequacy of MOOE compels schools to collect fees despite the prohibitions, often directly or through the PTCA. While secondary schools with financial staff enjoy fiscal autonomy, elementary and secondary schools without financial staff remain financially dependent on the division offices. This dependence tends to hamper fund utilization and reduce the influence of schools over the kind and quality of purchases. Moreover, the utilization of MOOE by dependent schools is often slow owing to the requirement of monthly liquidation of cash advances.

Institutions, processes, and instruments introduced from different perspectives have resulted in overlapping roles. The LGC created the geography-centered Local School Boards (LSB) at the province, city, and municipal levels. The BESRA introduced school-centered institutions, processes, and tools such as the School Governing Council (SGC) and the School Improvement Plans (SIP).⁹⁶ Another school-centered institution is the PTCA. Consequently, the assignment of roles, accountabilities, and expenditure items, and the delineation of roles between city and municipal LSBs and provincial LSBs are not clear. The roles of different stakeholders (PTCA, school officials, LGU officials, and NGOs) vary from school to school and from LGU to LGU, suggesting that the existing definitions are not clear enough.

While the department had gone to great lengths in implementing the constitutional guarantee of free basic education, the compulsory feature of elementary education had largely been overlooked. Schools focus on keeping enrolled pupils in school while missing to bring to school all eligible pupils. Meanwhile, although high school education is free, it is not compulsory. Children/youths aged 12 to 15, whether or not they have taken elementary education, are not compelled to go to school and, especially the poor, are more compelled to work, notwithstanding the prescribed working age. Thus, measures to curb child labor are corollary to ensuring school participation, as non-participation in school is primarily attributed to poverty and hunger.

⁹⁶ To address possible criticism on why SIP is treated as an institution more than a tool for planning, it should be noted that institutions are used here to mean not only organizations but also formal rules or norms of behavior and their enforcement, including the SIP.

Policy prescribes budgeting from the district level up to the regional level. The DepEd's budget strategy advises budgeting based on situational analysis and SIPs. However, there is no evidence that varying school needs are considered in department budgeting. For one, school MOOE per capita is largely the same across schools. Secondly, district offices rely almost entirely on the local government's SEF. Thus, schools in poorer areas with lower real property taxes suffer from less district supervision and assistance. Thirdly, voluntary collection by PTCAs is also dependent on the spending capacity of households.

The DepEd's budget strategy provides a promising direction towards performance-based and accountability-focused budgeting. However, although there are clear organizational performance indicators, it is unclear whether there are guidelines on setting targets and accountabilities at the regional, division, district, and school levels. A lot of resources are under the control of the division superintendent (an appointee of the President) who is apparently not directly responsible for specific education outcomes. It is not even clear how disciplinary actions for division superintendents are administered and for what failures. Under RA 9155, the selection and promotion of division superintendents and assistant superintendents are under the jurisdiction of the Secretary through a selection and promotions board. However, it does not explicitly include disciplinary authority. Only the Secretary is clearly accountable for all education outcomes. Finally, SBM accountabilities and corresponding disciplinary actions for school principals are still unclear.

Notwithstanding the improvements in the empowerment of schools, there are indications of side movements and even reversals. First, although the SBM grant has effectively augmented the MOOE of schools, particularly dependent schools, it is utilized simply as regular MOOE, contrary to the intent of establishing/strengthening SBM structure. Second, the influence given to school heads in the evaluation of applicant-teachers was recently assigned back to the division. This represents a regression in school empowerment. It is recognized, however, that implementation is not consistent across areas.

Prioritization of school buildings is too dependent on the division office and is still prone to political interference by congressmen, governors, and mayors despite availability of the Basic Education Information System, which serves to guide targeting. The DepEd only acts as observer in the bidding for DPWH-led construction of classrooms. Moreover, there are failures in coordination between DPWH and DepEd personnel, likely due to the nominal role

of DepEd in the program. For school furniture, there are overlaps between the central, regional, and division offices in the provision of school furniture.

Notwithstanding the greater role of local governments in financing local education needs, there are indications that spending per capita is declining (Manasan 2009). For instance, given the huge and growing demand for teachers and the limited resources of some local governments, some LGUs are increasingly unable to pay teachers' salaries as much as those paid by the national government. Instead of hiring teachers, local governments are increasingly supporting para-teachers/volunteers who are given lower wages and no benefits.

PTCAs play a very important role in mobilizing resources for school administration and improvement. However, their capacity to manage their finances and to administer their programs seems to be largely overlooked. This is evident in the absence/poor quality of financial reports of many PTCAs which are critical in a voluntary contribution scheme.

CHAPTER 7

Sector Analysis: Maternal and Child Health

1. Major Programs, Activities, and Projects (PAPs)

The passage of the 1991 Local Government Code (LGC) has placed the provinces, cities, and municipalities in the frontline of health care services delivery. Provinces have been tasked to provide hospital services through provincial and district hospitals that have been devolved to LGUs. Cities and municipalities have been tasked to primarily provide public health programs through the health centers and the barangay health stations (BHSs).

In Agusan del Sur, which is one of the two LSD survey areas of this study, the provincial government is responsible for overseeing the health system in the province through the Provincial Health Office (PHO) and the five public hospitals, while the City of Bayugan manages the City Health Office (CHO), which is the main health center in the city.⁹⁷ The municipalities manage their respective Municipal Health Office (MHO). In the municipalities of Prosperidad and Sibagat, the Rural Health Units (RHUs) are in-charge of providing municipal public health. At barangay level, the BHSs are the first line of health service institutions from which a community can access health services.

In Negros Oriental, where the second LSD survey area (Dumaguete City) of this study is located, the Integrated Public Health Office (IPHO) prepares the plans for providing primary health care in the whole province. The IPHO also manages seven hospitals, one of which is located in Dumaguete City. Meanwhile, the CHO supervises the provision of health services in the city and also serves as the de facto BHS of barangays located in the Poblacion area.

⁹⁷ In light of the recent Supreme Court ruling retracting Bayugan from being a city, and the petition of Bayugan before the Court of Appeals, Bayugan is treated in the rest of the study as either a municipality or a city depending on the data supplied when Bayugan was either one or another type of LGU.

After the devolution brought about by the 1991 LGC, the main responsibility of the DOH has been focused on providing national policy direction and on developing national plans, technical standards, and guidelines on health (DOH 2005). The DOH provides logistic support and technical assistance to provinces for promoting national programs on health through the Center for Health Development.

The DOH also issues administrative orders (AOs) to provide guidelines in the implementation of public health programs by the LGUs, specially programs that aim to protect the welfare of mothers and children. The Maternal Health Program (MHP) ensures that essential health services for expecting mothers are available at health facilities. For instance, the MHP promotes the policy that deliveries should be conducted in health facilities or birthing centers and should be assisted by a skilled professional birth attendant. To protect the newborns, infants, and children, the DOH has national programs on infant and young child feeding, newborn screening, expanded immunization, integrated management of childhood illnesses, micronutrient supplementation, dental health, early child development, and child health injuries.

As mentioned, the DOH issues AOs that serve as guidelines for LGUs in implementing national health programs at their respective levels. To follow through the implementation of the programs, the Center for Health Development has a team of DOH representatives, called the Provincial Health Team (DOH-PHT), stationed in each province. PhilHealth assists provinces in implementing the National Health Insurance Program through its PhilHealth regional offices. The national government retains the responsibility for tertiary-level and specialty hospitals.

In consonance with the national program of the DOH on maternal and child care, local governments implement the Safe Motherhood and Women's Health Program (SMWHP), Expanded Program on Immunization (EPI), Integrated Management of Childhood Illnesses

(IMCI), and Family Planning (FP). These programs are specified in the Functional Objectives in the Local Budget Preparation Form that the PHO/CHO/MHO prepare every budget year.

2. Sector Performance on Maternal and Child Care

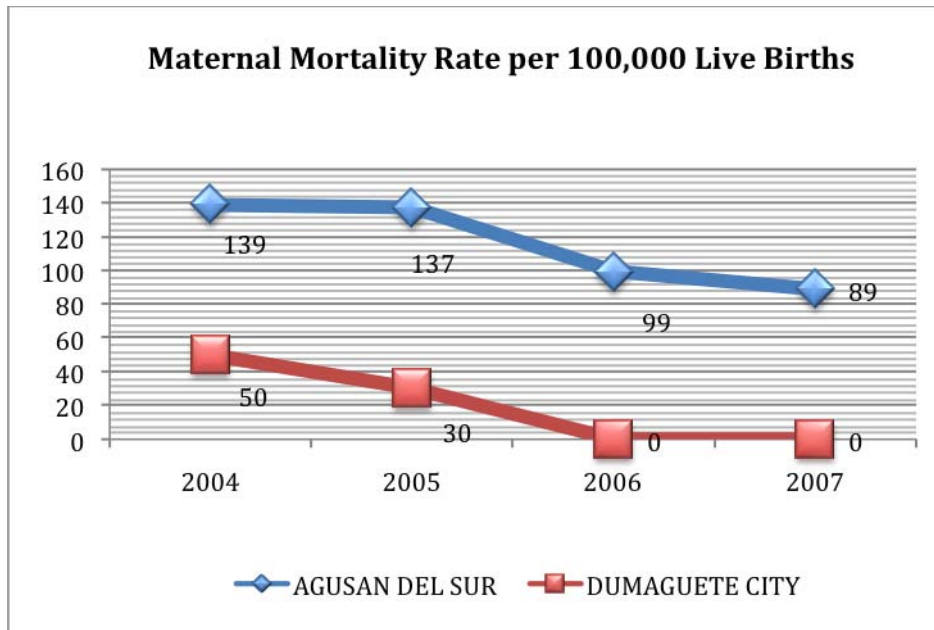
2.1 Outcome Indicators

2.1.1 **Maternal mortality rate.** Maternal mortality rate (MMR) is defined as a measure of death among women during pregnancy, childbirth, or after childbirth. It is a reflection of how a country manages its health system. Since maternal deaths can be averted when certain protocols are followed, a high MMR reflects problems in implementing those protocols. The Family Planning Survey in 2006 estimates that 162 out of 100,000 women die of pregnancy or childbirth each year.

Figures from the LSD areas (**Figure 7.1**) show that MMRs in Agusan del Sur and Dumaguete City are significantly lower than the national average. From 139 in 2004, MMR in Agusan del Sur went down to 89 in 2007. The PHO attributes this decrease to continuous effort by the health workers staff at the barangay, municipal, and provincial levels in educating the mothers on the risks during pregnancy and to their advocacy that childbirth should be handled by a skilled medical professional (PHO 2008). PHO notes that the existing policy of ensuring that a skilled medical professional supervises childbirth when it is conducted by a trained *hilot* (village midwife) helps reduce MMR.

The CHO in Dumaguete City reports that in 2006 and 2007, there has been no incidence of maternal deaths. This is a huge improvement from their MMR of 50 in 2004. An important caveat that should be mentioned, however, is the discrepancy among agency reports, such as the Field Health Service Information System (FHSIS), the Family Planning Survey, and the National Demographic Survey. FHSIS reports significantly lower incidence of MMR compared to survey findings. MMR estimations are always fraught with difficulties because many cases of deaths due to childbirth are not reported as such in the civil registry.

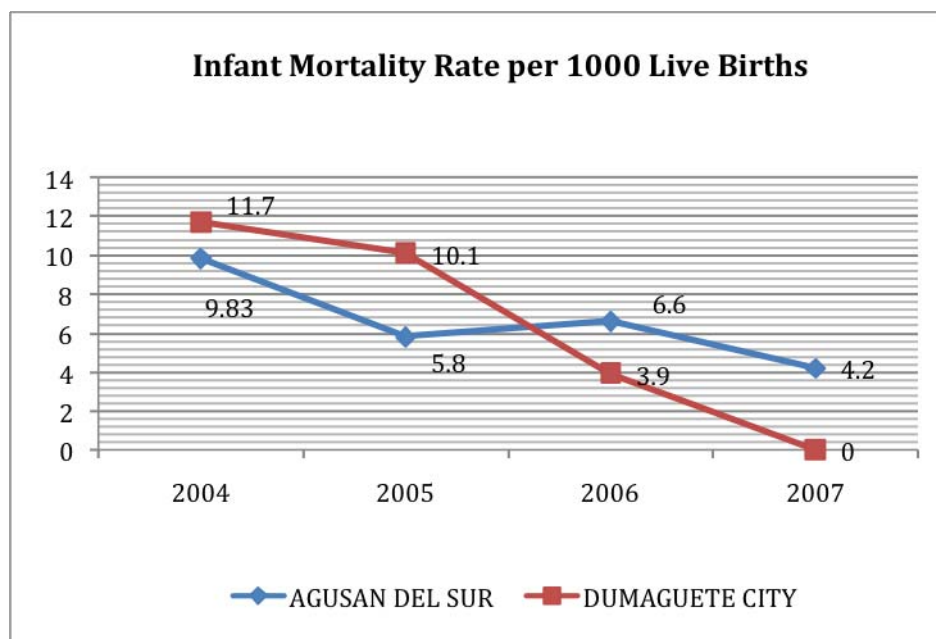
Figure 7.1 Maternal Mortality Rate, LSD Areas, 2004–2007



Source: Provincial Health Office Annual Report, Agusan del Sur; Field Health Survey Information System (FHSIS) Dumaguete City.

2.1.2 Infant mortality rate. Infant mortality rate (IMR) is defined as the number of infant deaths per 1,000 live births during the first 12 months of life. It is described as the probability of dying between day one of birth and age one. Figures from FHSIS show that IMR for the Philippines was 9–10 deaths per 1,000 live births from 2004 to 2007 (**Figure 7.2**). In 2004, both Agusan del Sur and Dumaguete City had higher incidences of infant deaths compared to the national average. But while the national average remained the same, there was a marked improvement in both areas after four years. Agusan del Sur cites being part of the Country Program for Children as one of the reasons in the decline in its IMR from 2004 to 2005 (PHO 2008). In Dumaguete City, IMR was 11.7 in 2004 and zero, or no incidence of infant deaths in 2007.

Figure 7.2 Infant Mortality Rate, LSD Areas, 2004–2007



Source: Provincial Health Office Annual Report, Agusan del Sur; Field Health Service Information System (FHSIS) Dumaguete City

2.2 Health Care Delivery System

As discussed in Chapter 1, a household survey on health module was conducted in Agusan Del Sur and Dumaguete City. Health facilities and their services were identified based on the household survey. FGDs were also conducted in the study areas. Participants in the FGD were those households that did not avail of any health service. The facility survey for Agusan del Sur covered 3 RHUs, 2 BHSs, 2 government hospitals, and the PHO. The facility survey for Dumaguete City covered 6 BHSs, 2 private hospitals, the CHO, and the PHO. Local chief executives and then local finance committees in the provincial, municipal, and barangay levels were also interviewed regarding planning, budgeting, financing, and delivery of health services in study areas.

2.2.1 Utilization of health facilities. Table 7.1 shows the types of services utilized per facility in Agusan del Sur. A large proportion of households relies on public health facilities for maternal and child care programs. The majority of households surveyed utilize BHSs for immunization, family planning, prenatal, delivery, and postnatal care services. Those living in the poblacion area utilize the RHU as the first point of access for these services. Aside

from maternal care programs, the BHS is also the main source of health and nutrition education, as well as of routine check-ups for most households.

Public hospitals are mainly utilized for routine check-ups and minor accidents. They are rarely utilized for immunization, highlighting that BHSs and RHUs are able to capture their target clients. Low usage of public hospitals for prenatal, delivery, and postnatal care imply relatively low utilization of health facilities during childbirth since the BHSs and RHUs in the areas surveyed are not yet equipped to handle deliveries.

Private hospitals are utilized for minor illnesses and routine check-ups. They are rarely utilized in Agusan del Sur. Respondents only go there during cases of emergencies and for laboratory services not available in public facilities.

Table 7.1 Type of Services Utilized, by Health Facility, Agusan del Sur

	BHS1 (115)*	BHS2 (8)	RHU1 (149)	RHU2 (10)	Public Hospital1 (154)	Public Hospital2 (89)	Private Hospital1 (133)	Private Hospital2 (125)
Health education	20.18	12.50	3.36	0.00	1.30		0.00	0.00
Nutrition education	22.61	12.50	1.34	0.00	1.30	1.12	0.00	0.00
Immunization	46.09	12.50	19.46	0.00	0.00	1.12	0.75	0.80
Family planning	20.00	12.50	6.04	0.00	0.65	1.12	0.00	0.00
Routine check-ups	24.35	0.00	18.79	0.00	22.08	2.25	9.02	8.00
Laboratory services	9.57	0.00	8.72	0.00	6.49	6.74	3.76	1.60
Prenatal delivery and postnatal services	23.48	12.50	17.45	0.00	5.19	7.87	2.26	0.80
Minor accidents	8.70	0.00	1.35	0.00	7.79	0.00	3.76	1.60
Major accidents	0.00	0.00	0.00	0.00	1.30	2.25	0.00	0.00
Minor illnesses	19.13	0.00	15.44	0.00	31.17	4.49	15.04	18.40
Major illnesses	3.48	0.00	0.67	0.00	1.95	3.37	5.26	0.00

Note: *Denominator is the number of households which identified nearby health facility.

Source: UNICEF-PIDS Local Service Delivery, Household Survey, Health Module.

Utilization trends in Dumaguete City (**Table 7.2**) reflect more mobility and availability of more choices for urban residents. While immunization services are mostly provided by BHS and RHU, public hospital plays a significant role in the provision of prenatal, delivery, and postnatal care services. Both public and private hospitals are used for check-ups, laboratory services, illnesses, and accidents. It must be noted, however, that the majority of survey respondents go to the CHO for routine check-ups. Very few households source their family planning commodities and health consultations from BHS.

Table 7.2 Type of Services Utilized, by Health Facility, Dumaguete City

	BHS1 (84)	BHS2 (31)	CHO1 (58)	RHU2 (3)	Public Hospital1 (153)	Public Hospital2 (0)	Private Hospital1 (153)	Private Hospital2 (87)
Health education	10.71	0	7.02	0	9.74	0	3.92	4.6
Nutrition education	5.95	3.23	1.72	0	7.14	0	2.61	4.6
Immunization	34.52	35.48	27.59	0	13.64	0	5.88	6.9
Family planning	8.33	6.45	17.24	0	9.74	0	3.92	2.3
Routine check-ups	23.81	18.75	44.83	0	39.61	0	30.72	22.99
Laboratory services	3.57	6.25	3.45	0	20.13	0	15.69	10.34
Prenatal delivery and postnatal services	15.48	25.81	15.52	33.33	29.87	0	6.54	3.45
Minor accidents	4.76	0	3.45	0	13.64	0	5.88	3.45
Major accidents	1.19	0	1.72	0	9.09	0	4.58	3.45
Minor illnesses	10.71	6.25	12.07	0	23.38	0	17.65	19.54
Major illnesses	0	0	0	0	14.29	0	9.15	16.09

Note: In parenthesis: number of households which identified nearby health facility.

Source: UNICEF-PIDS Local Service Delivery, Household Survey, Health Module.

There are very few instances of bypassing of BHS and RHU/CHO in both survey areas (**Table 7.3**). According to FGD participants, bypassing only happens when the BHS runs out of medicine. Due to easier access to transportation, bypassing of BHS happens more frequently in Dumaguete City than in Agusan del Sur. Bypassing of nearest hospital happens in Bayugan City and Sibagat, where residents prefer going to D.O. Plaza Provincial Hospital than to Bayugan Community Hospital due to breadth of services available and the perceived better quality of care in the provincial hospital. This happens even for maternal care, which can be handled by the primary hospital in Bayugan City. FGD participants claim they go to Bayugan Community Hospital for consultations only due to the limited number of services available in the facility. Private hospitals in Agusan del Sur are bypassed for bigger private hospitals located in Butuan City, especially for residents of Sibagat who are nearer Butuan City than the capital town of Agusan del Sur. Also, the operating and delivery rooms in Bayugan City's newly established private hospital are yet to be functional (based on fieldwork finding).

In contrast, none of the survey respondents in Dumaguete City went to any public hospital other than the provincial hospital. FGD participants cited the provincial hospital as the best among all public hospitals in Negros Oriental. There are two major private hospitals in

Dumaguete City: the Silliman Medical Center and the Holy Child Hospital. Bypassing of these hospitals happens due to patient preferences.

Table 7.3 Bypassing of Nearest Health Facility, Number of Households

	Agusan del Sur				Dumaguete City			
	BHS	RHU	Public Hospital	Private Hospital	BHS	CHO	Public Hospital	Private Hospital
Health education	1	0	0	0	0	0	0	2
Nutrition education	1	0	1	0	1	0	0	2
Immunization	0	0	1	0	3	0	0	4
Family planning	1	0	1	0	2	0	0	2
Routine check-ups	0	0	1	8	1	0	0	9
Laboratory serices	0	0	3	1	2	0	0	3
Prenatal delivery and postnatal services	1	0	7	1	2	1	0	2
Minor accidents	0	0	0	0	0	0	0	3
Major accidents	0	0	2	0	0	0	0	3
Minor illnesses	0	0	3	17	1	0	0	11
Major illnesses	0	0	3	0	0	0	0	11

Source: UNICEF-PIDS Local Service Delivery, Household Survey, Health Module.

Respondents were asked to rate the facilities and their answers indicated they were mostly satisfied with the services (**Table 7.4**). The BHSs received good ratings in terms of attitude and availability of medical personnel, but were rated low in terms of medical facilities, availability of medical supplies, and quality of medicines and supplies. The same trend was true for RHUs. For respondents who bypassed the nearest public hospital, the hospital they chose usually got higher ratings for medical facilities; attitude, availability, and competence of health personnel; and lower costs and flexibility of payment schemes.

Table 7.4 Facility Satisfaction Ratings, Agusan del Sur

AGUSAN DEL SUR	BHS		RHU	Public Hospital		Private Hospital and Clinic	
	BHS1 (88)	BHS2 (1)	RHU1 (81)	Pub.Hosp. 1 (88)	Pub. Hosp. 2 (19)	Priv. Hosp. 1 (52)	Priv. Hosp. 2 (36)
Satisfaction rating							
Consultation/treatment received	2.07	2.00	2.05	2.14	2.17	2.13	2.19
Medical facilities (e.g., X-ray, lab equipment)	2.57	2.00	2.46	2.54	2.16	2.46	2.40
Non-medical Facilities (e.g., toilets, waiting area)	1.98	2.00	2.21	2.60	2.47	2.50	2.14
Waiting time	2.31	2.00	2.35	2.39	2.32	2.13	2.14
Paperwork requirements	2.06	2.00	2.08	2.23	2.58	2.10	2.08
Attitude of health personnel	1.90	2.00	2.08	2.13	2.00	2.12	2.08
Availability of health personnel	2.08	2.00	2.33	2.36	2.06	2.15	2.08
Competence of health	2.19	2.00	2.05	2.17	2.11	2.10	2.11

personnel							
Understanding of your health beliefs and needs by the health personnel	2.13	4.00	2.17	2.15	2.22	2.24	2.22
Availability of medicines and medical supplies	2.75	4.00	2.78	2.83	2.56	2.31	2.36
Quality of medicines and medical supplies	2.44	2.00	2.52	2.34	2.06	2.25	2.28
Cost of medicines and medical supplies	2.13	2.00	2.55	2.63	2.12	2.61	2.66
Cost of consultation/treatment	2.13	2.00	2.40	2.28	2.00	2.53	2.44
Flexibility of payment scheme	2.10	2.00	2.28	2.18	1.94	2.43	2.29
Convenience of location	2.20	2.00	2.25	2.19	2.17	2.04	2.25

Note: In parenthesis: number of households which utilized the facility.

Rating scale: Very Satisfied: 1; Satisfied: 2; Undecided: 3; Dissatisfied: 4; Very Dissatisfied: 5.

Source: UNICEF-PIDS Local Service Delivery, Household Survey, Health Module.

Most of the respondents are satisfied with their BHSs (**Table 7.5**). When bypassing of a BHS happens, this is because of unavailability of medicine and perceived inferior quality of care. The CHO is rated well based on the cost of its consultation and treatment, but is rated poorest based on its medical facilities. The provincial hospital in Dumaguete City receives consistently lower satisfaction ratings compared to private hospitals in the area. The differences between public and private hospitals are stark in the kind of consultation/treatment received, facilities, waiting time, paperwork requirements, and perception about the attitude, availability, and competence of health personnel. While private hospitals are expected to receive low rating in terms of costs compared to the provincial hospital, this is not evident in the survey results. This could be attributed to the difference in income classes of those who utilize public and private hospitals. In terms of absolute prices, the provincial hospital charges relatively lower fees compared to private hospitals, yet public hospitals users view the charges as expensive because these charges constitute a significant portion of their earnings.

Table 7.5 Facility Satisfaction Ratings, Dumaguete City

DUMAGUETE CITY	BHS		CHO	Public Hospital	Private Hospital and Clinic	
	BHS1 (57)	BHS2 (19)	CHO (34)	Pub. Hosp. 1 (115)	Priv. Hosp. 1 (76)	Priv. Hosp. 2 (32)
Satisfaction rating						
Consultation/treatment received	2.02	1.95	2.12	2.43	1.89	1.74
Medical facilities (e.g. x-ray, lab equipment)	2.21	2.00	2.30	2.45	1.84	1.75
Non-medical Facilities (e.g. toilets, waiting area)	2.05	2.00	2.03	2.70	1.95	1.90
Waiting time	2.05	2.00	2.09	2.55	2.07	2.03
Paperwork requirements	2.00	2.11	2.00	2.49	2.00	1.90
Attitude of health personnel	2.07	2.00	2.09	2.65	1.92	1.81

Availability of health personnel	2.04	2.00	2.09	2.38	2.00	1.75
Competence of health personnel	2.06	2.00	2.06	2.32	1.96	1.84
Understanding of your health beliefs and needs by the health personnel	2.02	1.94	2.06	2.38	1.95	1.97
Availability of medicines and medical supplies	2.16	2.12	2.03	2.60	2.01	1.90
Quality of medicines and medical supplies	2.11	2.05	2.03	2.44	2.04	1.87
Cost of medicines and medical supplies	2.10	2.00	2.09	2.58	2.43	2.47
Cost of consultation/treatment	2.06	2.00	1.94	2.22	2.13	2.03
Flexibility of payment scheme	2.15	2.00	2.06	2.29	2.21	2.19
Convenience of location	1.94	1.95	2.06	2.25	2.01	2.00

Note: in parenthesis: number of households which utilized the health facility.

Rating scale: Very Satisfied: 1; Satisfied: 2; Undecided: 3; Dissatisfied: 4; Very Dissatisfied: 5.

Source: UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

3. Local Government Expenditure on Health Care

The share of LGU expenditure on health as a percentage of total indicated the importance of health care in the LGU. The benchmark specified by the DOH on its LGU scorecard was 20% for provinces. Of the two provinces in the sample, only Negros Oriental spent more than the set benchmark. Expenditure shares of Agusan del Sur on health, nutrition, and population had been declining from 2003 to 2005 and only registered an increase in 2006 (**Table 7.6**).

Table 7.6 Health, Nutrition, and Population Control Expenditure as Percentage of Total LGU Expenditure

	2003 (%)	2004 (%)	2005 (%)	2006 (%)
Agusan del Sur	17.57	14.48	8.24	13.23
Bayugan	18.43	20.85	21.60	20.00
Prosperidad	9.55	7.90	8.64	7.19
Sibagat	9.70	10.11	10.01	9.20
Negros Oriental	33.12	38.21	35.35	34.83
Dumaguete City	5.43	5.52	4.37	4.11
National Average				
Provinces	19.04	20.19	18.50	17.02
Cities	8.11	7.97	7.31	7.40
Municipalities	8.52	8.37	8.12	7.69

Source: Statement of Income and Expenditures, Department of Finance.

Health expenditure constitutes 7% to 8% of total expenditure of cities. Bayugan City has been allocating more than twice of this average to health care. In 2006, 20% of its total expenditure went to health care. This is very different in the case of Dumaguete City, which only spent 4% on health care in the same year.

The municipalities of Prosperidad and Sibagat are both spending slightly above the national average for municipalities. It may be noted that while the share of health care to total expenditure has been increasing for Sibagat, the share for Prosperidad has been very erratic.

In real prices, health expenditure in most LGUs had been on the downtrend (**Table 7.7**). Agusan del Sur's expenditure on health care in 2006 decreased by P10 million compared to expenditure in 2003. Almost a million pesos had been cut from the expenditures of Bayugan City and Prosperidad, and P2 million from the expenditure of Dumaguete City. Only Sibagat maintained almost the same levels of expenditure while Negros Oriental increased its expenditure by more than P15 million.

Compared to the national average, Agusan del Sur had been spending less on health. On the other hand, Negros Oriental had been spending more than twice the average expenditures of provinces. While the municipalities of Prosperidad and Sibagat spent higher than their municipal counterparts, the cities in the study areas had been spending relatively small amounts on health care. This was particularly true for Dumaguete City, which only spent P7 million, or one-fifth of the average expenditure of other cities, in 2006.

**Table 7.7 Expenditure on Health, Nutrition and Population Control, in 2000 Prices
('000 Pesos)**

	2003	2004	2005	2006
Agusan del Sur	76,889.28	68,905.47	46,610.17	66,569.98
Bayugan	13,444.64	14,676.62	12,095.53	12,400.29
Prosperidad	5,077.24	2,939.98	4,711.92	4,219.95
Sibagat	3,844.29	3,723.58	3,361.61	3,528.39
Negros Oriental	182,776.80	190,713.10	175,654.85	197,244.38
Dumaguete City	9,402.46	10,199.00	7,536.90	7,396.66
National Average				
Provinces	78,593.46	79,590.05	70,920.52	71,859.49
Cities	38,304.41	36,948.57	33,602.73	35,087.51
Municipalities	2,838.64	2,696.98	2,573.10	2,617.71

Source: Statement of Income and Expenditures, Department of Finance.

Viewed in terms of health expenditures per capita, the seemingly large expenditure of Bayugan City on health care is just commensurate to its population level. In Dumaguete City, health spending per person is almost equivalent to the average expenditures of municipalities.

Per capita figures also show that Sibagat is spending significantly more per person compared to Prosperidad. Both per capita expenditures of Agusan del Sur and Negros Oriental are higher than the national average, with Negros Oriental spending more (**Table 7.8**).

Table 7.8 Health, Nutrition and Population Expenditure per Capita, in 2000 prices

	2003	2004	2005	2006
Agusan del Sur	125.79	109.40	74.94	105.01
Bayugan	136.32	146.25	123.84	125.89
Prosperidad	65.04	36.46	57.51	50.02
Sibagat	127.03	120.87	114.99	75.24
Negros Oriental	154.69	156.26	141.36	155.63
Dumaguete City	82.92	90.53	65.30	62.55
National Average				
Provinces	88.74	89.87	80.08	81.14
Cities	145.77	140.61	128.98	132.02
Municipalities	73.43	69.77	66.52	68.39

Source: *Statement of Income and Expenditures, Department of Finance.*

Barangay expenditure on health care is also very small (**Table 7.9**). As a percentage of general fund, health care-related expenditures in 2006 accounted for zero to 2.48%. These were spent for municipal RHU counterpart (Barangay Bucac), enhancement of health services and nutrition (Barangay Taglatawan), and medicines (Barangays Batinguel and Daro).

Table 7.9 Percentage of Health Expenditure to Total Expenditure (General Fund), 2006

Agusan del Sur	Bayugan			Prosperidad	Sibagat
	Barangay Bucac	Barangay Taglatawan	Barangay Poblacion	Barangay Poblacion (Bahbah)	Barangay Afga
	0.19	2.48	0.00	(no data)	(no data)
Negros Oriental	Dumaguete City				
	Barangay Tinago	Barangay Batinguel	Barangay Buñao	Barangay Daro	
	0.00	1.35	0.00	0.94	
Agusan del Sur average		0.89			
Dumaguete City average		0.57			

Source: *Barangay Statement of Income and Expenditures.*

In real prices, health expenditure only accounts for as little as P1,450 to as much as P58,738 (**Table 7.10**). On average, barangays in Agusan del Sur and Dumaguete City are spending P20,000 to P25,000 for health care.

Table 7.10 Total Health Expenditures, 2006 (in 2000 Prices)

Agusan del Sur	Bayugan			Prosperidad	Sibagat
	Barangay Bucac	Barangay Taglatawan	Barangay Poblacion	Barangay Poblacion (Bahbah)	Brgy. Afga
	P1,450.33	P58,738.22	P0.00	(no data)	(no data)
Negros Oriental	Dumaguete City				
	Barangay Tinago	Barangay Batinguel	Barangay Buñao	Barangay Daro	
	P0.00	P29,006.53	P0.00	P21,754.89	
Agusan del Sur average		P20,062.85			
Dumaguete City average		P25,380.71			

Source: Barangay Statement of Income and Expenditures.

Adjusted for population size, health expenditure in the barangays surveyed only amounts to barely P2 per person (**Table 7.11**).

Table 7.11: Total Health Expenditures Per Capita, 2006 (in 2000 Prices)

Agusan del Sur	Bayugan			Prosperidad	Sibagat
	Barangay Bucac	Barangay Taglatawan	Barangay Poblacion	Barangay Poblacion (Bahbah)	Barangay . Afga
	P0.48	P4.79	P0.00	(no data)	(no data)
Negros Oriental	Dumaguete City				
	Barangay Tinago	Barangay Batinguel	Barangay Buñao	Barangay Daro	
	P0.48	P4.79	P0.00	P3.24	
Agusan del Sur average		P1.76			
Dumaguete City average		P7.02			

Source: Barangay Statement of Income and Expenditures.

4. Health Personnel

The DOH recommends a health worker-population ratio of one doctor and one nurse per 20,000 population, and one midwife per 5,000 population.⁹⁸ Most of the LGUs surveyed are unable to meet this recommended ratio. The two cities in the survey areas have very low doctor-to-population ratio (**Table 7.12**). However, what Dumaguete City lacks in doctors, it compensates for better nurse- and midwife-to-population ratios. Bayugan City has the worst health worker-population ratio among the four LGUs. Between the municipalities of Sibagat

⁹⁸ Magna Carta for Health Workers.

and Prosperidad, Sibagat has higher doctor- and midwife-to-population ratios while Prosperidad is able to provide more nurses.



Barangay health workers of Taglatawan, Bayugan, Agusan del Sur. Photo: Ida Marie Pantig.

Table 7.12 Health Workers at the LGU Level

	Doctor to Population	Nurse to Population	Midwife to Population
Sibagat	30,074	30,074	4,296
Prosperidad	75,390	25,130	5,799
Bayugan	95,032	47,516	8,639
Dumaguete City	58,196	19,399	5,291

Source: Field Health Service Information System (FHSIS) and Census data.

Health worker-to-population ratios are better at the barangay level. Almost all barangays, except Daro and Taglatawan, meet the recommended midwife-to-population ratio. The number of recommended BHWs per population is not very clear.⁹⁹ What can be gleaned from **Table 7.13** is the abundance of BHWs in Agusan del Sur when compared to Dumaguete City. This is reflective of the topography of the areas—Agusan del Sur has to rely on BHWs for very hard-to-reach areas while Dumaguete City does not need many BHWs because the

⁹⁹ Republic Act 7883, Barangay Health Workers' Benefits and Incentives Act of 1995, Sec. 5. Number of Barangay Health Workers. —The DOH shall determine the ideal ratio of barangay health workers to the number of households, provided, that the total number of barangay health workers nationwide shall not exceed 1% of the total population.

population has access to other health workers. All the barangays surveyed have at least one Barangay Nutrition Scholar in their vicinity.¹⁰⁰

Table 7.13 Health Workers at the Barangay Level

Barangay	Population 2007 census	RHM	BHW	BNS	Midwife to population	BHW to population	BNS to population
Dumaguete							
Buñao BHS	2,750	1	1	1	2,750	2,750	2,750
Taclobo BHS	10,598	2	6	3	5,299	1,766	3,533
Calindagan (Canday-ong) BHS	8,827	1	3	2	4,414	1,471	2,207
Calindagan (Fatima) BHS		1	4	1	4,414	1,103	4,414
Batinguel BHS	7,664	4	2	1	1,916	3,832	7,664
Daro BHS	6,721	1	3	3	6,721	2,240	2,240
Agusan del Sur							
Tabon-Tabon BHS	2,741	2	14	2	1,371	196	1,371
Afga BHS	3,160	1	15	2	3,160	211	1,580
Taglatawan BHS	12,259	1	15	2	12,259	817	6,130

Source: Field Health Service Information System (FHSIS) and Census data.

5. Components of Decentralization

5.1 Local Health Board

The LGC stipulates the creation of a Local Health Board (LHB) in every municipality, city, and province to take part in reviewing the budget and in advising the Sanggunian on health matters. Its responsibilities include policy making on personnel selection, promotion, and discipline; budget and operations review; and discussion of procurement concerns and public complaints.

An LHB should be formed at each municipality, city, and province and if inter-LGU arrangements are present, the LHB should also be formed at the district level. The LHB is chaired by the local chief executive (LCE), assisted by the local health officer and in some instances by the vice LCE. Other members include the health committee chairman of the Sanggunian, a DOH representative, and a private sector representative, preferably from a health NGO (**Table 7.14**). The Board is expected to convene at least once a month.

¹⁰⁰ Presidential Decree No. 1569, Section 1. Barangay Nutrition Program. — To strengthen the Barangay Nutrition Program, there shall be a project under the administration of the National Nutrition Council, which shall provide for one barangay nutrition scholar in every barangay.

Table 7.14 Composition of the Local Health Boards

Position	Based on Local Government Code			District
	Province	City	Municipality	
Chairman	Governor	Mayor	Mayor	Governor
Vice-Chairman	Vice-Governor (special case)			
Co- Vice-Chairman	PHO	CHO	MHO	PHO
Members	SP ¹ Health Committee Chairman	SP ² Health Committee Chairman	SB ³ Health Committee Chairman	Mayors
	Private sector representative	Private sector representative	Private sector representative	Health Management Team head
	DOH PHTL	DOH representative	DOH representative	DOH representative

¹ Sangguniang Panlalawigan; ² Sangguniang Panlungsod; ³ Sangguniang Bayan

Sources: Local Government Code and Department of Health.

The LHBs of the LGUs surveyed met regularly, at least once in a quarter. In some cases, the study team was able to review minutes of LHB meetings. The minutes indicated the following:

- In Prosperidad, LHB meetings were conducted quarterly in 2008. Aside from members that were required by LGC, members of the Local Finance Committee were also part of every meeting. The NGO representative and the president of the BHW federation were also present in all the meetings. The municipal administrator, who acted as the presiding officer, represented the mayor while from time to time, relevant visitors particularly the health staff from the RHU were invited to the meetings. Discussions centered on honoraria of BHWs and on improving referral systems. One LHB session in 2008 settled the dispute filed by one barangay against its BHWs.
- In Dumaguete City, the LHB met at least once a quarter in 2008. Meetings were normally attended by the CHO, the chairman of the Committee on Health, a DOH representative, and the Association of Barangay Councils (ABC) president. In most meetings, the mayor and the NGO representative were seldom present. One of the topics discussed was on maternal and child care, involving a proposal for a resolution to support the DOH in discouraging women from home-based deliveries and discouraging traditional birth attendants (TBAs) from assisting in childbirths to avoid complications. Strategies on improving immunization rates featured prominently in LHB discussions.
- In Agusan del Sur, provincial LHB meetings were normally presided by the provincial administrator. Discussions normally centered on the utilization of grant funds given to the province. Program representatives from the PHO also presented the achievements of the province in improving their health outcomes.

5.2 Inter-Local Health Systems and Inter-Local Health Zones

The Inter-Local Health System is espoused by the DOH to replace the district health system, which collapsed when the health sector was decentralized. Its basic framework is to cluster cities and municipalities into Inter-Local Health Zones (ILHZ) with each ILHZ comprising a referral hospital, RHUs, and BHSs in a well-defined geographical area. Establishing an ILHZ is important to re-integrate hospital and public health services. The DOH has been promoting this policy since the formulation of the Health Sector Reform Agenda in 1999.

Expected achievements of a well-functioning ILHZ include the following:

- cost sharing,
- sharing of personnel and ideas,
- joint planning,
- joint information base and disease monitoring programs,
- supervision of the area health zone catchment,
- coordination of transport and communications,
- distribution centers at the core referral hospitals for medicines and supplies,
- establishment of referral guidelines, and continuous patient follow-up care between primary and secondary level.¹⁰¹

Study areas in Agusan del Sur fall under the D.O. Plaza Area Health Zone and Bayugan District. Based on the criteria for a well-functioning ILHZ, D.O. Plaza Health Zone is more functional than Bayugan District. It has come up with a health system referral manual, has been pooling resources, and has a cost-sharing scheme since 2002. A notable project of the district is the Revolving Trust Fund lodged at the D.O. Plaza Provincial Hospital for drugs, medicines, and supplies of indigent Philippine Health Insurance Corporation (PHIC, or PhilHealth) members. The LCEs noticed that despite the PhilHealth cards given to indigents, they still come back to LCEs to ask help for drugs and supplies when these are not available at the D.O. Plaza Hospital. To mitigate this problem, the ILHZ pooled its resources, came up with a trust fund for drugs and supplies, and ensured that the D.O. Plaza Provincial Hospital pharmacy is well-stocked. In this way, indigent patients need not seek help anymore from LCEs and that the hospital is able to reimburse the cost of drugs from PhilHealth.

¹⁰¹ Executive Order No. 205 dated January 31, 2000 “Providing for the Creation of a National Health Planning Committee and the Establishment of Inter-local Health Zones Throughout the Country.”

Minutes of the meetings of Bayugan ILHZ revealed that the difficulty of the zone lies in the dilapidated state of Bayugan Community Hospital, its core referral hospital.

The Metropolitan Health District, Dumaguete City's zone, is also an example of functional ILHZ. It maintains a Common Health Fund where each LGU contributes P150,000 per year. The Priority Development Assistance Fund (PDAF) from various congresspersons augments such fund. District meetings are normally attended by mayors. In 2008, the district focused its investment on Women's Health Team activities.

6. Continuum of Care for Mothers and Children¹⁰²

The UNICEF upholds the continuum of care network in ensuring that essential health services are delivered to mothers and children. Using datasets reported by agencies and survey data administered by the study team, progress of each LGU in delivering health services at critical points is examined.

6.1 Adequate Antenatal Care

Possible problems and complications during childbirth can be deterred if each pregnant woman undergoes antenatal check-ups. Based on FHSIS reports (**Table 7.15**), less than 50% of pregnant women went to see a medical professional for check-ups during their pregnancy in Agusan del Sur. Probably due to the presence of the D.O. Plaza Provincial Hospital, antenatal care coverage was highest in Prosperidad at 66%, followed by Sibagat at 48%. Despite having a community hospital within its vicinity, the figure was lowest in Bayugan City where only 23% of pregnant women had check-ups. This implied that of the three LGUs, the MHO of Sibagat had the most extensive reach in terms of antenatal care coverage.

Dumaguete City's achievements had been declining yearly since 2004. From 94% of women with antenatal care in 2004, the figure declined to only 45% in 2007. This achievement was 15% lower than the average 60% among Negros Oriental LGUs.

¹⁰² Complete range of programs and services offered to mothers and children is referred to as continuum of care.



Vaccine freezer donated by UNICEF. Photo: Ida Marie Pantig.

UNICEF and WHO recommend a minimum of four antenatal visits to enable a woman to receive key interventions such as tetanus toxoid immunization, screening, treatment for infections, and vital information (UNICEF 2008). If four is to be followed, the achievements of LGUs will be even lower since the FHSIS reports three antenatal visits. Data on antenatal care coverage on MICS is also an overestimate since it only reports one antenatal visit.

Table 7.15 Antenatal Care Coverage (in %)

	FHSIS				MICS
	2004	2005	2006	2007	2007
Agusan Del Sur	51.7	44.6	43.6		94.1
Bayugan	40.24	28.70	27.90	22.69	NA
Prosperidad	59.74	63.33	73.87	65.92	NA
Sibagat	34.88	32.84	51.60	47.82	NA
Negros Oriental	72.9	67.4	55.7	59.70	96
Dumaguete	94.4	74.3	46.2	44.7	NA
National Average	64.7	62.3	61.5	62.9	94.4

Source: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office.

Antenatal care is supposed to be provided for free at BHSs and RHUs. Household survey results reveal that an average of P36 is charged at BHSs and P66 at RHUs in the LGUs in Agusan del Sur. In Dumaguete City, those who go to BHS and to CHO are charged P29 and roughly P5, respectively (**Table 7.16**). FGD respondents confirm such charges are normally called "donations" to the health facility. The average of charges for government hospital in Agusan del Sur has been skewed primarily due to one complicated case, but on average, public hospitals charge a fee of P200 per check-up. In Dumaguete City, the provincial hospital charges P107. As expected, charges in private clinics and hospitals are significantly higher than those in public facilities.

Table 7.16 Average Expenditure in Prenatal Care, by Service Provider

Provider	Agusan del Sur		Dumaguete	
	Obs*	Mean	Obs*	Mean
Government hospital	5	1,155.00	12	107.50
RHU	34	65.68	11	4.73
BHS	56	35.45	48	28.56
Private hospital	0	–	10	490.00
Private clinic	2	200.00	3	500.00
Hospital outside province/district	1	1,500.00	0	–
Total	98		84	
Average number of visits		6.81		6.00

Source: UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

*Number of observations.

Anemia is another leading problem of pregnant women in the Philippines. To prevent this, each pregnant woman is supposed to have an intake of 180 tablets of iron throughout her pregnancy. While MICS reported relatively high rates of iron supplementation in the survey areas, respondents of the LSD survey reported relatively lower rates of iron supplementation in Agusan del Sur (**Table 7.17**). Validations during FGDs and facility survey report that in the three LGUs in Agusan del Sur, iron supplementation is normally not provided in full by the LGUs. To ensure that all pregnant women are given iron, BHWs generally give some portions of the DOH recommendation then give prescriptions for the gap, with the hope that the patients will buy the remaining gap as prescribed. Those interviewed during FGDs revealed they do not normally buy the prescriptions due to budget constraints. The problem of insufficient iron is even worse for areas that are recipients of Pantawid Pamilyang Pilipino Program (4Ps).¹⁰³ Due to the influx of women going to the BHS/RHU for prenatal care as

¹⁰³ Pantawid Pamilyang Pilipino Program (4Ps), patterned after the successful Conditional Cash Transfer (CCT) Programs in Latin America and Africa, is one of the Philippines' poverty-reduction strategies "that provides grants to extremely poor households to improve their health, nutrition, and education particularly of children aged 0–14." It has two-fold objectives: (i) "Social Assistance – to provide cash assistance to the poor to alleviate

part of the requirement for 4Ps, these facilities experienced shortages in iron supplies and were left with no choice but to issue prescriptions.

Table 7.17 Iron Supplementation of Pregnant Woman (in %)

	MICS	LSD
	2007	2008
Agusan Del Sur	83.8	NA
Bayugan		45.05
Prosperidad		71.79
Sibagat		60.71
Negros Oriental	80.3	NA
Dumaguete		74.83
National Average	76.7	NA

Sources: Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

Vitamin A supplementation is not a problem since the supply comes from the DOH. Almost all lactating women in Prosperidad and Sibagat are able to receive Vitamin A. An exception is the City of Bayugan where only half of the lactating mothers were given Vitamin A in 2007. Bayugan City’s achievements since 2004 have been declining and the same is true for Dumaguete City, though at a lesser extent (Table 7.18).

Table 7.18 Vitamin A Supplementation for Lactating Mothers

	FHSIS				MICS
	2004	2005	2006	2007	2007
Agusan Del Sur	58.4	54.5	49.4	63.10	55
Bayugan	88.95	65.32	79.44	50.48	NA
Prosperidad	95.25	97.61	98.86	99.71	NA
Sibagat	93.41	86.99	78.80	100.00	NA
Negros Oriental	47.9	53.1	56.2	57.70	57.9
Dumaguete	80.7	77.2	67.2	70.9	NA
National Average	53.2	54.7	59.3	58.5	56.6

Sources: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office.

their needs (short- term poverty alleviation),” and (ii) “Social development – to break the intergenerational poverty cycle through investments in human capital.”

6.2 Skilled Assistance at Delivery

Skilled birth attendance is defined as deliveries conducted with the presence of a doctor, nurse, or midwife. WHO recommends that skilled birth attendants (SBAs) should administer births because it has been empirically proven to reduce post-partum hemorrhage, a leading cause of maternal death (UNICEF 2008). Conflicting results of MICS and FHSIS can be seen in Agusan del Sur. While agency data, as reported by FHSIS, show that 57% of births are attended by medical professionals, only 36% of survey respondents in MICS report their deliveries to be under medical staff supervision. Of the three LGUs in Agusan del Sur surveyed for LSD, 59% of women who delivered in Bayugan City were attended by SBAs, followed by Prosperidad with 50%, and Sibagat with only 27%. Figures for Dumaguete City from both agency and survey data are consistent. Approximately 89% to 91% of women had SBAs during their deliveries (**Table 7.19**).

Table 7.19 Skilled Birth Attendance (in %)

	FHSIS				MICS	LSD
	2004	2005	2006	2007	2007	2008
Agusan del Sur	51.70	54.70	58.30	57.10	36.3	NA
Bayugan	58.66			63.00		59.15
Prosperidad	53.65	NA	NA	NA	NA	50.00
Sibagat	39.10	49.40	NA	NA	NA	26.67
Negros Oriental	50.10	50.30	54.00	58.00	59.4	NA
Dumaguete	91.10	91.8	91.5	91.9	NA	89.47
National Average	68.70	68.4	70.4	72.9	51.7	NA

Sources: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

6.3 Basic and Comprehensive Emergency Obstetric and Newborn Care

The presence of SBAs during delivery is important as they are able to recognize complications that will require referral for more specialized emergency care. According to UNICEF, around 15% of births are likely to need emergency obstetric care. This requires birthing facilities that should have sufficient medicines, supplies, equipment, and trained personnel.

This has remained the most important challenge for Agusan del Sur. Both FHSIS and MICS show that less than 20% of births are delivered in a medical facility (**Table 7.20**). Owing to the presence of a provincial hospital in Prosperidad, 52% of births are delivered in a medical

facility. This is difficult to carry out in Sibagat since there is no hospital in the area and the RHU is not yet capable of handling obstetric care. The City of Bayugan, despite having a community hospital, registered only 23% of births in a medical facility. In contrast, Dumaguete City, with its provincial hospital, private hospitals, and birthing centers, had 90% of births delivered inside a medical facility in 2007.

Table 7.20 Births in a Medical Facility (in %)

	FHSIS				MICS	LSD
	2004	2005	2006	2007	2007	2008
Agusan del Sur	12.10	12.00	13.10	14.40	19.40	NA
Bayugan	6.89	NA	NA	NA	NA	22.67
Prosperidad	18.28	NA	NA	NA	NA	52.17
Sibagat	10.15	NA	NA	NA	NA	20.00
Negros Oriental	17.00	16.50	17.40	23.50	44.50	NA
Dumaguete	87.60	89.70	89.00	89.10	NA	90.63
National Average	28.30	29.70	31.80	32.80	37.40	NA

Sources: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

Cost is another hindering factor for SBA and facility deliveries. The cost of delivery by a doctor and midwife is almost twice the price in Agusan del Sur compared to the price in Dumaguete City (**Table 7.21**). A large percentage of women delivered with the aid of hilots in Agusan del Sur as they charge less than P1,000—compared with the P10,251 charged by doctors and P6,900 by nurses. Despite the relatively slight variance in the prices charged by midwives and hilots, FGD respondents said they prefer hilots because they are more approachable. Midwives are usually present only during deliveries while hilots stay for a longer period to feed the mothers, sometimes even to wash their clothes. Pregnant women also feel embarrassed to seek the assistance of SBAs because they feel they have to show adequate supplies during deliveries such as clean towels, linens, baby clothes, disposable diapers, and “presentable” kettles for sterilization.

Table 7.21 Average Child Birth Expenditure, by Service Provider (in Pesos)

	Agusan del Sur		Dumaguete	
	Obs*	Mean	Obs*	Mean
By Birth Attendant:				
Doctor	24	10,251.04	71	6,079.51
Nurse	11	6,909.09	10	4,166.00
Midwife	25	1,218.00	4	3,175.00
Hilot	60	947.50	10	755.00
By Health Facility:				
Own dwelling	81	969.14	8	543.75
Government Hospital	26	7,358.65	69	3,921.09
Government Health Center	0	–	3	2,333.33
Private Hospital	4	23,500.00	12	16,333.33
Private Clinic	0	–	2	5,300.00

Source: UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

*Number of observations.

In Dumaguete City, deliveries in a government health center cost about P2,300 while government health centers in Agusan del Sur do not facilitate deliveries. Deliveries in a government hospital in Agusan del Sur is more expensive at P7,000 compared with P4,000 in Dumaguete City.

7. Child Care

7.1 Immunization

A comparison between FHSIS and MICS in Agusan del Sur again reflects differences in Full Immunization Children (FIC) coverage achievements. While the 2007 FHSIS reported that Agusan del Sur had 93% of FIC, respondents from MICS revealed that the figure was only 70% (**Table 7.22**). Of the three LGUs in Agusan del Sur, Prosperidad had the highest achievement at 87%, followed by Bayugan at 61% and Sibagat at 58%.

Dumaguete City had achieved 100% immunization of children in 2004. However, from 2005 onward, the city exhibited worrisome trends in immunization achievement. By 2007, FIC attainment in the city had declined to 77%.

Table 7.22 Fully Immunized Children (in %)

	FHSIS				MICS
	2004	2005	2006	2007	2007
Agusan Del Sur	75.4	75.8	74.3	93.10	69.4
Bayugan	91.28	78.00	NA	61.00	NA
Prosperidad	93.92	97.00	NA	87.00	NA
Sibagat	115.15	95.00	NA	58.00	NA
Negros Oriental	77.1	75.2	73.7	72.30	69.4
Dumaguete	95.8	83.8	78	76.5	NA
National Average	84.8	83.7	82.9	82.7	65.0

Sources: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

As a national program, immunization is supposed to be provided free by the health facilities. However, the LSD survey shows that donations are collected from clients for immunization, ranging from P30 to P35 in Agusan del Sur and P6 to P30 in Dumaguete City, are used to fund the program, (Table 7.23). Interviews with BHS facilities reveal that these donations are used to pay for the syringes procured by the LGU.

Table 7.23 Average Expenditure in Immunization, by Service Provider (in Pesos)

	Agusan del Sur		Dumaguete	
	Obs*	Mean	Obs*	Mean
Government hospital	0	.	1	0.00
Rural health unit	18	34.50	5	28.00
Barangay health station	24	30.92	34	5.62
Private hospital	0	–	4	1,625.00
Private clinic	0	–	0	–
Hospital outside province/district	0	–	0	–
Average number of visits		4.55		4.14

Source: UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

*Number of observations.

7.2 Supplementation and Deworming

With the *Garantisadong Pambata* Program of the DOH, almost all children are able to receive Vitamin A supplementation (Table 7.24). However, this trend is not evident in child deworming, where only 25%–50% of children are able to receive deworming tablets (Table 7.25).

Table 7.24 Vitamin A Supplementation of Children (in %)

	FHSIS				MICS
	2004	2005	2006	2007	2007
Agusan Del Sur	75.5	121.9	74.6	110.60	86.2
Bayugan	97.11	NA	91.54	NA	NA
Prosperidad	104.13	NA	87.24	99.61	NA
Sibagat	102.21	NA	105.60	92.71	NA
Negros Oriental	93.7	153.2	111.1	149.90	82.7
Dumaguete	94.6	241.9	5.6	146.5	NA
National Average	78.5	97.8	95.7	91.1	82.3

Sources: Field Health Service Information System (FHSIS), Provincial Health Office; Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office.

Table 7.25 Child Deworming (in %)

	MICS	LSD
	2007	2008
Agusan Del Sur	74.4	NA
Bayugan	NA	35.71
Prosperidad	NA	54.05
Sibagat	NA	25.00
Negros Oriental	48	NA
Dumaguete	NA	51.08
National Average	54.1	n/a

Sources: Philippines Sub-Regional Multiple Indicator Cluster Survey (MICS) 2008, National Statistics Office; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

Vitamin A and deworming tablets came from BHSs and RHUs in Agusan del Sur. Only Dumaguete City residents have many facility choices when it comes to supplementation sources (Table 7.26).

Table 7.26 Source of Supplementation (in %)

	Agusan del Sur		Dumaguete	
	Obs*	%	Obs*	%
Government hospital	2	0	6	4
Rural health unit	22	12	10	7
Barangay health station	84	82	103	76
Private hospital	3	6	5	4
Private clinic	2	0	1	1
Hospital outside province/district	0	0	2	1
Others	16	12	8	6

Source: UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

*Number of observations.

8. Reproductive Health

The availability of reproductive health services is crucial to maternal and child care as it ensures better birth spacing, among others. Again, figures reported by facilities through FHSIS and the LSD survey findings show completely different trends in family planning (**Table 7.27**). This is notable in Dumaguete City where, according to FHSIS reports, 153% of women of reproductive age are family planning commodity (FP) users, while the LSD survey results show that barely 9% of women use FP.

Table 7.27 Family Planning*

	FHSIS				LSD
	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)
Agusan Del Sur	37.33	43.97	44.81	44.17	10.38
Bayugan	69.17	47.15	51.81	61.09	12.12
Prosperidad	44.76	48.57	46.31	45.99	4.17
Sibagat	37.32	46.07	19.37	34.88	14.29
Negros Oriental	32.59	29.47	108.12	113.13	NA
Dumaguete	77.53	66.96	167.02	153.14	8.18
National Average	35.54	40.66	38.46	35.97	NA

*Percentage of current users, based on 14.5% women of reproductive age population for FHSIS and percentage number of users, women aged 15-49 for LSD.

Sources: Field Health Service Information System (FHSIS), PHO; UNICEF-PIDS Local Services Delivery, Household Survey, Health Module.

When available, the cheapest sources of FP commodities are BHSs and RHUs. Government hospitals charge P100 in Agusan del Sur and P225 in Dumaguete City (**Table 7.28**). However, the number of women who reported using FP commodities in both survey areas is very low.

Table 7.28 Average Expenditure in Family Planning Commodities, by Service Provider (in Pesos)

	Agusan del Sur		Dumaguete	
	Obs*	Mean	Obs*	Mean
Government hospital	1	100.00	2	225.00
Rural health unit	7	34.57	3	10.00
Barangay health station	13	89.30	7	4.57
Private hospital	0	–	3	416.67
Private clinic	0	–	3	75.00
Hospital outside province/district	0	–	0	–
Total	21		18	
Average Number of Visits		2.51		2.50

9. Key Issues and Challenges

9.1 Access: Policy versus Reality

With a functional health board and ILHZ in most study areas, a key challenge for health services delivery is to reach patients residing in far-flung areas. These hard-to-reach barangays in Agusan del Sur, usually in mountainous areas, have poor accessibility due to lack of good roads. Normally, these areas have no BHS and no permanent midwives assigned (PHO 2008). While health personnel are supposed to visit these areas on a regular basis, there are times when it becomes difficult to do so because of the presence of insurgents. While the DOH policy of facility delivery through BEmONC/CEmONC may be easier to implement in Dumaguete City, such policy will be very difficult to carry out in Agusan del Sur. Dumaguete City has already started passing resolution disallowing deliveries conducted by TBAs. This is possible in Dumaguete City because of the presence of a provincial hospital, private hospitals, and lying-in clinics around the city. Yet, such policy cannot be easily adopted in Agusan del Sur. The FGD conducted reveals that culture and belief play a significant role in a patient's preference for TBAs in Agusan del Sur. While survey results show that midwives and TBAs charge almost the same amount, mothers prefer TBAs because they perceive them as more understanding and caring compared to midwives. Making TBAs as part of the Women's Health Team (WHT) may also present new concerns because referring women about to deliver to the WHT entails foregone earnings for the TBA.

9.2 Accountability: Lack of Link between Budgets and Accomplishments

The Local Budget Preparation (LBP) Form No. 154 asks each office to provide details of its proposed targets and accomplishments for the budget year. However, the purpose of this exercise is not very clear among the LGUs covered by the study. Targets against accomplishments during the year are poorly linked. For example, indicators reported in accomplishment reports do not correspond to the targets specified in LBP Form 154. This implies non-monitoring of achievements versus targets. In some cases, accomplishments are not reported at all, as in the case of Negros Oriental, Dumaguete City, and Prosperidad.

9.3 Financing: Resources Not Enough for Non-DOH-Supported Programs

An inventory of supplies conducted at facilities utilized by the respondents showed that these are well-stocked with supplies that come from the DOH central office, such as EPI vaccinations, Vitamin A supplements, tetanus toxoid vaccines, and deworming tablets. However, for programs whose supplies depend on LGU funds, availability is variable. For instance, based on the guidelines on antenatal care, a pregnant woman should take at least 180 tablets of iron supplement to prevent anemia. Most municipalities in the study areas find it difficult to comply with this requirement due to limited funds. According to BHWs interviewed, what they normally do when supplies are not enough is to give half the number of tablets and then issue a prescription for the remaining tablets. Whether the patients will buy the prescription is left to their discretion.

9.4 Sustainability: Pantawid Pamilyang Pilipino Program (4Ps)

The problem of insufficient supply is evident in Sibagat, which is a pilot area of 4Ps. BHWs of recipient barangays reported that because of 4Ps, there was an influx of women who were undergoing prenatal care as a condition to receive the cash transfer. This sudden increase in volume of women clients resulted in a shortage of supply of iron supplements, so that most patients were just given prescriptions.

9.5 Equity: User Fees Charged by Rural Health Units

To augment their limited funds for health, Dumaguete City, Prosperidad, and Sibagat issued resolutions to allow health centers to collect user fees for some services offered by the CHO/RHU. In the case of Sibagat, minimal fees are collected mostly for laboratory services, ranging from P5 for urine analysis to P50 for pregnancy test. While these charges are minimal and are meant only to recover laboratory re-agents, these are levied on all patients, even from target clients such as pregnant women. In contrast, Prosperidad exempts target clients from user fees.

9.6 Equity: PhilHealth and the Poor

According to PHO documents and interviews, of the total indigent population identified from CBMS in Agusan del Sur, 34% were enrolled in PhilHealth in 2008. Each of the provincial, city, and municipal government paid 50%, which is the LGU's share in the enrolment of indigents. While official documents claimed that 34% were enrolled in PhilHealth, it was difficult to ascertain the strategy of LGUs in expanding coverage. It was not clear what rules

were used to identify the indigent population. In the renewal of PhilHealth indigent cards, sponsored members were normally asked to pay a counterpart amount of P300. Some FGD participants in Agusan del Sur reported that their counterpart amount was collected from them but they were not issued any cards. Some cardholders were also refused reimbursement by PhilHealth because their names were not found in the membership roster. Stories like these made the villagers apprehensive in renewing their membership.

PhilHealth beneficiaries also do not feel the benefits of government health insurance. Outpatient Benefit (OPB) Package accreditation seems to benefit only the RHUs with the release of capitation fund per enrolled indigent. In some RHUs, however, sponsored beneficiaries are not provided free preventive care and laboratory services as stipulated in the package. This makes the sponsored indigent feel that enrolment in PhilHealth has no benefit.

Aside from this disincentive, PhilHealth has been used as a tool for political patronage and has aggravated inequality for subsidizing those who can afford to pay. While the engaging of LGUs in the co-payment of indigents is laudable, the past few years have shown that this program, when left in the hands of LCEs, can become another means of seeking political patronage. Experiences have shown that indigent enrolment generally increases during election years (such as in 2004). Also, there are numerous cases where those given PhilHealth cards are not true indigents. This exacerbates inequality and inefficiency because the government is subsidizing those who can afford.

9.7 Policy: LGU and PhilHealth

Prior to the PhilHealth's indigent program, a community health insurance has been in existence in Negros Oriental. Called People Empowerment Saves One (PESO) for Health, the program encourages members of the community to save in case of sickness in the future. When PhilHealth cards were given out in massive quantity in 2004, most of the members of PESO for Health stopped contributing. Unfortunately, many of those given Philhealth cards were not renewed in 2005. The one-time enrolment in PhilHealth not only destroyed the PESO for Health Program, it also made many people uninsured.

At the time of interview, the provincial government of Negros Oriental was planning to set-up its own health insurance. Rather than paying for its PhilHealth counterpart, Negros

Oriental would allocate that amount to set-up its own health insurance. This policy was a result of the province's frustration with the changing rules in PhilHealth accreditation.

9.8 Transparency: Barangay's Role in Financing

The role of barangays in the provision of health care is not very clear. For barangays with very limited IRA, their role is to pay for the utility expenses incurred by the BHS. Those with bigger budgets are able to pay for the honoraria of their BHWs and BNSs, and to procure drugs for their constituents as well. Having an undefined role for the barangay creates unnecessary friction among the health staff of different barangays.

9.9 Operational Efficiency: Personnel

Strategy papers and rationalization plans of Agusan del Sur both highlight shortage of personnel as main impediment to implementation of maternal and child care programs. Due to the inadequate number of plantilla positions for nurses and midwives, prenatal care services and immunization are scheduled only once a month. With ceilings imposed by the DBM on personnel services, it is not possible for the LGUs to create plantilla positions to augment the health staff. An interim solution is to hire casual employees through job orders. The problem with this, however, is that casual employees cannot be sent to DOH trainings. The temporary nature of their job also makes it difficult to integrate them with the rest of the health staff.

BHWs in Agusan del Sur are required to report to BHS 23 times a year, or at least once a week. Their honoraria come in part from the barangay, the city/municipality, and the province. The main problem of BHWs in Agusan del Sur is security of tenure. In some cases, when a new barangay official is elected into office, he/she will also change the BHWs. According to midwives, this is an unfortunate situation since training new BHWs takes a long time. It will also break the rapport that the BHWs have already established with their clients. However, this does not happen in Dumaguete City where there has been no case in which barangay officials changed their BHWs. This is because BHWs in the city are paid solely by the city. Unlike in other LGUs, BHWs in Dumaguete City are not given honoraria. Instead, they are issued job orders, making them casual employees of the city government. BHWs in Dumaguete City say they believe that this system is better than the honoraria system they had

before. The new arrangement gives them incentive to report to work everyday given a no-work-no-pay scheme and to follow-up all the patients in their target client list.

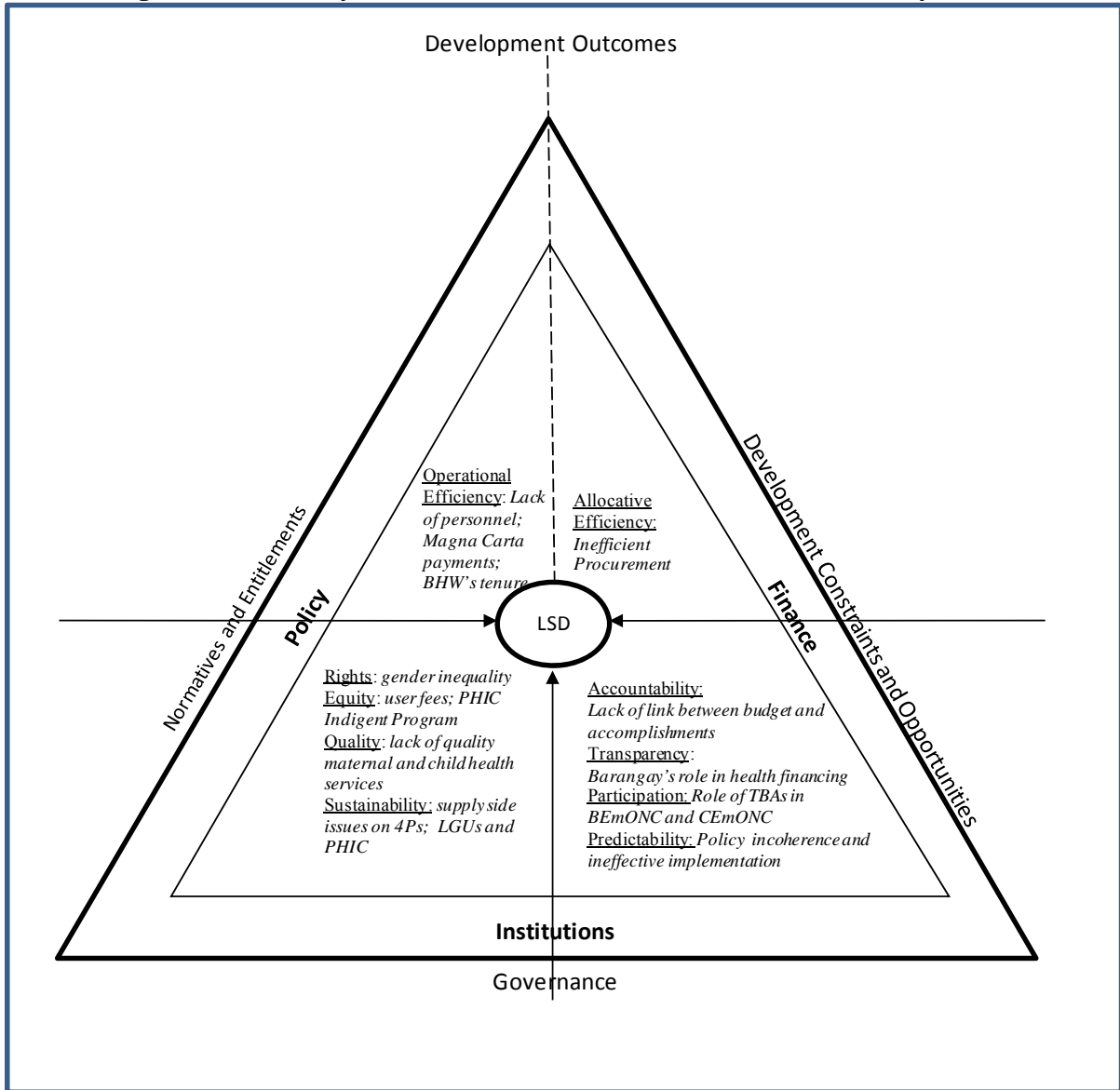
Unequal payments of Magna Carta benefits among LGUs also create some incentive problems for health workers. For instance, the health staff in Dumaguete City feel underpaid because they are one of the few LGUs in Negros Oriental who do not receive any Magna Carta benefit, not even subsistence and laundry allowances. It appears that the issuance of Magna Carta benefits is largely dependent on the priorities of the LCEs and not on their capacity to pay. It is notable that smaller municipalities like Sibagat and Prosperidad are able to give benefits, but cities with larger budgets such as Bayugan and Dumaguete are unable to do so.

9. 10 Allocative Efficiency: Procurement

While most supplies for maternal health programs and EPI are provided by the DOH central office, the extent of LGU involvement in Integrated Management of Childhood Illnesses is not very clear. This program entails having a well-stocked supply of medicines, particularly antibiotics, in each facility. In the facility survey, drugs commonly used for common ailments such as amoxicillin, cotrimoxazole, oral anti-malarial, zinc supplements, and ORT are normally available, but respondents say they are unable to give the full dose to each patient because they need to maintain a buffer stock in case of emergencies. Procurement of drugs at the LGU level also appears to be inefficient. None of the surveyed LGUs cooperate with their ILHZ for bulk purchase of drugs. Most of them procure their drugs through medical representative of pharmaceutical companies. This is normally more expensive than if they procure generic drugs.

A summary of these issues is provided in Figure 7.3.

Figure 7.3 Summary of Maternal and Child Health Issues in the Study Areas



CHAPTER 8

Sector Analysis: Potable Water Supply

1. Major Programs, Activities, and Projects

1.1 Major Programs, Activities, and Projects in Dumaguete City.

There are three types of potable water systems in the Philippines and all types exist in Dumaguete City. Service delivery of Level I water in Dumaguete City is currently provided by both the public and private sectors. Level II water is supplied by the public sector while Level III water is sourced from the water district.

1.1.1 Dumaguete City Water District (DCWD). The program of providing Level III water in Dumaguete City started in 1977 with the establishment of the DCWD. It is a government-owned and controlled corporation (GOCC) with jurisdiction over the entire city. Its corporate mission is the satisfaction of its concessionaires through efficient and effective quality water supply and service, assured reasonable water rates and enhanced financial viability, and adherence with technological advances and innovations.

Currently, the DCWD has distribution lines in the entire city. It supplies water to about 95% of households, with the rest getting water from Level I and Level II water systems. At present, the district has a staff of 171 employees, of which 93 are permanent and 78 are casual. Of the permanent employees, 11 are in management, 40 are in operations, and 42 are in maintenance and support. Of the total employees, 19 are women of which one is in management and 18 are in operations.

For its source of water, the DCWD operates 15 pumping stations which produce about 25,000 cubic meters of groundwater per day. The DCWD argues that the quality of water from its pumping stations is good and the water is safe for drinking. However, to ensure quality, the district treats water with chlorine. It also periodically collects water sample for analysis at the Silliman University laboratory, the results of which are submitted to the DOH. In general, the

results indicate that the quality of water is good. For instance, in 2006, only 7 out of 209 water samples failed the bacteriological tests.

In 2006, the DCWD had estimated annual operations and maintenance costs of P96.8 million, annual collections of P108.9 million, total capital expenditures in the last five years of P42.6 million, and average capital expenditure per connection per year of P438.35. Of the annual operating and maintenance costs of DCWD, an estimated 60% went to personnel, 22% to power consumption, and 18% to repair and maintenance.

Sources of investment funds of the DCWD were government loans and externally generated sources. The former comprised 60% of the loans while the later contributed 40%. Among the funding generated by the water district over the years were the loan assistance from the LWUA for its Interim Improvement Project (IIP) in 1983 and the loan assistance from the Asian Development Bank (ADB) for its Comprehensive Improvement Project (CIP) in 1994. Currently, the water district pays a monthly amortization of P1.6 million for its outstanding loan from the LWUA through the Development Bank of the Philippines (DBP).

In 2006, the DCWD had 29,419 service connections including 17,591 households, 256 public taps, 1,571 commercial establishments, and 1 consumer classified as others. Households, therefore, formed 59.8% of the customers of the water district. Together with those using public taps, these households consumed approximately 55% of the 9,098,084 cubic meters of chlorinated water produced by DCWD in 2006. Five percent (5%) of the water produced was for commercial use while 39% was unaccounted for (UFW).

Since September 2005, the tariff structure for DCWD has been as follows (**Table 8.1**); a minimum charge of P220 for the first 10 cubic meters or less of water consumption for residential/government users, and from P210 to P240 for various types of semi-commercial and commercial users. A commodity charge is imposed for higher levels of consumption. In particular, P13.50 per cubic meter is charged for residential/government consumption of 11–20 cubic meters. For commercial consumption, the commodity charge is from P23.60 to P27 per cubic meter, depending on the type of commercial establishment. As the volume of consumption increases, the commodity charge imposed also rises. The charges indicate that semi-commercial and commercial users pay more than residential and government users at the same consumption levels. This, therefore, is a socialized pricing scheme where large

commercial users pay more to subsidize the small consuming but numerous households. In addition to the minimum and commodity charges, the price for new connection is P2,870, payable prior to connection although the urban poor are allowed to pay in installment.

Table 8.1 Tariff Structure of Dumaguete City Water District, Effective September 2005

Category	Residential/ Government	Semi- Commercial A	Semi- Commercial B	Semi- Commercial C	Commercial
Minimum charge (First 10 cubic meter or less)	P 120.00	P 210.00	P 160.00	P 150.00	P 240.00
Commodity charge (Consumption in cubic meter)	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter
11-20	13.50	23.60	20.25	16.85	27.00
21-30	16.50	28.85	24.75	20.60	33.00
31-50	20.00	35.00	30.00	25.00	40.00
51-up	24.00	42.00	36.00	30.00	48.00

Source: Dumaguete City Water District.

Notes: Minimum charge is for one-half inch diameter pipe connection and increases up to two-inch connection. Commodity charge is the same regardless of connection size.

In 2008, the DCWD had fixed assets with an estimated value of P120 million, annual gross revenue of P98 million, annual total cost of P89 million, and annual net profit of P9 million. It pays a franchise tax to the Bureau of Internal Revenue (BIR) of 2% of its gross revenue. The water district, therefore, is a positively earning GOCC. Of the price of water that the water district gets from its consumers, approximately 60% goes to operating costs, 20% to maintenance costs, 10% to expansion costs, and 10% to profits.

As of 2005, the planned activities and projects of the DCWD up to 2010 included the following:

- construction of a new administrative building,
- professional advance and physical and spiritual development of its employees,
- replacement of old and dilapidated equipment,
- acquisition of refilling equipment,
- bringing down of non-revenue water by 30%,
- increase in connection by 4,000,
- optimization of water production and minimization of downtime,
- increase in number of four-wheeled vehicles,

- protection of the watershed,
- enhancement of water quality analysis, and
- shortened distances of service lines to concessionaires.

Total cost of all these activities and projects was projected at P54.8 million, 32% of which was funded by a loan from LWUA and 68% was financed by funds from water district operations.

There have reportedly been efforts to take wastewater management away from the city government and place it into the hands of the DCWD. If plans materialize, the cost of wastewater management will be added by the water district to the price of water that the consumer currently pays. To some city residents, this is a welcome development since wastewater management will be given enough attention when it becomes a specific function of the water district. They argue that at present wastewater management is not adequately addressed as it is just one of the many functions of the city government. Some district water users, on the other hand, are apprehensive of the potentially large increase in water charges.

1.1.2 Pumpwell Section, City Engineer's Office. Providing Level I and Level II public water to Dumaguete City, particularly to the poor who cannot afford Level III water, has been one of the numerous programs of the city government. At present, the City Engineer's Office is tasked to construct and maintain Level I and Level II public water systems in the city. As of 2007, the city has 89 Level I public water systems servicing 515 households and only 2 Level II public water systems serving 80 households.

Organizationally, the City Engineer's Office is headed by the City Engineer who supervises several sections, including the Pumpwell Section which is in-charge of the public water systems. The Pumpwell Section is composed of the maintenance engineer and 5 plumbers under. All these personnel are males. The Pumpwell Section has jurisdiction over the entire Dumaguete City, except the Poblacion which already has 100% water district connection. The section is specifically tasked to concentrate on areas with no capability of getting water connection.

The budget of the Pumpwell Section for its operations is limited and comes from different sources. In 2008, the section got P11,000 quarterly or P44,000 annually from the general

funds of the city government for the repair and maintenance of existing public water systems. It also received P25,000 from the City Planning and Development Office (CPDO) as counterpart funding for the purchase of casings and other materials for replacement of water pump parts. Because the city is now generally covered by the water district, the city government no longer gives high priority to the installation of public water systems. Hence, the activities and projects of the Pumpwell Section usually deal only with the repair and maintenance of existing public pumps.

1.1.3 Household self-providers. Some households self-provide for Level I water. Actual installation in the households of Level I water systems is usually done by private business establishments and individual contractors. As of 2007, there were 140 private Level I water systems serving 148 self-providing households in the city.

1.1.4 Bottled water and refilled water producers. In addition to Levels I, II, and III water, processed water in the forms of bottled water and refilled water are available in Dumaguete City. The number of bottled-water producers is undetermined but it is gradually increasing. In 2007, there were 20 water refilling stations. In some cases, bottled water producers operate refilling stations and vice versa. Retailing of bottled water is done by numerous commercial, entertainment, and similar establishments, among others.

One reason why the sale of bottled water and refilled water is relatively greater in Dumaguete City than in other areas of Negros Oriental is its large tourist and educated population. They prefer or demand bottled and refilled waters because they are unsure of other local potable water sources. The tourists in particular also have a higher ability to pay for processed water compared to other population groups.

Programs, activities, and projects of producers of bottled and refilled waters in Dumaguete City vary. Because of increasing competition, some producers actively develop a distinctive brand name for their product in order to capture a niche market. Others invest in business expansion to get a larger share of the market. Still others develop tie-up with restaurants, hotels, and similar large water consumers for exclusive delivery of processed water.

1.1.5 City Planning and Development Office (CPDO). The general function of the CPDO is to plan the socioeconomic development of Dumaguete City. Aside from the counterpart funds it gives to the Pumpwell Section, it plays some functions related to potable water management. It monitors and regulates large-scale underground water extraction. For such type of extraction, the proponent is required, among others, to get a permit from the city government through the CPDO. Another function of the office is to maintain a database on water extraction.

1.2 Major Programs, Activities, and Projects in Agusan del Sur

As in Dumaguete City, Levels I, II, and III water systems exist in Agusan del Sur. The water service providers are also similar. Service delivery of Level I water is done by both the public and private sectors. Level II water is provided by the public sector while Level III water is delivered by the water districts and other similar public water service providers.

1.2.1 Water and Sanitation (Watsan) Center. At present, the task of providing Level I and Level II public water systems in Agusan del Sur falls on the Watsan Center, an office under the provincial government. The Watsan Center was created in 1998 first under the Provincial Planning and Development Office (PPDO) and later under the Office of the Provincial Engineer. Its functions include

- prioritization and implementation of water and sanitation projects in the province,
- maintenance of a databank on water and sanitation,
- identification of funding sources for water supply and sanitation projects,
- setting up of the institutional development component of water supply projects through trainings and seminars, and
- sustained monitoring of the barangay water and sanitation associations (BWASAs).

The Watsan Center is headed by a chief engineer. It has 16 employees—6 regulars and 10 casuals—of which 1 is in management, 6 are in operations, and 9 are in maintenance and support. There are three women in the staff who work as administrative support. The center's budget was approximately P1.5 million in 2007 and P2 million in 2008.

Activities and projects of the Watsan Center in 2007 and 2008 included construction, installation, and rehabilitation of water facilities in some municipalities (**Table 8.2**). Most of these facilities were shallow wells, 4 of which were constructed in 2007 and 22 in 2008.

Table 8.2 Construction, Installation, and Rehabilitation of Water Facilities by the Watsan Center, Agusan del Sur, by Municipality, 2007–2008

Municipalities	Improved Dug Well		Shallow Well		Deep Well		Deep Well Rehabilitation		Spring Development		Spring Devt. Rehabilitation		Iron Manganese Removal Facility	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Sibagat				1				1		1				
Bayugan				7										
Prosperidad	3			7									1	
Sta. Josefa				5										
Veruela												1		
Talacoqon				1										
San Luis			1							1				
Esperanza	2		2	1	1									
San Francisco	2		1				2							
Total	7		4	22	1		2	1		2		1	1	

Source: Watsan Center, Agusan del Sur.

At least one NGO was involved in the provision of potable water in Agusan del Sur. With funding from the Philippine-Canada Local Government Program (LGSP), the Philippine Center for Water and Sanitation (PCWS) helped the Watsan Center, the other LGUs, and the local communities build their institutional capacity in potable water management and provision (ADB 2006). In one particular project, the PCWS helped provide a potable water system to each household in Barangay Dona Flavia in San Luis municipality by helping organize the Dona Flavia Water Supply and Sanitation Organization and by providing seminars and trainings in the community.

In 2008, the provincial government also started the Tubig Imnonon Natong Agusanon (TINA) Project which produced portable bio-sand filters used in providing safe water to households. These bio-sand filters were sold to the public at subsidized prices to attract wide usage, particularly among the poor who have no access to safe water. In 2008, the provincial government spent P2.4 million for project implementation. The project is now ongoing. It has already provided 50 portable bio-sand filters to individual households.

There have been efforts to establish Watsan units at the municipal level in Agusan del Sur. So far, only two municipal Watsan units are operating, one each in the municipalities of San Luis and Esperanza. Lack of funding and low prioritization by the municipal governments may be among the reasons for non-establishment of Watsan units in many municipalities.

1.2.2 Barangay Water and Sanitation Associations (BWASAs). The formation of BWASAs was mandated by R.A. 6176 in 1989. The main purpose of the law was the construction of water facilities (including water wells and rainwater collectors), development of springs, and rehabilitation of existing water wells in all barangays in the country. BWASAs were created for administering, operating, and maintaining the water facilities.

A typical BWASA in Agusan del Sur is composed of a Board of Directors with a chairman, a vice-chairman, and six members. Under them are the secretary, treasurer, and auditor. A BWASA also has a bookkeeper and a caretaker as support staff. Its primary sources of funds are the membership fee, cash contributions, penalties, and water user fees. Secondary fund sources are the barangay, municipal, and provincial governments, and the NGOs.

The BWASAs in Agusan del Sur collect water-user fees generally for system construction, operation, maintenance and repair, and improvement and expansion. Generally, a single formula is followed in the computation of the monthly water tariff of BWASAs. However, the final monthly water tariff arrived at is also approved by the officers and membership of the BWASAs before it can be implemented. The formula is as follows:

Average Water Tariff (AWT) = $\frac{\text{Operation and Maintenance Cost (OMC)} + \text{Annual Depreciation Cost (ADC)}}{\text{Number of Households Served}}$

where ADC = $\frac{\text{Total Project Cost (TPC)}}{\text{Design Life (Years)}}$.

The monthly water tariff for individual member households is then computed as:

Monthly Water Tariff (MWT) = $\text{AWT} + 35\% (\text{AWT})$

The 35% in the formula is the allotment for improvement and expansion of facilities and equipment.

Since 1999, 179 BWASAs have been organized by the Watsan Center in 14 municipalities in Agusan del Sur (**Table 8.3**). There are more BWASAs in Prosperidad, Bayugan, and San Francisco than in Esperanza and Talacogon. At present, however, only a limited number of

BWASAs are fully functioning. The reasons for this include (i) organizational conflicts among and between officers and members, (ii) lack of repair and maintenance resulting in dilapidated facilities and equipment, (iii) non-payment or low payment of dues and water charges by members, and (iv) poor leadership and management skills of officers, among others.

Table 8.3 Number and Percentage of BWASAs in Agusan del Sur Since 1999, by Municipality

Municipality	Number	%
Sibagat	17	9
Bayugan	21	12
Prosperidad	34	19
San Francisco	21	12
Rosario	11	6
Bunawan	10	6
Trento	14	8
Sta. Josefa	10	6
Veruela	10	6
Loreto	7	4
La Paz	8	4
Talacogon	6	3
San Luis	7	4
Esperanza	3	2
Total	179	100

Source: Watsan Center, Agusan del Sur.

One of the fully functioning BWASAs is in Barangay Awa in Prosperidad. It has 14 officers and 106 members while more than half of the members are women. Its coverage area comprises Puroks 1, 4, and 5, which have a total population of 120 households. Not all the households in the three puroks are members of BWASA. Some households have other options for sourcing potable water.

Key informants say that the functioning BWASAs have contributed a lot in providing them potable water. They say that BWASAs should be strongly supported by the government since they may be the only viable organized means of providing water in some areas.

1.2.3 Patin-ay Waterworks System (PWS). The provincial government of Agusan del Sur operates a waterworks system in Barangay Patin-ay, municipality of Prosperidad. The PWS is

an income-generating enterprise, Aside from providing potable water in Patin-ay, it also prides potable water to the provincial government complex located in the barangay. The PWS mostly provides Level III water, but it also has Level I and Level II water systems. Its facilities include a reservoir, artesian wells, and pumping stations. In 2007, the PWS generated an income of P1.89 million.

The PWS imposes a minimum charge of P43.60 for residential and government consumers, and higher rates for commercial and industrial users, for the first 10 cubic meters or less of water (**Table 8.4**). Additional charge is imposed every other 10 cubic meters, with the commercial consumers paying about the same as the industrial consumers, which pay twice the amount paid by households. The water tariff structure, therefore, is socialized, that is, residential and government users are subsidized by commercial and industrial consumers.

Table 8.4 Tariff Structure of the Patin-ay Waterworks System, 2009

Category	Residential	Commercial	Industrial
Minimum charge (First 10 cubic meters)	P43.60	P87.15	P139.40
Commodity charge (consumption in cubic meters)	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter
11–20	7.25	7.50	7.50
21–25	7.55	9.65	9.55
26 & up	7.85	10.90	10.90

Source: Patin-ay Waterworks System.

1.2.4 Household self-providers. There is an undetermined number of households in Agusan del Sur that provide for their own supply of potable water. Generally, these households have Level I water systems, particularly shallow wells. Some households in the upland areas do not have a water system. They source their potable water from dug wells, rivers and other natural water bodies, rainwater, and similar sources.

1.2.5 Bottled-water and refilled-water producers. Although their exact number is not known at present, bottled-water and refilled-water producers are few and exist only in select municipalities in Agusan del Sur. Only a small portion of the population drinks bottled water or refilled water due to high prices. However, usage is increasing gradually, particularly among higher income groups. Some commercial establishments retail bottled water.

Because of limited market, the activities and projects of bottled-water and refilled-water producers in Agusan del Sur are also constrained. Some producers try to expand their operation with limited success. Others simply operate at their present rate in hope of keeping their markets. Those who try to develop new markets are hard pressed because of the dominance of the poor who cannot afford to buy bottled and refilled waters.

1.3 Major Programs, Activities, and Projects in Bayugan

1.3.1 Bayugan Water District (BWD). The BWD provides Level III water in the municipality of Bayugan. This WD, which is also a GOCC, started operating in 2001. Its jurisdiction is the entire municipality. It has 24 employees, of which 4 are in the office of the general manager, 7 in the administrative/finance division, 3 in the commercial division, and 10 in the engineering division. Seven of the employees are women.

Although it covers the entire municipality, the BWD services only 9 out of the 43 barangays. Most of the serviced barangays are along the national highway. As of 2008, the water district provided water to 2,325 households, which formed 13.6% of the total households in the municipality. In terms of financing, the BWD received a loan of P63 million from the LWUA for its establishment and operations. Currently, the water district has fixed assets amounting to P78 million. In 2008, it had an estimated annual total revenue of P15 million, annual total cost of P18 million, and annual net loss of P3 million. So far, therefore, the BWD is a losing GOCC.

Sources of water of the BWD are the natural springs located in a 3,201-hectare watershed in Barangay Pinagalaan, about 6 kilometers from the poblacion. During dry season when spring water is at low level, the BWD pumps water through its pumping station in Barangay Noli, which is about the same distance from the poblacion as Pinagalaan but on the opposite side of the municipality. For water treatment, the BWD applies chlorination. It also undertakes on-field testing twice a year for quality of the spring water from the watershed.

Consumers of the BWD comprise an estimated 80% of households. The rest are commercial and industrial establishments, the municipal government, and the barangays. Estimated monthly consumption of water is 16 cubic meters for each household, 20–45 cubic meters for each commercial or industrial establishment, 145 cubic meters for the municipal government,

and 19 cubic meters for each barangay. An estimated 20% of water produced by the BWD is non-revenue water.

The tariff structure of the BWD for 2009 shows a minimum charge of P204.80 for residential and government consumers and higher rates for different types of commercial and industrial consumers for the first 10 cubic meters or less of water (**Table 8.5**). After that, all types of consumers pay more as their use of water increases every 10 cubic meters, with commercial consumers paying less than twice, and the industrial consumers about twice, that paid by residential and government consumers. The tariff structure, therefore, is another socialized pricing scheme where residential and government users are subsidized by commercial and industrial users.

Table 8.5 Tariff Structure of the Bayugan Water District, 2009

Category	Residential/ Government	Commercial A	Commercial B	Commercial C	Commercial (Industrial)
Minimum Charge (First 10 cubic meter or less)	P 204.80	P 358.40	P 307.20	P 256.00	P 409.60
Commodity Charge (Consumption in cubic meter)	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter	Pesos/cubic meter
11-20	22.40	39.20	33.60	28.00	44.80
21-30	24.95	43.65	37.40	31.15	49.90
31-40	28.15	49.25	42.20	35.15	56.30
41-up	32.00	56.00	48.00	40.00	64.00

Source: BWD

The determining of the tariff structure of the BWD, however, is different from that of other water districts, for which the LWUA directly sets the tariff structure without consulting the consuming public. The LWUA sets the specific tariff structure purposely for the water district to be able to pay its loan. In addition to the tariff structure, consumers pay a one-time connection fee of P2,500. Furthermore, consumers are also made to pay a penalty fee of 10% of the water bill in the event of unreasonable delay in payment.

1.3.2 Municipal Mayor's Office of Bayugan. The Municipal Mayor's Office of Bayugan is the one providing Level I and Level II water systems to the public at present. In this set-up, a sitio (sub-village) for instance may petition the barangay government for a shallow well. The

barangay in turn requests the Mayor's Office for the provision of one. Once the Mayor's Office approves the request, it purchases the equipment for the shallow well and directly gives it to the barangay which, together with the sitio officials, sets up the well. There are cases when the equipment for a water system, after purchase by the Mayor's Office, is given to the Watsan Center of Agusan del Sur, which in turn provides it to the barangay. In 2008, the Mayor's Office of Bayugan provided 15 shallow wells to the different puroks of barangay Taglatawan.

1.4 Major Programs, Activities, and Projects in Prosperidad

1.4.1 Prosperidad Water District (PWD). The PWD supplies Level III water to the municipality of Prosperidad. It was founded in 1977 and is a GOCC like the other WDs cited earlier. It covers the entire municipality. It has 12 personnel—1 in management, 3 in operations, and 8 in maintenance and support. Of the staff, 4 are women—3 of them in operations and 1 in maintenance and support. At present, the PWD operates only in 7 of the 32 barangays of the municipality, including the poblacion and its nearby barangays. It has connection to about 17% of households in the municipality.

A loan from the LWUA financed the overall establishment and the purchase of equipment of the PWD. In recent years, the PWD also received short and soft loans from the municipal government as equity for the loan from the LWUA. The sources of water of the PWD are the springs located in watershed areas around the municipality. The PWD uses chlorination for water treatment. Approximately 48% the water produced by the PWD is non-revenue water.

In the current tariff structure of the PWD, a minimum charge of P171 is imposed for residential and government consumers and P342 for commercial consumers for the first 10 cubic meters or less of water coursed through 0.5-inch diameter pipes. Thereafter, all consumers pay more as their rate of water use increases every 10 cubic meters, with the commercial consumers paying about twice that paid by residential and government consumers (**Table 8.6**). The tariff structure, therefore, is socialized like those in other water districts. The process of determining the tariff structure is similar to the DCWD in Dumaguete City where public hearing is done before deciding on the final tariff structure. It is worth noting that the tariff rates of the PWD are lower than those of the BWD.

Table 8.6 Tariff Structure of the Prosperidad Water District, 2009

Category	Residential/ Government (½" Pipe)	Commercial (½" Pipe)
Minimum Charge (First 10 cubic meter or less)	P 171.00	P 342.00
Commodity Charge (Consumption in cubic meter)	Peso/cubic meter	Peso/cubic meter
11–20	18.25	36.50
21–30	21.75	43.50
31–40	25.90	51.80
41–up	30.40	60.80

Source: Prosperidad Water District.

On average, household consumers of the PWD use 19 cubic meters of water monthly. The municipal government consumes an average of 100 cubic meters monthly while the barangay government uses 10 cubic meters per month. The PWD services an estimated 81% of all the households in its area of operation.

In recent years, total income of the PWD amounted to P6 million per year. Of this, 45% was used for operations, 45% for repair and maintenance, 7% for expansion, 11% for other costs, and 10% for profits. The water district also pays a corporate franchise tax of 2% of gross income, or P120,000 per year to the BIR.

1.4.2 Municipal Government of Prosperidad. Currently, the municipal government of Prosperidad does not have a separate program for the provision of potable water in the municipality. Instead it provides short and soft loans to the PWD, as earlier mentioned. In 2008, it contributed P300,000 as counterpart fund to the PWS for the establishment of Level I water systems in Barangay Patin-ay.

1.5 Major Programs, Activities, and Projects in Sibagat

1.5.1 Waterworks System of Sibagat. The municipality of Sibagat does not have a water district for water service delivery. Instead it has a Waterworks System which is under the Economic Enterprises of the municipal government. The Economic Enterprises is an office in

charge of the maintenance and construction of projects that generate income for the municipal government, one of which is the Waterworks System.

The function of the Waterworks System of Sibagat is the operation, maintenance, and overall management of the income-earning water services provided by the municipal government. Added tasks are assisting the BWASAs in the repair and maintenance of their water facilities, addressing their organizational problems and other related concerns, and ensuring the overall sustainability of these organizations. At the provincial level, the Waterworks System is supervised by the Watsan Center.

The Waterworks System of Sibagat has 5 employees—1 supervisor, 1 plumber, 1 meter reader, 1 administrative support, and the head of the Economic Enterprises who serves as the general manager of the Waterworks System. One of the staff is a woman who is in administrative support. The source of funding of the Waterworks System is the municipal government and the revenues from its water services operations.

At present, the facilities of the Waterworks System include shallow wells, deep wells, and spring boxes. Some of the spring boxes are connected to pipes that channel faucet water to households, hence making them Level III water systems. The Waterworks System currently operates 4 Level III water system units serving 1,205 households. The current pricing scheme for households using water meter is P80 for the first 10 cubic meters and P7 per cubic meter thereafter.



Level II Water System in Barangay Afga, Sibagat. Residents get their potable water through a pipeline connected to a communal water point (spring box). This is Barangay Afga's only potable water system. Photo by: Leilani Bolong.



The spring box (communal water point) where the water pipes are connected. Barangay residents also get water from this source for their other household needs.

The Statement of Income and Expenditures of the Waterworks System of Sibagat shows that it has an increasing proceeds from water bill collection from 2003 to 2007 (**Table 8.7**). It also received government subsidy in 2003 and 2004 but none thereafter. Total income increased from 2003 to 2004, decreased in 2005, and increased again in 2007. Total income in 2007 was significantly much higher than those in previous years. Total expenditures rose from 2003 to 2004, fell in 2005, and increased again in 2006 and 2007. Expenditures in 2007

included an item for capital outlay. Net income fell from 2003 to 2005 and was zero in 2006 and 2007.

Table 8.7 Statements of Income and Expenditures, Waterworks System of Sibagat, 2003–2007

Particulars	2003	2004	2005	2006	2007
Proceeds from Water Bill Collection	43,000.00	65,000.00	158,156.29	180,000.00	565,000.00
Government Subsidy	130,000.00	135,000.00			
Total Income	173,000.00	200,000.00	158,156.29	180,000.00	565,000
Operating Expenditures:					
Personal Services	26,665.76		47,000.00	55,000	165,720.52
Maintenance & Other Operating Expenses	38,680.91	135,000.00	61,944.00	116,000.00	217,029.48
Capital Outlay	-	-	-	-	154,000.00
5% Calamity Reserve	-		7,500.00	9,000.00	28,250.00
Total Operating Expenditures	65,346.67	135,000.00	116,444.00	180,000.00	565,000.00
Net Income	107,653.33	65,000.00	41,712.29	0	0

Source: Municipal Government, Sibagat (various years).

2. Sector Performance

2.1 Sector Performance in Dumaguete City

In 2007, of the Level I water systems in Dumaguete City, 89 were public jetmatics/pitchers, 140 were private jetmatics/pitchers, and 3 were improved springs. (Jetmatics are shallow wells about 10–25 feet deep while pitchers are shallow wells up to 10 feet deep.) These comprised 38%, 60%, and 2%, respectively, of the total 232 Level I water systems (**Table 8.8**). There were only 2 Level II water systems in the city. The lone Level III water system was operated by the DCWD. In addition to the three levels of water systems, there were 20 water refilling stations in the city, as earlier mentioned.

Table 8.8 Water Systems and Households Served in Dumaguete City, 2007

NO.	BARANGAY	HH	LEVEL I								LEVEL II		LEVEL III		Refilling Station	
			Jetmatic/Pitcher				Artesian Wells		Improved Spring							
			Public		Private											
			No.	HH	No.	HH	No.	HH	No.	HH	No.	HH	No.	HH	No.	HH
1	Bagacay	994	10	70	5	5								919	2	
2	Bajumpandan	743	15	60	10	10								673		
3	Balugo	505	2	10	0	0			1	10				485		
4	Banilad	1,240	10	50	50	50			2	20	1	50		1,070		
5	Bantayan	916	3	15	11	11								890		
6	Batinguel	1,005	4	30	9	9								966		
7	Buñao	449	10	50	10	10								389		
8	Cadawinonan	595	0	0	5	5								590		
9	Calindagan	1,697	5	30	10	10								1,657	2	
10	Camanjac	521	4	40	0	0								481	1	
11	Candau-ay	824	0	0	2	10					1	30		784		
12	Cantil-e	432	0	0	0	0								432		
13	Daro	923	0	0	1	1								922	4	
14	Junob	826	10	80	5	5								741		
15	Lo-oc	1,019	4	20	7	7								992	1	
16	Mangnao	677	3	15	4	4								658	2	
17	Motong	364	4	20	4	4								340		
18	Piapi	1,239	4	20	7	7								1,212	2	
19	Poblacion	1,833	0	0	0	0								1,833	3	
20	Pulantubig	500	0	0	0	0								500	2	
21	Tabuc-tubig	373	0	0	0	0								373		
22	Taclobo	1,641	1	5	0	0								1,636	1	
23	Talay	696	0	0	0	0								696		
	T O T A L	20,012	89	515	140	148	0	0	3	30	2	80	0	19,239	20	

Source: Provincial Planning and Development Office (PPDO), Negros Oriental.

In terms of number, Level I water systems comprise about 99% of the water systems in Dumaguete City. However, in terms of households served, the lone DCWD Level III water system dominates, serving 19,239 households, which are approximately 96% of the total households served by water systems in the city. Level I water systems serve about 3% of the households while Level II water systems serve about 1%.

Total population of Dumaguete City in 2007 was 116,392, but the actual number of households is not known (CPDO, Dumaguete City 2008). Therefore, the rate of access to safe drinking water by households cannot be computed exactly. Given the data on number of households over time of the city, however, it can be safely assumed that the rate of access to safe drinking water (that is, access to Levels I, II, and III water) was higher than 90% in 2007. This figure is well within the target range of the Philippine government, which is 92%–96% access to safe water supply by 2010 (NEDA 2004). The figure is also way above the MDG target of 86.8% population access to safe drinking water by 2015 (NEDA-UNDP 2007).

2.2 Sector Performance in Agusan del Sur

As of 1997, there were 747 Level I water systems, 281 Level II water systems, and 105 Level III water systems serving a total of 83,194 households (or about 77% of total) in Agusan del Sur (**Table 8.9**). The municipality of Sibagat had the most number of Level I and Level II water systems while the municipality of Trento had the most number of Level III water systems. In addition to the three types of water systems, the province also had 1,144 doubtful water systems (such as dug wells and rainwater) serving 27,706 households or 25% of total provincial population (Provincial Health Office, Agusan del Sur 2008).

Table 8.9 Water Systems and Households Served in Agusan del Sur, 2007

No.	Municipality	No. of HHS	LEVEL I			LEVEL II			Level III		
			No.	HHS Served	%	No.	HHS Served	%	No.	HHS Served	%
1	Sibagat	5,289	182	2,370	45	87	1,219	23	4	1,205	4
2	Bayugan	17,012	-	9,945	58	-	3,818	22	-	2,323	14
3	Prosperidad	13,064	78	3,329	25	23	4,312	33	2	1,042	8
4	San Francisco	11,781	-	1,646	5	-	4,014	34	-	4,493	38
5	Rosario	5,255	3	288	5	6	1,328	25	5	2,431	46
6	Bunawan	6,030	42	1,289	21	26	2,291	38	3	1,705	28
7	Trento	8,648	115	4,336	50	13	1,252	14	74	1,117	13
8	Sta. Josefa	4,311	110	2,131	49	9	797	18	9	961	15
9	Veruela	6,113	4	271	4	9	2,370	39	-	-	0
10	Loreto	7,280	41	1,720	24	7	852	12	-	-	0
11	La Paz	4,128	6	516	13	7	1,371	33	-	-	0
12	Talacogon	5,531	107	2,792	50	10	1,364	7	3	1,105	2
13	Esperanza	8,424	-	4,626	55	-	2,184	26	-	865	10
14	San Luis	5,039	59	1,722	34	84	1,276	25	5	518	10
	Total	107,905	747	36,981		281	28,448		105	17,765	

Note: There are no data on the number of some levels of water systems from some municipalities particularly Bayugan, San Francisco, and Esperanza.

Source: Provincial Health Office, Agusan del Sur (2008).

The Community-Based Monitoring System (CBMS) Survey done by the Provincial Planning and Development Office (PPDO) of Agusan del Sur in 2005 indicated that 32.03% of the number of households in the province had no access to safe water (**Table 8.10**). In terms of municipality, the percentage was highest in La Paz (59.54%) and lowest in Rosario (14.37%). Two of the municipalities had more than 50% of their households without access to safe water while the rest had less than 50% without access to safe water.

The rate of access to safe water of 67.97% (the reverse of 32.03% of households with no access to safe water) in Agusan del Sur is way below the Philippine government target of 92%–96% in 2010 and the MDG target of 86.8% in 2015. Much therefore needs to be done in the delivery of safe drinking water in Agusan del Sur to attain the national government and MDG goals.

2.3 Sector Performance in Bayugan

In 2007, Bayugan had 17,012 households, of which 9,945 households or 58% were serviced by Level I water systems, 3,818 households or 22% by Level II water systems, and 2,323 households or 14% by Level III water systems (**Table 9**). According to the CBMS survey, 16.81% of the households in Bayugan had no access to safe water in 2005 (**Table 10**).

The rate of access safe to safe water of 83.19 percent in Bayugan is better than the 67.97 percent in Agusan del Sur and is closer but still below the government target of 92-96 percent in 2010 and the MDG target of 86.8 percent in 2015. Therefore, additional efforts also need to be exerted in water service delivery in the municipality in the coming years.

2.4 Sector Performance in Prosperidad

In 2007, Prosperidad had 13,064 households, of which 3,329 households or 25% were serviced by 78 units of Level I water systems, 4,312 households or 33% by 23 units of Level II water systems, and 1,042 households or 8% by 2 units of Level 3 water systems (**Table 8.9**). Therefore, 66% of all households in the municipality were serviced by Levels I, II, and III water systems. According to the CBMS, in 2005, of the households in Prosperidad, 37.97% had no access to safe drinking water (**Table 8.10**).

Table 8.10 Households in Agusan del Sur with No Access to Safe Water, 2005

Municipality	Number of Households	Number of Households Without Access to Safe Water	% of Number of Households Without Access to Safe Water
La Paz	4,128	2,458	59.54
Loreto	5,836	2,892	49.55
San Luis	5,202	1,931	37.12
Veruela	6,455	3,046	47.19
Sibagat	5,540	2,520	45.49
Talacogon	5,690	2,880	50.62
Esperanza	8,568	1,762	20.56
Prosperidad	14,102	5,354	37.97
Bunawan	5,533	2,179	39.38
Sta. Josefa	4,178	1,502	35.95
Trento	8,289	2,562	30.91
Rosario	5,878	839	14.27
Bayugan	18,348	3,085	16.81
San Francisco	11,376	1,949	17.13
Total	109,123	34,956	32.03

Note: Safe water includes those coming from Level 3 and Level 2 water systems as well as those coming from level 1 water systems particularly community water systems, deep wells and artesian wells whether own use or shared with other households. Safe water also includes bottled water.

Source: PPDO Agusan del Sur (2005).

The rate of access to safe water (62.03%) in Prosperidad is lower than the 67.97% in Agusan del Sur and way below the Philippine government and MDG targets. Thus, even more efforts in water service delivery must be taken in the municipality to achieve the national government and MDG targets.

2.5 Sector Performance in Sibagat

In 2007, Sibagat had 5,289 households, of which 2,370 households or 45% were serviced by 182 units of Level I water systems, 1,219 households or 23% by 87 units of Level II water systems, and 1,205 households or 23% by 4 units of Level III water systems (**Table 8.9**). Therefore, 91% of all households in the municipality were serviced by Levels I, II, and III water systems.

According to the CBMS, however, of the households in Sibagat, 45.49% had no access to safe drinking water in 2005 (**Table 8.10**). The very significant difference between the percentage of households served by water systems (91%) and the rate of access to safe water (54.51%) suggests that at least some water systems in Sibagat do not produce water that is safe to drink.

The 54.51% rate of access to safe water in Sibagat is the lowest compared to Bayugan and Prosperidad, and in Agusan del Sur as a whole. Therefore, maximum effort must be exerted in the municipality to improve its water service delivery.



Water Reservoir in Brgy. Afga, Sibagat. Photo: Ida Marie Pantig

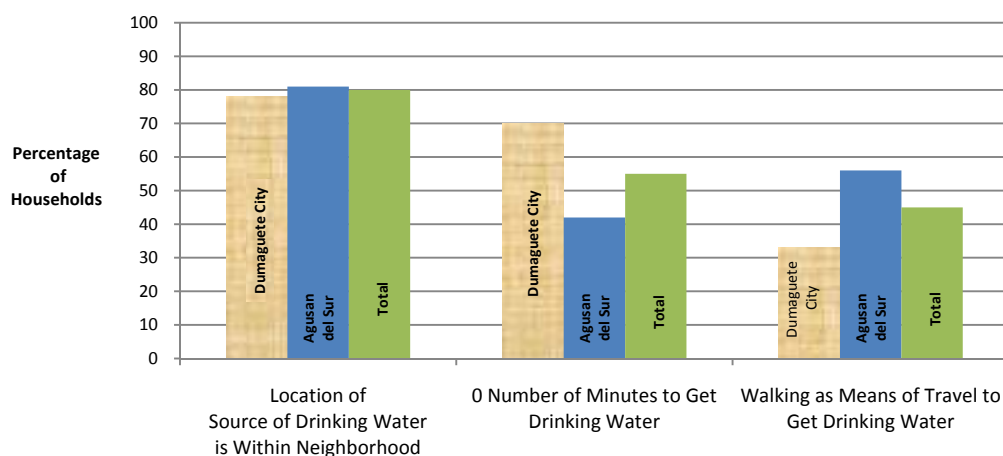
2.6 Other Indicators of Sectoral Performance

The survey of 158 households in Dumaguete City and of 183 households in Agusan del Sur in October 2008 generated interesting findings about the sectoral performance of local water service delivery, some of which are as follows:

- The majority of the surveyed households had their primary source of drinking water located within their neighborhood. Many also took zero time in getting drinking water and just walked to get it (**Figure 8.1**). Since most households got their drinking water from Levels I, II, and III water systems, this result suggests that the local water service delivery sector in Dumaguete City and Agusan del Sur have performed positively. The figure further indicates that the performance in Dumaguete City is better than in Agusan del Sur.

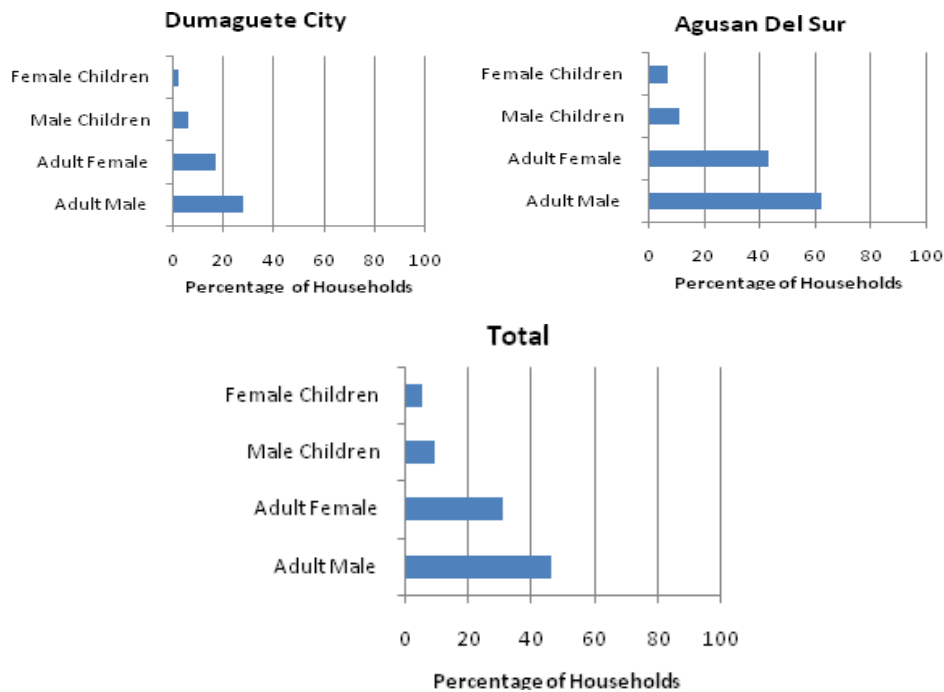
- Although adult males are mainly in charge of getting drinking water from the primary source, adult females are also involved, and male and female children to a lesser degree (**Figure 8.2**). This shows that there are gender and age dimensions in local water service delivery. It suggests a positive performance of the local water service delivery sector; it made physically possible for women and children to access drinking water. The figure further shows that more women and children are involved in getting drinking water in Agusan del Sur than in Dumaguete City.
- Only a minority of households treated their drinking water. Of those who did, most used boiling as form of treatment (**Figure 8.3**). This suggests that potable water from local water service providers are considered drinkable and of good quality by users even without further treatment. The figure also indicates that more households in Agusan del Sur than in Dumaguete City do not treat their drinking water.
- More households are willing to pay an additional amount for the improvement of their drinking water, although some are not willing (**Figure 8.4**). Of those who are willing, most will pay an additional maximum amount of P1 or less per liter of water. This means that households are willing to pay for improvement but only with little additional money. The figure also shows that more households in Dumaguete City than in Agusan del Sur are not willing to pay or willing to pay but only for less.

Figure 8.1 Percentage of Households and their Means and Time Required to Access Primary Drinking Water, Dumaguete City and Agusan del Sur, 2008*



Source: Local Service Delivery Household Survey, 2009.

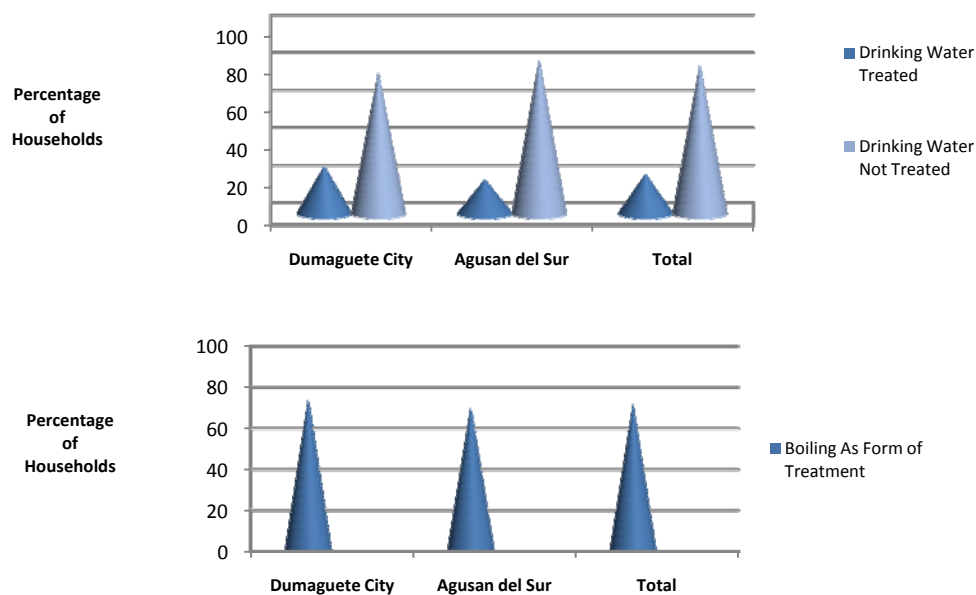
Figure 8.2 Percentage of Households Members Who Get Drinking Water From Primary Source, By Gender, in Dumaguete City and Agusan del Sur, 2008



Source: Local Service Delivery Household Survey, 2009.

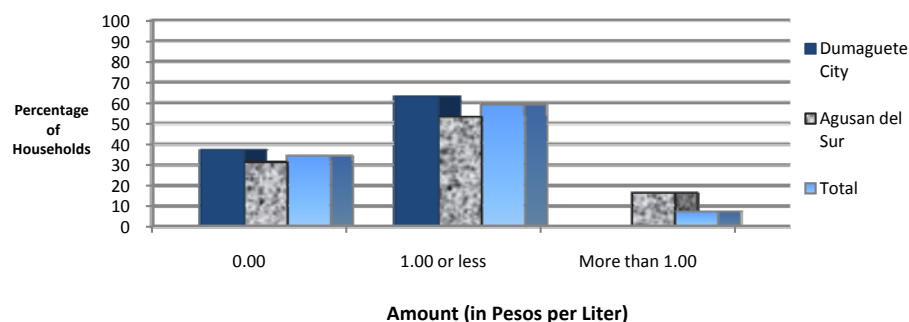
Note: Sums of percentages may total more than 100% because of multiple responses of respondents.

Figure 8.3 Percentage of Households Who Treated Their Drinking Water and Who Used Boiling as Form of Treatment in Dumaguete City and Agusan del Sur, 2008



Source: LSD Household Survey, 2009

Figure 8.4 Percentage of Households Willing to Pay for the Improvement of Drinking Water in Dumaguete City and Agusan del Sur, 2008



Source: LSD Household Survey, 2009

Focus group discussions (FGDs) with selected households, and interviews with key informants also generated interesting insights related to the performance of the local water service delivery sector in Dumaguete City and Agusan del Sur, some of which are as follows:

- Households with private connection to a water district (1) think that the connection costs and tariff charges are affordable given their income, (2) believe that water from the water district is of better quality compared to water from other sources, and (3) think that water from the water district is more accessible compared to water from other sources.
- Households without private connection to a water district even if a water district operates in their community (1) cannot afford the cost of connection and tariff rates, (2) have present sources of potable water which are free of charge or accessible at low rates, and (3) think that the quality of water from their current sources are similar or better compared to that from the water district.
- Households that do not use water from public wells even if it is accessible to them (1) believe that water from public wells are of low quality, (2) think that there are time and effort costs in accessing water from public wells than from a private connection, and (3) want to avoid competition for access to public wells during morning and in times of immediate need.

- Households that do not drink bottled water and refilled water even if these are accessible think that (1) the price of the water is high given their income, and (2) they can get potable water elsewhere for free or at a low charge.

These results show that the high price of water, comparable quality of water, and difficult access to water are the overriding factors why households do not choose a specific type of potable water source. Local water providers should consider these factors in improving their performance.

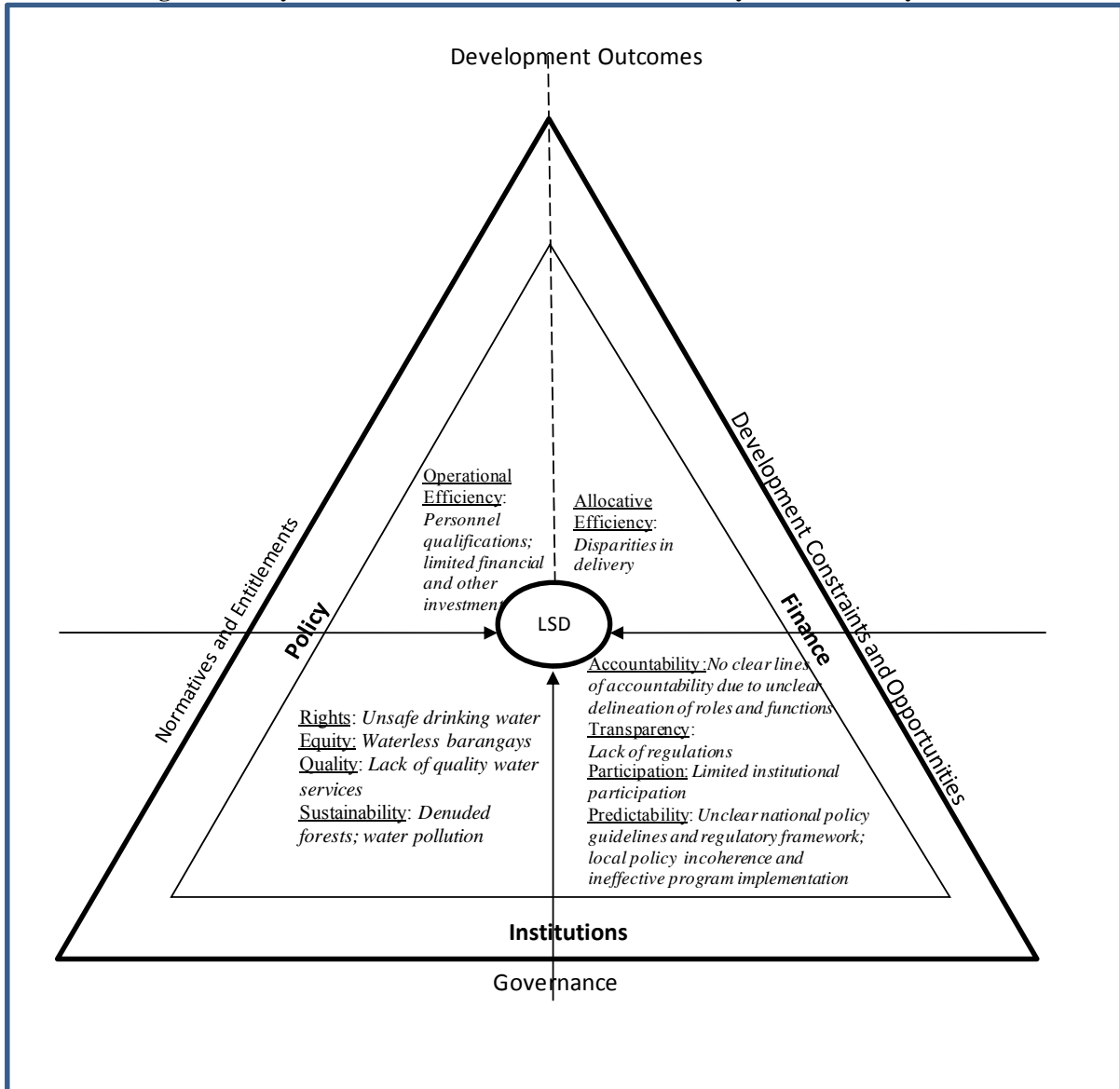
3. Key Issues and Challenges

The identified key issues facing the local water service delivery sector as a whole and the water service providers based on the case studies for Dumaguete City and Agusan del Sur are the following (also see **Figure 8.5**):

3.1 Key Issues Facing the Sector

- Denuded watersheds and water pollution that endanger both surface and underground water sources,
- Disparities in water service delivery between different municipalities and barangays,
- Existence of waterless rural barangays and areas that have no local water service delivery,
- Low levels of financial and related investments in local water service delivery systems,
- Low levels of qualification of personnel working in local water service delivery,
- Lack of integrated planning and ineffective implementation by local water service delivery institutions,
- Lack of government regulations particularly on small-scale groundwater extraction by the private sector, and
- Limited participation of public and private sector institutions in local water service delivery.

Figure 8.5 Key Issues in the Local Water Service Delivery Sector in Study Areas



3.2 Key Issues Facing Water Districts

- From the perspective of the poor, high rates of water connection and water tariffs which discourage them from getting connection;
- From the perspective of some water districts, low rates of water connection and water tariffs that do not allow them to recover costs;
- Poor water quality (sometimes the water tastes like rust) from some water districts due to water turbidity;
- Low water pressure, high downtime, high percentage of non-revenue water, and related problems of some water districts;

- High exchange rate of the peso to the dollar, which prevents the water districts from purchasing imported equipment;
- Difficulty in paying outstanding loans by some water districts due to low or negative financial profitability;
- Limited coverage and expansion of water districts due to limited markets and lack of financial resources; and
- Poor coordination with LGUs, resulting in the latter becoming competitors instead of partners in local water service delivery.

3.3 Key Issues Facing LGUs

- Limited financial resources resulting in poor water service delivery in many areas;
- Graft and corruption, which significantly limits public resources allocated for local water service delivery;
- Low compensation in government resulting in low motivation for personnel to perform effectively;
- Lack of emphasis on sanitation as a public function related to water service delivery;
- Weak and fragmented organizational structures resulting in inefficient local water service delivery;
- Gender-blind planning and implementation of local water service delivery projects;
- Limited overall support for BWASAs and similar other rural water providers; and
- Limited tie-ups and partnerships with the private sector, NGOs, and other players in local water service delivery.

3.4 Key Challenges

The identified key challenges facing the whole local water service delivery sector of Dumaguete City and Agusan del Sur are the following:

- Promoting the institutional capacity of local water service delivery providers through consistent capacity-building programs;

- Enhancing the management and regulatory functions of local public institutions through appropriate legislation;
- Improving the financial performance of local water service delivery providers through development of cost-effective technologies and other means;
- Promoting integration and streamlining of activities through strong cooperation among involved institutions;
- Exploring other sources of financing and investment through involvement of the private sector, donors, and other fund sources; and
- Promoting equity and fairness by considering gender and waterless communities in local water service delivery.

CHAPTER 9

Comparative Assessment

This chapter makes a comparative assessment of the health, education, and water sectors based on the sectoral analyses of the previous three chapters. The assessment is based on policy-related concerns that impact on the local service delivery (LSD) of basic education, maternal and child health, and potable water supply. Such policy concerns include accessibility, affordability, equity, quality, allocative efficiency and sustainability in financing, and institutional governance deficits.

1. Accessibility

Populations of the LSD areas—Dumaguete City and Agusan del Sur—experience varying problems of accessibility to health, education, and water services. In health, the problem of accessibility is in terms of (a) utilization of service, and (b) quality of care. There is more bypassing of facilities such as BHSs and RHUs in Dumaguete City than in Agusan del Sur because of easy transport, more mobility, and more choices for urban residents, aside from the availability of quality health facilities and services. In Agusan del Sur, although there is high utilization of BHSs and RHUs for immunization services, there is low usage of prenatal, delivery, and postnatal care due to low quality of care and limited number of services, such as obstetric care. There is bypassing of public hospitals in Bayugan and Sibagat municipalities in favor of the bigger provincial hospital. For instance, people prefer the D.O. Plaza Provincial Hospital than the Bayugan Community Hospital due to availability of more services and better quality of care. Moreover, private hospitals in Agusan del Sur are bypassed for bigger private hospitals located in Butuan City, Agusan del Norte, especially by Sibagat residents who live near Butuan City.

In education, the problem of accessibility is seen in (a) service coverage measured in terms of pupil/student-classroom ratio, pupil/student-seat ratio, pupil/student-ratio for elementary and secondary education, and (b) utilization of services measured in terms of net enrolment rates for elementary and secondary education.

As to service coverage for elementary education in 2007, the Division of Dumaguete City has a better pupil-classroom ratio (34.80:1) than Central Visayas (36.36:1) while the Division of Agusan del Sur (35.99:1) has worse pupil-classroom ratio than much of the CARAGA region (33.92:1). Dumaguete City's ratio is below the national average of 34.82:1 but Agusan del Sur's ratio is not. For secondary education, student-classroom ratios for Dumaguete City (29:1) and Agusan del Sur (44:1) were better than the national average (48:1) in 2007. Pupil-seating ratios in elementary for Dumaguete City (0.87:1) and Agusan del Sur (0.85:1) were better than the national average (1.02:1) in 2007. The same is true at secondary level, with pupil-seating ratios for Dumaguete City and Agusan del Sur at 0.85:1 and 0.87:1, respectively, while the national average was 1.12:1 in 2007. Pupil-teacher ratios in elementary for Dumaguete City (32.82:1) and Agusan del Sur (32.39:1) were slightly better than the national average (33.18:1) in 2007. At secondary level, the student-teacher ratio for Agusan del Sur (32.59:1) was better than the national average (33.99:1) in 2007, but that for Dumaguete City (34.16:1) was slightly worse.

On utilization of services, both Dumaguete City and Agusan del Sur had lower net enrolment rates (71.42% and 75.99%, respectively) than the national average of 83.22% in SY 2006-2007. Net enrolment for males was higher than for females in Agusan del Sur but lower for Dumaguete City in the same period. At secondary level, both Dumaguete City and Agusan del Sur had lower net enrolment rates (54.14% and 48.86%, respectively) than the national average of 58.59% in 2007. Net enrolment rates in both areas are higher for females than for males in SY 2006-2007.

The problem of accessibility for water supply is measured in terms of (a) level of coverage, and (b) quality of water service. In Agusan del Sur, WDs are not able to serve the whole municipalities. The Bayugan Water District (BWD) serves only 9 of 43 barangays in the municipality of Bayugan. Similarly, the Prosperidad Water District (PWD) serves only 7 of 32 barangays in the municipality of Prosperidad. In terms of household self-provision for those in the upland areas where water system is lacking, potable water is sourced from dug wells, rivers and other natural water bodies, rainwater, and similar sources. On access to quality water service, this can be measured in terms of how the LSD areas are faring in meeting the MDG of increasing the proportion of households with access to safe drinking water. Dumaguete City (90%) has high probability of attaining the MDG target for 2015 of 86.80%, while Agusan del Sur (67.97%) as well as Prosperidad (62.03%) and Sibagat (54.51%) are

below the target. Only Bayugan (83.19%), though still below the MDG target, may attain it by 2015.

2. Affordability

There are variances in affordability of services for the three sectors. In health, the residents utilizing services from public hospitals in Dumaguete City view the cost of services—though lower than that of private hospitals—as expensive because it constitutes a significant portion of their incomes. In Agusan del Sur, residents who bypass public hospitals do so for lower costs and flexibility of payment schemes, among others. In terms of cost of delivery services, the delivery cost by a doctor or a midwife in Agusan del Sur is almost twice that in Dumaguete City. Likewise, delivery in a medical facility in Agusan del Sur costs twice than that in Dumaguete City. Moreover, BHSs and RHUs are the cheapest sources of family planning (FP) services.

In education, private education is more costly than public education, although this is more evident for preschool and elementary education than for secondary education. In both LSD areas, the average cost difference between private schools and public schools is about 4 to 9 times for preschool education, 7 to 13 times for elementary education, and 2 to 6 times for secondary education.

In water, not all residents in Agusan del Sur are capable of buying bottled water because of high prices. This low market clientele makes bottled water service providers unable to expand. In contrast, residents and tourists in Dumaguete City are more able to buy bottled water. There is also a big difference in affordability for those who have private water connection and those who have none. In both LSD areas, the households who have a private connection to a water district think that the connection costs and tariff charges are affordable given their incomes. Those who have no connection cannot afford the cost of connection and the tariff rates and would rather access water at low rates, if not for free. For water service improvement, more residents in Dumaguete City than in Agusan del Sur are unwilling to pay extra costs for better water services, as evidenced in the FGDs. They can or may be willing if the costs of improvement in water services entail only a small amount—P1 or less per liter.

3. Equity

For the three sectors, equity can be gauged by (i) level of coverage of the unreached, underserved, or unserved areas, usually rural areas; and (ii) priority given to poor beneficiaries of services. In health, the indicators are IMR, user fees charged to poor pregnant women, and PhilHealth membership. **First**, the decline in IMR for Agusan del Sur in 2006 due to the difficulty of reaching remote barangays is an evidence of the problem of inequity. In Dumaguete City, the zero incidence of infant deaths in 2007, a marked improvement from an IMR of 11.7, attests to a serious concern for improved child health among the city's poorest sector. **Second**, the attempt to augment the limited health funds in Dumaguete City and Sibagat municipality through collection of user fees for some services by the RHUs/CHOs affects the poorest sector. For although charges are low and are meant to recoup laboratory re-agents, they are charged to all patients, even to target clients such as pregnant women. The case of Prosperidad is different, however. Although it issued resolutions allowing health centers to collect user fees, it exempts the target clients. **Third**, the indigent population in Agusan del Sur have some problems in their PhilHealth membership. In 2008, 34% of the indigent population was enrolled by the local government in PhilHealth, but the authenticity of their membership is doubtful because the LGU's policy on expanding coverage is not clear. Their other problems include (i) not being issued any cards even after they have paid their counterpart fund of P300, (ii) not being reimbursed by PhilHealth because their names are not found in the membership roster, and (iii) not enjoying any benefits as only RHUs are given capitation fund per enrolled indigent, thus limiting the health facilities that they can access. They are also not being provided with free preventive care and laboratory services by some RHUs as stipulated in the PhilHealth package. Identification of the true poor can be done by validating the poor profile at barangay level for authentic membership in PhilHealth. The passage of a provincial board resolution stipulating the use of CBMS to correctly target PhilHealth members is a step in the right direction in Agusan del Sur.

In education, equity is measured in terms of disparities in education outcomes that can be observed from a regional comparative assessment, namely: (a) net enrolment ratio, (b) gender-parity index, and (c) urban-rural ratio. For SY 2006–2007, primary net enrolment rates (NER) in the two regions of the LSD areas were below the national average of 83.22%, with CARAGA having 77.76% and Central Visayas 78.87%. Secondary NER in SY 2006–2007 for CARAGA (48.89%) and Central Visayas (53.86%) were also below the national

average of 58.59%. In SY 2006–2007, participation rates were higher by 2% for females in Central Visayas and the national average, but lower by 1% for females in CARAGA. At secondary level for the same period, CARAGA had one of the highest gender disparities, with participation for females 24% higher than that for males. Gender disparity in Central Visayas had increased from 20% in 2002 to 23% in 2007. Gender disparities in both regions of the LSD areas were higher than the national average of 18%. The urban–rural ratio in elementary participation for SY 2005–2006 in Central Visayas (13%) was above the national average of 10% but that in CARAGA (3%) was lower. At secondary level, the inequity between urban and rural areas was lower in CARAGA (3%) and higher in Central Visayas (26%) than the national average of 19%.

Further, equity in education can be observed in terms of (a) granting of MOOE, (b) PTCA resource mobilization, and (c) SBM grant. **First**, granting of school MOOE in both LSD areas should be based not merely on population (which gives schools equal per-student budgets) but more importantly on school needs. **Second**, PTCAs in both LSD areas enhance equity and sustainability as local stakeholders contribute for better education services and outcomes. **Third**, SBM grants enhance equity by providing financial assistance to low-performing schools in both LSD areas. Based on SBM Framework and Standards, low-performing schools are given grants depending on their classification: Level I for those complying with only minimum requirements; Level II for those complying with minimum requirements, intensifying mobilization of resources, and maximizing efforts to achieve learning-teaching outcomes; and Level III for those schools and community stakeholders that further maximize their efforts to achieve desired learning-teaching outcomes. In 2008, for example, the Division of Agusan del Sur received SBM grants of P3.5 million, with 30% of low-performing schools (based on low promotion and high dropout rates, participation, and retention rates) receiving a portion of it.

For the water supply sector, equity is measured in terms of (a) socialized pricing being practiced by almost all WPSs in Dumaguete City and Agusan del Sur, (b) LGU-managed WSPs providing water to the poor, and (c) LGU projects that cater to the needs of the poor. **First**, the Dumaguete City Water District (DCWD), the Prosperidad Water District (PWD), and the Bayugan Water District (BWD) practice socialized pricing in which residential and government users are subsidized by large commercial users. **Second**, the Pumpwell Section in Dumaguete City, an office under the City Engineer’s Office, and the Water and Sanitation

(Watsan) Center, an office under the provincial government of Agusan del Sur, provide Level I and Level II public water systems for the poor. The Pumpwell Section is specifically tasked to concentrate in areas with no capability of getting water connection. **Third**, there are also projects by the LGUs that cater to the water supply needs of the poor. In 2008, the provincial government of Agusan del Sur, with the initiative of Governor Maria Valentina Plaza, started the Tubig Imnonon Natong Agusanon (TINA) project. The project provides portable bio-sand filters which are used to provide safe water to poor households at affordable and subsidized prices.

4. Quality

Depending on the kind of service provided, the quality of service can be measured in terms of (i) satisfaction with the quality of service, and (ii) achievement vis-à-vis MDGs or national goals. In health, satisfaction of the quality of service can be observed in the preferences for health facility and the reasons underlying these preferences.

First, in both LSD areas, preference for one facility over the other depends on health and cultural factors. BHSs and RHUs, for example, get high satisfactory ratings for the attitude and availability of their medical personnel, but get low ratings for their medical facilities, the availability and adequacy of medical supplies, and the quality of medicines and supplies. Bypassing of one facility over the other—whether a large public provincial hospital over BHS, RHU/CHO, or another private hospital over public hospitals and poorly kept private hospital—will greatly depend on the quality of health care service, medical personnel, medicines and supplies, and cost of service. The latter reason for preference may not be a determinant factor in choosing a facility, especially in cases where urban residents have the capacity to pay for better medical services such as in Dumaguete City, and to some extent Agusan del Sur. Poor households have limited choices; thus they avail themselves of health care services usually from public hospitals, if not from BHSs and RHUs only, for financial consideration. Even when they avail themselves of services from public hospitals with lower fees compared to private hospitals, they still think that the fees are expensive, given their earnings.

Second, in terms of quality of service measured by achievement rates on certain services, the performances of the two LSD areas vary. On iron supplementation, the 2007 MICS reports

higher rates for Negros Oriental (80.3%) and Agusan del Sur (83.8%) than the national average (76.7%), but the LSD survey reports otherwise, with LGUs not fully giving iron supplementation in three municipalities of Agusan del Sur. On Vitamin A supplementation, almost all pregnant women in Prosperidad and Sibagat receive supplements, unlike in Bayugan and Dumaguete City. For skilled attendance at delivery, based on LSD survey, the percentage of pregnant women attended by SBA during delivery is 59% for Bayugan, 50% for Prosperidad, and 27% for Sibagat. Dumaguete City registered a higher rate of between 89% and 91%. For BEmONC and CEmONC services, Dumaguete City still rated higher at 90% in 2007 compared with Agusan del Sur where less than 20% of births delivered in a medical facility did not have SBA supervision based on both 2007 FHSIS and 2007 MICS surveys. Agusan del Sur, however, posted a high rate in immunization at 93% if data is to be based on 2007 FHSIS (70% only in 2007 MICS). Dumaguete City's FIC declined to 77% in 2007 from a high of 96% in 2004. While lower than Prosperidad's 87%, Dumaguete City's rate was still higher compared with Bayugan's 61% and Sibagat's 58%. As to supplementation and deworming services, although almost all children in both LSD areas were able to receive Vitamin A Supplementation, only 25% to 50% were able to receive deworming tablets. For family planning services, based on the LSD survey, only 8% (153% in FHSIS) of women of reproductive age are FP users in Dumaguete City, while 10 % are FP users in Agusan Del Sur.

For education, the quality of service in both elementary and secondary education is measured by at least (a) promotion and dropout rates, and (b) achievement rates. First, Dumaguete City's promotion rate for elementary education in 2007 was 96%, an improvement from 94% in 2003. It was higher compared to Agusan del Sur's (86%) and the national average (91%). For secondary education, Dumaguete City's promotion rate was higher at 90% compared to the national average (89%) and to that of Agusan del Sur (88%). Dropout rate for elementary education in Dumaguete City was lower at 0.72% than Agusan del Sur's (1.82 %) and the national average (1.26%). On dropout rates for secondary education, Agusan del Sur (5.93%) and Dumaguete City (6.17%) were both below the national average (9.88%). For average achievement rate for grade 6, there was a slight decline in the mean percentage score for Dumaguete City from 63% in 2004 to 62% in 2007, which is lower than the national average of 65%. Agusan del Sur posted a higher rate of 71% percent in 2007 from 68% in 2004. On average achievement rate for second year high school, that of Agusan del Sur declined from

63% in 2006 to 62% in 2007, but this rate was still higher than that of Dumaguete City (51%) and the national average (49%).

For the water supply sector, quality of service is measured by (a) the need for water treatment, and (b) achievement rate in meeting the MDG of increasing the proportion of households with access to safe drinking water. Quality of service under item (b) need not be discussed here as it was already discussed under Accessibility. For item (a), all the WSPs in both LSD areas—water districts privately or LGU-managed—apply chlorination as water treatment. Those providers (such as the Bayugan Water District in Agusan del Sur) whose water sources come from natural springs in watershed areas conduct on-field testing of the quality of spring water twice a year.

5. Allocative Efficiency and Sustainable Financing

Sustainable financing is measured in terms of (i) the level of expenditure allocated per service, and (ii) how it is spent. For item (i) in health, Negros Oriental exceeds the DOH benchmark of 20% share of provincial expenditure for health, while Agusan del Sur's expenditure shares on health, nutrition, and population have declined from 18% in 2003 to 8% in 2005, though slightly increased in 2006 at 13% (SIE, DOF 2007). Bayugan municipality (even when it was still considered a city) has a city health expenditure share of 7%–8%, more than twice the national average. Compared to Dumaguete City which spent only 4.11%, Bayugan spent 20% of its total expenditure on healthcare in 2006. As discussed in Chapter 7, health expenditure (in real prices) in most LGUs has been declining from 2003 to 2006. When viewed in terms of health expenditure per capita, both per capita expenditures of Negros Oriental (P156) and Agusan del Sur (P105) are above the national average for provinces (P81). Per capita expenditures of Dumaguete City (P63), Bayugan (P126), Sibagat (P75), and Prosperidad (P50) are below the national average for cities (P132). For item (ii), on sustainable financing, there must be a link between budgets and accomplishments. In both LSD areas, there appears to be no link between proposed targets as detailed in the Local Budget Preparation Form No. 154 and the achievements during the year. This implies non-monitoring of achievements versus targets. Moreover, LGU's limited funds impact on the availability of supplies, thus a negative effect on the delivery of health services.

In education, as discussed in Chapter 6, the general trend in LGU funding has been quite uniform (about 7%) since the enactment of the 1991 LGC. The reasons for a decline in education spending relative GDP from 0.3% in 1998 to 0.2% in 2005 have to do with

- decline of SEF income,
- LGUs not supplementing their SEF with income from their general fund, and
- partial utilization of SEF.

For the DepEd budget, the share of PS has been decreasing from 2003 to 2007, while those of MOOE and CO have been increasing. For the Regional Budget, the bulk of the budget share goes to PS. This is true at Division Level in Agusan del Sur and Dumaguete City. On a positive note, the entire budget for PS for the LSD areas has been fully spent, signifying that budget utilization is high. For the School Budget, MOOE can be received in kind or in cash depending on whether or not the secondary school has a financial staff. The SBM grant, aimed at assisting low-performing schools in certain performance outcomes, is not clear how it is being used compared to MOOE, and how much it has influenced empowering schools. On SEF, the power of local officials and LCEs in approving or disapproving the proposed allocations of SEF is viewed as a check on the discretion of local education officials. In LSD areas, the bulk of SEF is mostly spent on MOOE. SEF has also been funding the activities mandated by DepEd but for which no funding is given, thus, shifting the burden from the central office to the LGUs. As a result, SEF has not been funding some items it was designed to finance, such as construction of school buildings and repair of school facilities and equipment. The General Fund (GF) is used by LGUs to finance education. For example, Prosperidad allots about 3% of its current operating expenses to education, of which over 90% goes to secondary education, about 3% to elementary education, and about 6% to technical/vocational education. School fees also finance education in Agusan del Sur and Dumaguete City. The issue related to this is the collection of contributions by the school personnel themselves, collection of unauthorized fees, and varying modalities of collection (e.g., some fees are collected during enrolment, while some are used as requirement for taking examinations). PTCA fees contribute to financing education. PTCAs involve the participation of stakeholders such as parents, teachers, students, and local communities in attaining the desired education outcomes.

For the water supply sector, sustainable financing is required for better management of WSPs. The usual problem lies in the LGU-managed WSPs. This is the case in Agusan del Sur more than in Dumaguete City. The zero income of the waterworks of Sibagat in 2006–2007 should be a cause of concern considering that, being an economic enterprise, they are a main source of income for the LGU. Also, the many priorities of LGUs make water supply just one of its concerns. As to the WDs, not all of them are losing GOCCs. The Bayugan Water District is an earning GOCC because of better sources and efficient use of funding. The DCWD in Dumaguete City makes better use of its loans from the LWUA, ADB, and the city government. As of 2005, the DCWD has slated projects costing P54.8 million, about 32% of which was funded by a loan from the LWUA and 68% from funds sourced through water district operations. The Prosperidad Water District (PWD) makes better and efficient use of its financing mainly from the LWUA and short and soft loans from the LGU. Thus, it earns P6 million per year. Further, these water districts practice socialized pricing in which large commercial and industrial water users subsidize the household and municipal users. This is a good practice since it favors the poor households and enlarges the concept of corporate social responsibility.

6. Institutional Governance Deficits

Institutional governance deficits result from, among others,

- (i) unclear assignment of roles and functions,
- (ii) overlapping powers and functions,
- (iii) incapacities and inefficiencies of institutional actors,
- (iv) nonparticipation of other stakeholders such as civil society groups and the private sector, and
- (v) lack of political will.

The deficits manifest themselves in the delivery of health, education, and water services. In health, in terms of item (i), there is lack of clarity on the role of barangays in financing health care provision, on the extent of LGU involvement in Integrated Management of Childhood Illnesses, on the role of LCEs in health care provision, and on the NG's role in providing supplies (e.g., syringes) for key programs such as EPI that the LGUs are incapable of providing. In terms of item (ii), new barangay officials in Agusan del Sur, but not in Dumaguete City, change their BHWs once elected, thus creating a problem of security of

tenure for the BHWs. In terms of item (iii), the role of the PHO should be strengthened for monitoring the quality of services given by different service providers and for ensuring that private sector should comply with the DOH protocols. For item (iv), the private sector, such as the OB Gyne Department of the Silliman University in Dumaguete City, can be tapped in providing modern contraceptives as a FP service. In terms of item (v), there is a need for LCEs to exercise strong political will in prioritizing health, specifically maternal and child health; in linking planning and budgeting, or in aiming for performance-based budgeting.

For education, in terms of item (i), LGUs may be assuming functions not mandated on them, such as the use of general fund. Although policymaking in education is not devolved, production has increasingly been decentralized, with local government assuming a greater role in financing local education. For item (ii), local officials and LCEs seem to check on the discretion of local education officials in appropriating for SEF by virtue of their power to approve or disapprove the local education officials' SEF proposal. For item (iii), there is a burden shift from NG to LGU in funding activities that are mandated but not financed by the former. Funding for these activities is shouldered by the LGUs through the SEF. Thus, the SEF funds activities that it was not designed to finance.

For the water supply service, in terms of item (ii), the LWUA directly sets tariff structure in the BWD in Bayugan without consultation with the consuming public. In terms of item (iii), the Dumaguete City government, owing to its many priorities, cannot do a better job in wastewater management. There is a plan to transfer the responsibility for wastewater management to DWCD. In Agusan del Sur, lack of funding and low prioritization by the municipal governments have contributed to the non-establishment of Watsan units in many municipalities. In terms of item (iv), in both LSD areas, the private sector plays a bigger role in both household self-provision and bottled water provision.

In Agusan del Sur, an NGO (the Philippine Center for Water and Sanitation) has played a major role in (a) helping the Watsan Center and other WSPs in their institutional development, (b) organizing the Dona Flavia Water Supply and Sanitation, and (c) providing potable water in Agusan del Sur. Such NGOs and the private sector should be encouraged to help in improving local water service delivery. In terms of item (v), the TINA project of Governor Plaza is an evidence of strong political will not only to improve local water service

delivery but also to address the problem of access to safe drinking water of poor households. This needs to be replicated in other LGUs.

CHAPTER 10

Key Findings, Conclusions, and Policy Recommendations

This chapter presents the key findings and conclusions based on the analyses and assessments of the previous chapters, as well as data from focused group discussions (FGDs), key informants interviews (KIIs), and facility mapping surveys. It also presents the needed policy reforms and recommendations—both sectoral and cross-cutting—in meeting the challenge of improving LSD.

1. KEY FINDINGS

1.1 People-Centered Concept of Service Delivery

Agusan del Sur Governor Maria Valentina Plaza, Dumaguete City Mayor Agustin Perdices, and the different barangay captains interviewed, may have different words to describe their concept and definition of service delivery, but they seem to have a common meaning in the words “people-centered service.” For Governor Plaza, service delivery is a “balancing act” among competing needs of people, especially their economic (e.g., productive employment) and social needs (e.g., interest of the IPs), against the backdrop of scarce resources and political, economic, social, and cultural problems. For Mayor Perdices, service delivery is simply “health, education, and livelihood for the people,” the provision of which is within an empowerment framework that enjoins his constituents to be self-reliant and shun dole outs. Mr. Raul B. Aguilar, chair of Barangay Tinago in Dumaguete City, understands service delivery to be “delivery of basic needs such as health, education, water (e.g., drainage), among others.” For Mr. Nicolas T. Ramirez, chair of Barangay Batinguel in Dumaguete City, it is about “project completion for the people.” Mr. Lionel P. Banogon, chair of Barangay Bunao in Dumaguete City, associates it with the “government providing for the needs of the constituents.” For Barangay Chairman Francisco Ebarido of Barangay Bucac in Bayugan, Agusan del Sur, it is understood to be “delivery of services to the people in conformance with the law and needs of the people.” For Barangay Chairman Edwin Mangadlar of Barangay Bahbah in Prosperidad, it is about “prioritizing the basic needs and most needed projects, less on infrastructure and [more] on human capability building.” Barangay Chairman Aurelio P. Dacera, Jr. of Barangay Afga in Sibagat thinks that “service delivery entails utmost

satisfaction of the public’s needs without sacrificing governmental integrity and honesty.” As to how their concept of LSD translates into better services is verified through the performance outcome indicators of the LSD areas. Hence, the value of sectoral analyses.

1.2 Critical Role of Local Chief Executives

Local chief executives (LCEs) play an important role in pursuing development agenda in the two LSD areas. In Agusan del Sur, Governor Plaza’s TINA project—aimed at addressing the problem of access to safe water by the poor households—is a testimony to her innovativeness in realizing a development agenda to her people. Her effective leadership is evidenced by the province’s municipal mayors who rally to her call of ensuring that the benefits of her project are felt throughout the province. In Dumaguete City, Mayor Perdices pursues development agenda by empowering the people through health, education, livelihood, and other child-focused programs, rather than giving dole outs.

Further, in both LSD areas, the professional background of the LCE creates a positive impact on the development priorities of the LGU. For example, Governor Plaza admits that her professional background as a businesswoman makes her employ business principles and practices in efficiently delivering services to her constituents. Governor Emilio Macias II of Negros Oriental lists health as one of his top priorities, given his professional background as a medical doctor. Mayor Thelma Lamanilao of Sibagat also prioritizes health, having been the municipal health officer for quite some time before being elected mayor.

1.3 Scarcity of Resources

The usual problem of LSD in both study areas is the limited, if not lack of, resources—human, physical, financial, etc. Better delivery of services cannot be ensured due to limited or lack of “soft infrastructure” such as qualified, skilled, and trained human resources in health (BHWs, SBAs, midwives, nurses, and doctors), education (teachers, principals, school administrators, and/or managers), and water (technical and operations staff). Limited or lack of hard infrastructure in health (BHSs, RHUs/CHOs, BEmONC, CEmONC, public and private hospitals, medicines, and supplies), education (school buildings, day care centers, laboratories, and equipment), water (water districts, water treatment sites, sanitation, and Level I, II, and III public water systems) makes it impossible to address public needs for

services. Equally important, without sufficient funding to finance the production, distribution, consumption, or provision of public services, well-meaning public officials are unable to deliver. Given these perennial constraints, LCEs are faced with a great challenge to be resourceful and innovative, and most of all, to exercise strong political will in overcoming the limitations and in delivering the needed services. Like in Agusan del Sur and Dumaguete City, the challenge is to make a big difference in delivering public services despite the human, physical, and financial constraints.

1.4 Needs-Based Prioritization

Given resource constraints, local officials practice needs-based prioritization of service delivery. At barangay level, barangay officials have different priorities based on the needs of their constituents. For Barangay Bahbah in Prosperidad, these are infrastructure (school buildings, day care center) and water provision (Levels I and II water systems). For Barangay Afga in Sibagat, these are education (ECCD, ALS, reading center, skills development), infrastructure (drainage), and water (Levels I and II water systems). For Barangay Bucac in Bayugan, the priorities are sports development, livelihood, and day care center. For Barangay Tinago in Dumaguete City, these include health, education (materials, books), and water drainage. For Barangay Batinguel, these are livelihood creation, poverty reduction, and farmers' education. For Barangay Bunao, these are drainage, youth development, and value formation. For Barangay Daro, these include drainage, lightning, and infrastructure.

1.5 Capacity Development

Like all LGUs, the local governments of Agusan del Sur and Dumaguete City need constant capacity development for their all-important function as frontline service providers. In Dumaguete City, the Barangay Affairs Office (BAO) has been established to provide technical assistance to barangay officials, especially those in the barangay finance committees, in preparing their development plans, development priorities and projects, and budget proposals. The establishment of BAO for such purpose may be viewed as a best practice in governance, especially when it brings positive benefits to both the barangays and the city government. The BAO needs to be replicated in Agusan del Sur and in other LGUs as well, especially since most LGUs, not necessarily barangays, lack or have limited capacities (e.g., financial management, infrastructure development, etc.) in satisfying the demands of an

improved service delivery. More concretely, most LGUs, due to lack of or limited capacity, have difficulty in following the New Government Accounting System (NGAS),¹⁰⁴ in setting the linkage between planning and budgeting, and in following service standards that are performance-based and results-oriented.

1.6 The Crucial Role of the National Government

National government agencies (NGAs) and departments—e.g., DBM, DOF, COA, and DILG—have a bigger role to play in providing *facilitative conditions* and in enhancing financial, technical, and institutional development assistance to sub-national tiers of government. The usual complaint of LGUs in the LSD areas is the difficulty of following the policy guidelines despite the technical assistance provided by the next higher tier of LGUs and NGAs. Moreover, the constant change in memorandum circulars, standards, and guidelines by the NGAs creates confusion among LGUs. More often than not, they are confused as to which of the ever-changing resolutions, standards, and policy guidelines they are to supposed to follow and how best to follow them. Streamlining the processes and procedures, setting clear policy guidelines and standards, and providing effective training and technical assistance, among others, would ensure positive development gains. This would also erase the wrong impression (based on one interview of the local financial committees) that NGAs do not have anything more to do in a decentralized structural arrangement and are just justifying their positions in every circular, standard, and policy guideline that they set. In concrete terms, this would correct the belief from below that: “Those in the national government are armchair generals while we in the LGUs are the marshals doing the dirty work.”

¹⁰⁴ Per COA Circular No. 2001-2005 dated October 30, 2001 and effective January 1, 2002, all LGUs except the barangays are prescribed to use the National Government Accounting System (NGAS) to “ensure proper accounting of all financial transactions of the Local Governments.” Based on international standard, NGAS was developed in line with one of COA’s priority reform measures titled, “Government Accounting Simplification and Computerization.” It is a “simplified set of accounting concepts, guidelines and procedures designed to ensure correct, complete and timely recording of government financial transactions, and production of accurate relevant financial reports.” Based on the interviews, though barangays are exempt from NGAS, they are made to follow it as a guideline in doing financial reports.

1.7 Local Autonomy: By and For Whom?

There is a question on the autonomy of barangays vis-à-vis the 20% barangay development fund mandated to be allocated mostly for infrastructure development. Most barangay officials interviewed in both LSD areas think that such a mandate per DBM-DILG Joint Memorandum Circular No. 1, s. 2005¹⁰⁵ violates their local autonomy, especially when they have development priorities that place infrastructure development as second in importance. They believe that local autonomy should be made to work for the development programs, activities, and projects based on the local situations and needs of the people, not on the policy bias of NGAs toward infrastructure development, however good the latter's intention may be.

1.8 Service Standards

Service standards can be measured in terms of achieving the MDG or the national targets. Based on the comparative assessment made in the previous chapter, both Agusan del Sur and Dumaguete City are doing well in attaining some targets in the three sectors, but at the same time are struggling in other targets. The main reason for this is the presence of success and failure factors within the context of development constraints (e.g., lack of funding) and opportunities (e.g., economic pay-offs), and the dynamics of social, political, and economic environments. Unless institutional actors, primarily the LCEs, stop being complacent about the seemingly intractable constraints and seize the opportunity to improve on LSD, the failure factors would override the success factors.

1.9 Success and Failure Factors

In Agusan del Sur and Dumaguete City, there are success and failure factors which may be taken to be best practices or bottlenecks. They serve as determinants of the quality or ineffectiveness of LSD. Both LSD areas appropriate, in one way or another, the success and failure factors established in literature.

Success factors include, among others:

¹⁰⁵ DBM-DILG Joint Memorandum Circular No 1. s. 2005, September 20, 2005, "Guidelines on the Appropriation and Utilization of the 20% of the Annual Internal Revenue Allotment (IRA) for Development Projects."

- effective leadership, political will, and enlarged concept of service delivery by LCEs;
- exercise of demand-side of governance within the framework of empowerment and accountability;
- less dependency on IRA and more reliance on own-source revenues and other sources for sustainable financing of LSD;
- clear assignment of roles and responsibilities of institutional actors, as well as enhanced capacities for effective functionality within the context of transparent, participatory, rules-based, and accountable governance;
- strong strategic alliances and partnerships with civil society groups, private sector, and international donors; and
- focus on inclusive human development priorities that target the real poor and making them both participants and beneficiaries of development processes and outcomes.

The failure factors include, among others:

- too much politicking at the expense of development gains;
- inept, inefficient, and corrupt local public officials and service providers;
- lack of political will to turn constraints into opportunities;
- lack of implementation, monitoring, and evaluation frameworks for accountable performance;
- lack of absorptive capacity by LGUs for devolved functions;
- overdependence on IRA and PDAF, and less inventiveness to make use of own-source revenues; and
- apathetic and uneducated people who are incapable of catalyzing the demand-side of governance.

1.10 Supply and Demand-Side of Governance

The effectiveness of LSD hinges on the nexus of supply-side and demand-side of governance. Both are equally important and both should be taken into account in trying to improve LSD. The supply-side refers to those processes, services, and infrastructure (e.g., health facilities, schools, water districts, etc.). The demand-side refers to those rights-based demands of the

people for quality services such as better educational outcomes, quality healthcare, and safe drinking water. In Agusan del Sur and in Dumaguete City, both sides of governance are a big problem. The supply-side problem is having the hard infrastructure such as health facilities, school buildings, and water districts, but without well-trained medical staff, qualified teachers and supplies, and skilled personnel to man them. The demand-side problem occurs when local officials practice *nominal or token participation* of local constituents in development processes, such as in barangay general assemblies where development priorities are supposed to be discussed, debated, and agreed upon based on needs, availability of resources, and contributions. The key finding in most interviews, especially at barangay level, is that constituents are given venues—usually in general assemblies—to suggest development priorities but the final decisions are still lodged with local public officials. In cases where most priorities emanate from the constituents, there are no mechanisms for monitoring and evaluation; hence, not enough democratic space for accountability for performance. Further, there is even a question on the capability of local public officials to practice democratic processes considering their limited, if not lack of, training on the same. Moreover, the demand-side of governance becomes a problem when most constituents are uneducated and therefore are incapable of grasping the complexities and intricacies of the dynamics and factors affecting LSD, and also incapable of making public officials to account for their policy actions. This is more of a problem in Agusan del Sur than in Dumaguete City, where local residents are mostly urban, well-informed, and educated. Needless to say, urban–rural dichotomy impacts on people’s empowerment and the demand for an improved supply-side of governance.

1.11 The Politics of Service Delivery

Politics—both in its positive sense of being a tool of well-meaning politicians for improved service delivery and in its negative sense of being a tool of self-serving politicians for political accommodation at the expense of service delivery—plays an important role in service delivery in both LSD areas. In Agusan del Sur, Governor Plaza acknowledges the possible difficulty of getting the cooperation of municipal mayors to own up the provincial TINA project, but is determined to make them believe in it by capitalizing on the prospective benefits of the project to all constituents, particularly the poor households. Politics in its positive sense could forge inter-LGU cooperation on such project for the poor. At barangay level, negative politics is used when the BHWs, for example, are replaced upon assumption

to office of new barangay officials. Thus, the technology acquired and the rapport with clients established by these BHWs over a long time go to naught because the newly elected officials give political accommodation to those closely connected with them. This case does not happen in Dumaguete City, where there has been no case of barangay captains changing their BHWs. Part of the reason is that the city government pays for the services of BHWs. Instead of being given honoraria, they are issued job orders, making them casual employees of the city government. Supply-side governance also has a problem in the approval or disapproval by the LCEs of the proposal for SEF allocation from local education officials in both LSD areas. The approval/disapproval process may have a political undertone, whether for good or ill. Another supply-side problem is the mismatched priorities of congresspersons, LCEs, and DepEd in the allocation of classrooms and school buildings, resulting in classroom shortage, among things. Further, good relationship with the top echelons of the political hierarchy (e.g., governors and congressperson) has a positive effect of getting fund grants needed for development PAPs. On the other hand, without this good relationship, a barangay captain for example would find it hard, if not impossible, to get funding from a governor or a congressperson, thus creating a negative impact on the much-needed development PAPs.

1.12 Public–Private Partnerships

Public–private partnerships (PPPs) are an important component of improved LSD. As evidenced by sectoral discussions and analyses, there are instances where the private sector has been involved in LSD, such as in family planning services and membership in LHBs for health; Adopt-a-School program, GASPTTE program, and procurement process for education; and bottled water provision and household self-provision for water. Though these are important PAPs, they have yet to be scaled up to maximize the full benefits of PPPs. One PPP that can help LGUs provide more financing for LSD in Agusan del Sur and Dumaguete City is easy access to loans through private depository banks. The NG should create an enabling environment for such arrangement instead of monopolizing all LGU loans through government financial institutions (GFIs) such as Landbank and DBP. The other important PPP is in fully maximizing the benefits of BOT law where LGUs can enter into BOT contract for development programs. NGAs have an important role to play in helping LGUs in Agusan del Sur and Dumaguete City venture into such BOT arrangements.

2. FIVE CONCLUSIONS

2.1 Complementarities of Three Sectors as Human Development Priorities

In Agusan del Sur and Dumaguete City, as well as elsewhere in the country, education, health, and water are all complementarities. All three are

- about human concerns that need to be prioritized for long-term positive impact on sustainable human development, and local and national development;
- about rights, entitlements, and normatives that must be valued, respected, and realized for development dividends and improved standard of living;
- deeply inter-linked in that the effective, equitable, and quality delivery of one bears impact on the other;
- about sharing the burden of responsibilities and grappling with the dynamics of constraints and opportunities embedded in decentralized context with political, economic, and social underpinnings;
- demanding an improved policy environment, sustainable financing, and institutional governance for their improved delivery; and
- demanding sustainable provision and serious attention from the government beyond political expediency.

2.2 Decentralization as Enabling Environment for Improved Local Service Delivery

One promise of decentralization is better local service delivery (LSD) for the local people. However, a key finding in Agusan del Sur and Dumaguete City is that for decentralization to create an enabling environment for better delivery of public goods and services, its design must take into account proper phasing and rightsizing as a way to capacitate both national and local authorities for their new devolved functions.

In health, for example, with almost two decades of devolving health to the different tiers of local government, LGUs have yet to assume unambiguous delineation of health care-related responsibilities (e.g., personal and public health care services); capacitate themselves to better render public goods and services assigned to them by the LGC; and, learn to work with the

DOH on shouldering functions (e.g., curative and preventive health care provision) and cost-sharing (e.g., provision of iron supplements, syringes for EPI use).

In the education sector, for decentralization of basic education to be fully practiced and to benefit the target beneficiaries, there must be proper phasing and rightsizing of yet-to-be devolved powers, functions, and responsibilities. The SBM approach, which emphasizes principal empowerment and stakeholder's involvement in education matters, is a step in the right direction. However, between central and field offices, there must be clear delineation of duties and responsibilities, institutional capacities, and sufficient funds, among other prerequisites. Otherwise, decentralizing education may suffer the same fate as that in the health and the water sectors. For LGUs to better perform in their own-managed water systems, for example, clear delineation of powers, functions, and responsibilities, institutional development, and sustainable financing or effective fiscal transfer must go hand in hand with high expectations to deliver desirable results. The 3Fs (functions, functionaries, and funds) and the design of decentralization—3Ds (devolution, deconcentration, delegation)—or its political, administrative, financial, and market-based characteristics must be carefully balanced and calibrated as a work in progress for better LSD. Moreover, the relationship between decentralization and effective service delivery becomes associative than causative when the policy, institutional, and financial components are not valued as interrelated or triangulated.

2.3 Complex Interdependence of Policy, Institutions, and Finance

In Agusan del Sur and Dumaguete City, improving local service delivery greatly hinges on its three components—policy, institutions, and finance. But the effectiveness, sustainability, equity, and quality of LSD deeply depend on the logic of interdependence of these three components. In other words, without good policy environment and policy effectiveness, the problems of institutional deficits and financial gaps would persist. Lack of coherent and robust policy and regulatory framework for the water supply sector, for example, creates a certain institutional limbo/fragmentation as to who is responsible for whom and for what; and where should funding go for effective project implementation. This goes to show that LSD of education, health, or water must be triangulated by policy, institutions, and finance; more specifically by good policy environment, efficient intergovernmental financial system and management, and accountable institutional actors. As evidenced in the study findings in

Agusan del Sur and Dumaguete City, LSD is a complex interdependence of the three components, each of which contributes to the integrative approach of effective provision of public goods and services. But an equally important idea, and as the value-added of this study, the institutional actors take a primordial role in filling in the policy and financial gaps as the usual constraints for effectively delivering local services.

2.4 Accountability

Accountability is a key factor in effective public service delivery. However, it should be underpinned by at least four characteristics: accountability *for whom* and *to whom*, as well as *downward* and *upward* accountability. In Agusan del Sur and Dumaguete City, accountability *for whom* has to do with performance in LSD for the best interests of the people, especially the poor, while accountability *to whom* refers to the political obligations of elected officials to their constituents to deliver on their promises. Downward accountability is the answerability and enforceability of rules-based PAPs by the local officials, while upward accountability is the ability of the people to effectively take elected officials and service providers to account for their policy actions. In the LSD areas, the usual justifications for not delivering on PAPs promised to the people are resource constraints, lack of coordination among LGUs, and apathy of the people themselves. These have become common refrain not only in the two CPC-6 areas but also in any LGU nationwide. Though these may be considered valid justifications, the LGUs must find ways to practice accountability in spite of them, and make people practice upward accountability as a demand-side of governance. Local leaders should aim for effective leadership, political will, strategic alliances and partnerships with like-minded people and organizations, and innovative ideas. Only when both service providers and beneficiaries become accountable to one another can the justifications on resources constraints, lack of coordination, and apathy cease to be just alibis for ineffective and corrupt leadership, inefficient bureaucracy and public administration, and uninformed citizenry.

2.5 The Impact of Political, Economic, and Social Dynamics

The political, economic, and social dynamics in both the local and national levels bear impact on the effective delivery of public goods and services in particular, and the attainment of the eight MDGs in general. Conditions that create bottlenecks in effective LSD are: under political dynamics, the (i) absence of effective political leadership that practices good

governance; (ii) inefficient financial administration; and (iii) unsustainable partnerships with civil society, the private sector, and international donors; under economic dynamics, the (iv) lack of economic growth with equity and macroeconomic stability; and under social dynamics, the (v) lack of social infrastructure such as social capital, social safety nets, and empowered citizenry. The interconnection of the three dynamics cannot be over-emphasized. In analyzing and understanding the LSD systems and practices in Agusan del Sur and Dumaguete City, therefore, one must factor in these dynamics for an informed perspective on the success and failure factors, with the view to crystallizing what works and what cannot.

3. RECOMMENDATIONS

The following are the sector reforms and recommendations formulated based on sector analyses of the three sectors on education, health, and water.

3.1 Sectoral Reforms and Recommendations

3.1.1 EDUCATION

Improving utilization of allocated MOOE. Several barriers toward full and better utilization of allocated MOOE can be identified. The inadequacy of allocated MOOE is one reason why schools, despite prohibitions, continue to collect fees, often directly or through the PTCA. Thus, all avenues for improving the utilization of allocated MOOE must be exhausted. Efforts for empowerment of schools toward self-improvement have been accompanied by fiscal decentralization with the direct release of funds to implementing units, particularly secondary schools with financial staff. Elementary and secondary schools without financial staff, however, remain financially dependent on the division offices. This dependence tends to hamper fund utilization and reduce the influence of schools over the kind and quality of purchases. Among the easiest changes to implement is for division offices to increase the proportion of MOOE provided in cash to dependent schools. To lessen the dependence of schools on the division office, the department is currently assigning a financial staff to a cluster of nearby schools. The designation of teachers as financial staff in the interim creates a trade-off between fiscal empowerment and learning outcomes, as teachers' financial responsibilities interfere with their teaching functions. The creation of new items for

financial staff, on the other hand, would translate to an estimated additional personnel cost of P3.7 billion¹⁰⁶ for the department. Designating a financial staff is thus more feasible. But to ease the burden on teacher-designates, the liquidation procedures should be simplified and bonding requirements relaxed. The utilization of MOOE by dependent schools is often slow owing to the requirement of monthly liquidation of cash advances. A less frequent liquidation may ease this burden, but this may require government-wide change as this is a standard requirement for the whole bureaucracy.

Clarifying the roles and accountabilities of institutions for greater coordination.

Institutions, processes, and instruments introduced from different perspectives have resulted in overlapping roles. The LGC created the Local School Boards (LSB) at the province, city and municipal levels, which are geography-centric. The BESRA introduced school-centric institutions, processes, and tools such as the School Governing Council (SGC) and the School Improvement Plans (SIP). Another school-centric institution is the PTCA. Consequently, the assignment of roles, accountabilities, and expenditure items is not clear. One vehicle for a coordinated assignment of expenditure items is to make the SIP the framework for school-based expenditure needs. The SGCs can then bring the SIPs to the corresponding LGUs and LSBs, which by law collect and manage the SEF, respectively. The PCTA can also make the SIP the guide in its supplementary voluntary collection efforts. One apparently overlooked item is that while the city/municipality LSBs have clear jurisdictional coverage, the role of provincial LSBs is not as clear. The DILG may need to specify an expenditure assignment rule for LSBs at different administrative levels. Expenditure externalities beyond municipal or city boundaries can guide the spending assignment of provincial LSBs. Alternatively, municipal governments can focus on elementary schools while provincial governments can cover both elementary and secondary schools, as well as serve as “equalizer,” that is, provide more resources to less-endowed municipalities. Finally, enhancing community support and participation in improving school outcomes would require a clear definition of and explicit agreement on the roles of the different stakeholders—the PCTA, school officials, LGU officials, and NGOs. The fact that this varies from school to school and from one LGU to another means that the existing definitions may not be clear enough.

¹⁰⁶ Rough computation based on 37,000 positions at 100,000 per annum.

Improving compliance to compulsory basic education. DepEd has gone to great lengths in implementing the constitutional guarantee of free basic education. The compulsory feature of elementary education, however, has been given practically no attention. It has been observed that schools focus on keeping enrolled students in school while neglecting to bring all eligible students to school. In this regard, schools must work together with the Barangay Council and the Sangguniang Kabataan to enrol all school-age children. Community pressure is effective in effecting compulsory attendance. The DepEd, in partnership with the DILG and the league of provinces, cities and municipalities, can develop guidelines and push for the passage and/or enforcement of anti-truancy ordinances in all localities. Meanwhile, although high school education is free, it is not compulsory. Children or youth aged 12 to 15, whether having taken elementary education or not, are not compelled to go to school and, especially the poor, are more compelled to work, notwithstanding the prescribed working age. Thus, measures to curb child labor are corollary to ensuring school participation, as non-participation in school is primarily attributed to poverty. School or community feeding programs also present a promising solution to hunger and non-participation among school-age children. School-based feeding programs are also potentially more sustainable than national feeding programs as they rely on locally available resources. It should, however, complement rather than replace the national feeding program. Schools or communities can supplement the rice provided under the national feeding program with locally grown fruits, vegetables, etc.

Improve funding effectiveness to address equity. Policy prescribes budgeting from the district level up to the regional level. The department's budget strategy advises budgeting based on situational analysis and SIPs. However, there is no evidence that varying school needs are considered in department budgeting. First, school MOOE per capita is largely the same across schools. Second, district offices rely practically entirely on the local government SEF. Thus, schools in poorer areas with lower real property taxes suffer from less district supervision and assistance. Third, voluntary collection by PTCAs is also dependent on the spending capacity of households. The department should formulate a policy to guide budgeting from the school level up to the district, division, and regional levels that would provide for careful consideration of school and district needs, particularly addressing equity issues.

Clarifying accountabilities for education outcomes at different levels. The 2007 Budget Strategy provides a promising direction toward performance-based and accountability-focused budgeting. However, although there are clear organizational performance indicators, it is unclear whether there are guidelines on setting targets at the regional, division, district, and school levels. The Quality Assurance and Accountability Framework needs to be made more operational to identify accountabilities for certain outcomes across the bureaucracy and to provide a system of sanctions that reward good performance and penalize poor performance. For instance, a lot of resources are under the control of the division superintendent (an appointee of the President) who is apparently not directly responsible for specific education outcomes. It is not even clear how disciplinary actions for division superintendents are administered and for what failures. Only the Secretary of DepEd is clearly accountable for all education outcomes. Under RA 9155, the selection and promotion of division superintendents and assistant superintendents are under the authority of the Secretary through a selection and promotions board. However, disciplinary action is not explicitly included in the Secretary's authority. Finally, with SBM, accountabilities and corresponding disciplinary actions for school principal should likewise be clearly specified.

Promoting SBM. Improving empowerment at school level has produced significant desirable outcomes. There are, however, indications of side movements and even reversals. One, the SBM grant has significantly augmented the MOOE of schools, particularly dependent schools which draw their MOOE from the divisions. However, contrary to intent, the grant is utilized simply as regular MOOE. For SBM grants to be effective in influencing outcomes, the submission and assessment of proposals for SBM grant should be based on clear links between expenses, activities, outputs, objectives, and goals. Two, the hiring of school teachers has always been lodged with the division office. Nevertheless, school heads are given influence in the evaluation of applicant-teachers, until recently when evaluation was assigned back to the division. This represents a regression in school empowerment. Department policy should be modified to provide school heads greater role in the selection of school teachers without compromising objectivity and merit.

Greater coordination in school building program. Prioritization of school buildings is too dependent on the division office and prone to political interference of congressmen, governors, and mayors. Regional offices should endeavor to evaluate the equitable distribution of school buildings and report inequities to the Secretary. The DepEd has very

limited role in the bidding for DPWH-led construction of classrooms, acting only as observer. Moreover, there have been failures in coordination between DPWH and DepEd personnel. This may be attributed to the nominal role of DepEd in the school-building program. To ensure its success, the school-building program and the funds thereof should be jointly administered and managed by the DepEd and the DPWH. A special Bids and Awards Committee should be constituted to include the DepEd division office, the district supervisor, and the school principal. As to school furniture, there are overlaps between the central, regional, and division offices in the provision of school furniture.

Greater LGU spending per capita. Local governments have had an increasing role in the provision of education services, including financing local education needs (primarily maintenance and operations), personnel services, and capital outlay. However, there are indications that education spending per capita is declining (Manasan 2009). For example, given the huge and growing demand for teachers and the limited resources of local governments, LGUs are increasingly unable to pay teachers' salaries as much as those paid by the national government. So, instead of hiring teachers, local governments are increasingly supporting para-teachers and volunteers who are given lower wages and no benefits. To address this, local governments should not only rely solely on the SEF for provision of education. Their general funds, particularly the 20% development fund, should be tapped to finance education, as some LGUs are doing.

Enhancing the role and capability of PTCAs/SGCs. PTCAs/SGCs play a very important role in mobilizing and managing resources for school administration and improvement. However, there are capacity issues. For instance, their lack of capacity to manage their finances and to administer their programs well seems to be largely overlooked. This is evident in the absence/poor quality of financial reports of many PTCAs. Preparing financial reports is a particularly critical function in a voluntary contribution scheme. Thus, the capabilities of PTCAs in planning, budgeting, project implementation, monitoring and evaluation, and financial management should be strengthened. PTCAs or SGCs should also play an active role in the formulation and implementation of the SIP and in the monitoring of its progress and evaluation of its impact. They should be pro-active in ensuring that school physical, financial, and human resources are used efficiently and effectively to produce learning outcomes. They should be involved in physical inventory, financial audit, and

monitoring and evaluation, etc. Finally, school-based monitoring of resource leakages, such as teacher absenteeism and tardiness, can also be done.

3.1.2 HEALTH

Clear Understanding of LGU roles in health care provision. According to the NOH 2005–2009, it appears that there is confusion among LGUs on their role in health services delivery. Surveyed areas for this study show that prioritization of health programs is very much dependent on LCE preferences. The national government has not clearly defined the public health goods and programs that should have national funding so as to ensure universal coverage, promote public welfare, and reduce out-of-pocket expenses. When LGUs are assigned to procure, availability of the needed goods varies throughout all LGUs, which negates the need for timely availability and full coverage. Thus, there is an urgent need for a dialogue between LGUs and the DOH on the clear delineation of responsibilities on vertical public health programs.

Table 10.1 below provides a summary of resource requirements, achievements, and bottlenecks in selected maternal and child care programs. It can be observed that most programs supported by the national government in terms of commodities have high achievements (i.e., micronutrient supplementation) compared to those left on LGUs (i.e., iron supplementation, family planning).

Table 10.1 Summary of Resource Requirements, Achievements, and Bottlenecks in Selected Maternal and Child Care Programs

Provider	Main Requirement: Personnel	Main Requirement: Commodities		Achievement	Bottleneck
	LGU	LGU	NG		
Antenatal					
- check-up	✓			High	Hard to reach areas
- iron supplementation		✓		Low	Iron tablets
Skilled birth attendance	✓			Slow improvement	Limited health worker
Facility based deliveries	✓	✓		Very slow improvement	Financing
Fully immunized child		✓ (syringe)	✓ (vaccines)	improving	Syringes
Micronutrient Supplementation					
- Vitamin A			✓	High	Hard to reach areas
- Deworming			✓	High	Hard to reach areas
Family Planning	✓	✓		Very low	FP commodities

A stakeholder analysis of key health actors provides for the degree of probability of delivering services, either public or private, based on their interests-cum-incentives (**Table 10.2**).

Table 10.2 Simplified Stakeholder Analysis of Key Health Actors

	LGU	NG	PHIC
Public Health	Low	High	High
Personal Health (curative care)	High	Low	High

For public health, LGUs' interest is low because the need is not imminent, that is, satisfying it may not translate into votes. Correlation between delivery of public health service and political winnability is weak. On the contrary, NG's interest is high because of its commitment to WHO, UN, and other agencies. Delivering on this commitment is also reflective of how well the country is run. PHIC's interest is high because if less people get sick, then it spends less. On personal health, LGUs' interest is high because delivering personal health services can be a tool for political patronage. People asking assistance from an LCE (e.g., when a family member gets sick) would more likely return the favor through family votes for the LCE during election. NG should have low interest on personal health, otherwise its policy becomes conflicting when it continues to fund retained hospitals. PHIC's interest is high precisely because it is its job to take care of personal health.

The conclusion that can be drawn from this is that NG and/or PHIC should be the source of financing for public health because the LGUs cannot be relied upon to make a better job given their low interest in anything that does not guarantee sure votes in elections.

Data Collection and Utilization. Outcomes data from FHSIS and survey findings (MICS and LSD) point to deficiencies of FHSIS in capturing correct information. BHWs are crucial in data collection because they are the ones who tabulate the first line of information. They should be given appropriate incentive to make sure that the data collected are accurate. It is also important that data are archived properly at the Provincial Health Office. While data on the most recent year are available, LGUs in the case study find it very difficult to show data from previous years because of poor archiving methods. Having a longer set of data enables tracking of progress.

Another limitation of FHSIS is its failure to capture delivery of health services by the private sector. At present, health offices rely on the private sector to voluntarily submit data. If the private sector does not submit their data, this makes the figures underreported; therefore, policy makers will not have an accurate picture of what is going on in the sector. The DOH through the PHO should set rules and sanctions that will ensure that private providers comply with data submission. A possible solution is to require private providers to submit data before they can be issued a business permit by the Mayor's office.

To improve monitoring and evaluation of data collection, FHSIS should be streamlined to easily and reliably collect and validate data. In addition, a health survey at provincial level should be conducted. With limited resources, the government should know where to properly put its money, and the key to this is having reliable data at provincial level. Currently, there are three major health surveys conducted—National Demographic and Health Survey (NDHS), Family Planning Survey (FPS), and MICS (Multiple Indicator Cluster Survey). With the exception of MICS, all these are sampled at regional level, which fails to capture the decentralized setting of the sector. While a survey at provincial level is more costly, possible solutions are: (i) conduct of just one survey instead of three, (ii) cost-sharing between national government and donors with health projects, and (iii) rider to FIES. Such exercises can help improve the accountability of LCEs if the survey is conducted a year prior to elections.

This by no means discounts the fact that data collection is only one issue; utilization of data at all levels is more critical. While there are good initiatives to improve monitoring and evaluation of reforms within the health sector, there is still a need to further strengthen or optimize the use of the LGU score card at LGU level as a planning, budgeting, and advocacy tool. The 2007 LGU score card was printed at national level and then turned over by the Secretary during regional meeting to the governor. It would be good practice to monitor and evaluate how data packaged as LGU report card are downloaded at national level and followed up for action at LGU level after all the turnover ceremonies.

Workforce. The persistent clamor for more health personnel in all the LGUs visited probably signifies the need to revisit DBM limitations on personnel services to see whether such

limitation is indeed appropriate for the health sector. The easiest way to increase the number of health personnel that an LGU can hire is to increase the revenues of the LGU. Incentives should be given to LGUs that are able to raise revenue and hire more health workers. The performance-based grant of the DOH in piloting seems to point to the right direction. It provides incentive for LGUs to improve their health worker ratios.

Lack of medical doctors points to the need to re-examine the roles of city/municipal health officers and the public health nurse (PHN). Some functions of the CHO/MHO are administrative, which can be passed on to the PHN. This could free up some time of the CHO/MHO, which could be allocated to more clinic hours.

As a policy reform and recommendation both for the study areas and for the rest of LGUs in the country, there is a need for further study and for consensus between NG, DOH, Congress, DOF, DBM, NEDA, and LGU on health-worker issue as preparation for policy issuance. The DOH would need to prepare a good advocacy policy tool on this issue. It can opt to deploy nationally funded midwives in IRA-dependent LGUs, provide health-worker benchmarks to LGUs and cities in F1 grants as well as revive the Sentrong Sigla awarding to drive LGUs in meeting public health-worker standards for quality care.

Mobilizing societies. In mobilizing societies to strive for better health, strengthening the role of BHWs as grassroots health workers cannot be overemphasized. They should be given appropriate incentives to ensure that they carry out their tasks.

At present, most Filipinos still equate health care with drugs and curative care. Health education is the key in changing this mindset. Media campaigns are needed to focus thinking on the importance of preventive care.

The private sector can fill in areas that are not undertaken by the government. In the case of Dumaguete City, where the local government is staunchly against modern contraception, donors can tap the private sector such as the OB-Gyne Department of Silliman Medical Institute in providing modern contraceptives. The sisters of Holy Child Hospital can also step up public education on preventive care.

Sustainable financing. Performance should be linked to budget. The targets set at the budget preparation form should not be treated merely as compliance to the rules set by the central

government. When matched with actual accomplishments, LCEs can use this tool to hold its departments accountable to the budget that was given to them.

Identification of the true poor. Agusan del Sur recently passed a Sangguniang Panlalawigan resolution which stipulates the use of CBMS to correctly target Philhealth members. To minimize leakage, validation exercises at barangay level needs to be performed.

User fees in RHUs should not be levied to all clients. Exemptions for those in the target client list, particularly for maternal and child health programs, should be instituted to ensure that targets in these programs are met. Each facility that receives capitation funds from Philhealth should also honor its promise of giving outpatient benefit package to indigents to make them feel the benefits of joining the insurance program.

Investing in infrastructure, logistics, facilities, and management capacity. For key programs such as EPI, supplies should be provided by the national government at all cost. The central office may need to revisit its policy of letting the LGUs purchase their own syringes for EPI use. Such practice adds impediment to the implementation of an otherwise very important program.

LGUs in the study areas lament the high expense in providing 180 iron tablets per pregnant woman. Instead of the current practice of procuring from medical representatives, LGUs can take advantage of bulk procurement from the National Drug Program-Project Management Unit (NDP-PMU) of the DOH. Centers for Health Development (CHDs) through the Provincial Health Teams (PHTs) should orient LGUs on how they can use such facility of the central office.

Reaching the client. While the policy of facility-based delivery is the right step, its implementation needs to be tailored to the realities in the provinces. While it might work in urban areas like Dumaguete City, rural areas in Agusan del Sur need a breach plan to be able to implement this policy. A persistent problem in Agusan del Sur is reaching the client in remote areas. Before decentralization, the DOH did a good practice of providing affordable motorcycle loans to its medical personnel. There is also a need for proper incentives to persuade *hilots* to refer their clients to medical personnel.

Enhancing the quality of maternal and child health. There is a need to strengthen the role of PHO in monitoring the quality of services given by all providers. The PHO should also be given power to ensure that private sector providers comply with DOH protocols.

Hybrid decentralization. Given the many issues and problems—policy, institutions, and financial—besetting the LGUs in the study areas, the Philippines may have to rethink its health decentralization-cum-devolution program. Perhaps it should adopt a hybrid decentralization and not total health devolution program. Although there have been attempts at fiscal reforms in Congress—where it had been proposed that the cost of health devolution be deducted from the IRA prior to its distribution to LGUs to enable the latter, especially the provinces, to finance and deliver health services—such attempts maybe inadequate as the problems are not only related to finance but also to institution and policy. The DOH, Congress, DOF, DBM, NEDA, DILG, and LGUs should see the wisdom of hybrid decentralization (which could very well apply to possible devolution of the education sector¹⁰⁷) and adopt such a policy change. The lessons learned in devolving health should be accounted for in devolving the education and other sectors. These include the following:

- need for clearly defined roles and responsibilities for all institutional actors;
- need for institutional capacities and financial sustainability for the devolved services;
- need for effective policy-making and implementation;
- need for effective monitoring and evaluation and strategic implementation and intervention in areas with high degree of development impact;
- need for participatory and accountable governance in all stages of the program cycle (i.e., planning, implementation, monitoring and evaluation, and impact assessment); and
- need for effective leaders as catalysts or drivers of change and models of replicable good practices.

3.1.3 WATER

Reforms and Recommendations for the Sector

¹⁰⁷ For some of the lessons for education from health devolution, see Philippine Human Development Report (2009: 98–9).

- a) Local governments must strengthen monitoring and enforcement in the areas of illegal logging, water pollution, and other related management concerns. Deputizing the local population will be of great help.
- b) Distribution of local resources for water services delivery must be based on equity and fairness to reduce the disparity between areas. This principle may be institutionalized through local legislation, if necessary.
- c) Workable approaches in water services delivery to waterless barangays must be developed. The potential of small-scale independent providers (SSIPs) and BWASAs must be further explored.
- d) The private sector must be considered financial sources in partnership with local governments. Other financing sources must be explored, including development lending institutions, donor agencies, and NGOs.
- e) High standards must be established in the selection of personnel in water service delivery. These standards must be based on merits and qualifications, not on political connections, to help improve institutional capacity.
- f) Local institutions involved in water service delivery should conduct relevant trainings and seminars to improve the management, technical, and other areas of competence of their staff for purposes of planning and implementation.
- g) BWASAs and water providers in rural areas must be strongly supported. LGUs with limited financial resources can help organizationally by seriously settling disputes among BWASA members and by providing moral support. Establishment of BWASAs in areas where none exists at present should be seriously considered.
- h) Local legislation is needed to regulate some aspects of local water service delivery, such as small-scale extraction of groundwater. Stronger monitoring and enforcement are also needed.

Reforms and Recommendations for Water Districts

- a) Since the LWUA and water districts already practice socialized pricing, they should consider lowering the tariff rates of low-income households vis-a-vis other users. An alternative is to set up more public taps for the poor.

- b) The LWUA and water districts should consider increasing the rates of higher-income households and the commercial and industrial users that have higher abilities to pay. This will help improve cost recovery.
- c) Proper management of water sources and regular repair and maintenance of facilities will improve water quality. The water districts should invest more in repair and maintenance of distribution lines.
- d) The management and technical aspects of operations of water districts must be improved to increase water pressure, reduce downtime, lower non-revenue water, and solve related problems. More training will help.
- e). Water districts should develop cost-effective and indigenous technologies and innovations to reduce dependence on imported technology and lower the negative impacts of a high and fluctuating exchange rate.
- f) Water districts which have difficulty paying their loans may request for loan restructuring from creditors or for counterpart funding from LGUs. In the future they should seek sources of financing outside of government.
- g) Water districts can already increase coverage and expand by doing some of the reforms and suggestions mentioned above and by improving overall customer service. Expansion will help them benefit from economies of scale.
- h) Water districts should improve coordination with LGUs in local water service delivery. Regular consultations and meetings with relevant LGUs and personnel will help reduce incidence of redundant water service.

Reforms and Recommendations for LGUs

- a) LGUs should prioritize and provide more of its own funding to local public water service delivery. Since water is a basic need like food, providing it should be a public function, particularly in areas where it is lacking or absent.
- b) LGUs should develop a local moral recovery program and an effective local check and balance system that will penalize offending and corrupt public officials and employees.
- c) LGUs should develop forms of incentives so that its personnel will perform effectively in their respective functions. A fair and merit-based promotion system, for instance, can motivate low-paid employees to work better.

- d) Since sanitation is directly related to water provision, it should be given emphasis by LGUs. It should be an integral concern under the program of local water services delivery.
- e) Establishing and strengthening provincial, municipal, and barangay Watsan units to integrate water and sanitation functions under one roof will address the fragmentation of functions in local water service delivery at all levels.
- f) Gender issues must be considered in the planning and implementation of local water service delivery projects. Local public water systems must be user-friendly to both men and women.
- g) BWASAs and water providers in rural areas must be strongly supported. LGUs with limited financial resources can help organizationally by seriously settling disputes among members and even by providing moral support.
- h) Tie-ups and partnerships with other sectors must be established. Joint local water service delivery projects should be explored where individual costs to partners are lessened but overall benefits to users are increased.

3.2 Cross-Cutting Reforms and Recommendations

3.2.1 POLICY

Adaptive and responsive approach than prescriptive approach to policymaking and implementation. Rather than taking a prescriptive approach to policymaking and implementation, NG should learn to adopt an adaptive and responsive approach. Unlike the prescriptive approach, which is viewed as totally contrary to the spirit of local democratic governance for espousing a one-size-fits-all policymaking and implementation, an adaptive and responsive approach is, as the term indicates, adaptive to local situations and responsive to the needs of local leaders, communities, and people. For example, the effectiveness of the DOH's policy on skilled attendance at delivery would rely not just in complying with the international standard and practice on obstetric care, but also in taking into account and being responsive to the local needs and situations of poor pregnant mothers in rural areas who are still incapable of giving birth at medical facilities and would rather choose home-based delivery with TBAs. Proper phasing of adoption and selective implementation of policy until

such time that local communities and facilities can effectively implement them may be a good policy action.

Inclusive human development approach (targeting the real poor). A good policy is one that prioritizes human development concerns and services such as primary and secondary education, maternal and child health, and potable water supply. But a policy is more effective if it is inclusive, equitable, and responsive to the needs of the poorest sector of society or the chronically poor. The government—both local and national—as well as its strategic allies and partners in civil society and the private sector, should adopt an inclusive human development approach in policymaking and implementation. Such an approach would be able to target the real beneficiaries of improved LSD and human development—the poor. Geographic and household targeting would therefore be effectively enforced and implemented to create an impact on poverty-reduction (Llanto 2008: 4–5). Using CBMS in correctly targeting PhilHealth members is a step in the right direction. The SBM grant, albeit needing improvement in implementation and in clear connection to school empowerment, is a way to enhance equity by catering to the needs of the poorest schools (at least in terms of performance or outcome indicators). This can be done also in the water supply sector where poor households should be targeted as real beneficiaries and be given priorities in accessing and availing themselves of water supply services. The poor households in the upland areas without connection to public water system should benefit from effective targeting and prioritization. Since the government has already embarked on applying the targeting system to 4Ps, for example, what it can do now is to develop and apply an effective targeting and monitoring system to improve LSD based on an inclusive human development approach.

Performance-based, results-oriented incentivism. A policy on incentivism for best practices in LSD must be formulated and effectively implemented, monitored, and evaluated. But such an incentive system must be performance-based and results-oriented. The logic is premised on the idea that “Good Performance Pays Off!” For example, the LWUA may provide low-interest loans to WDs and WSPs that earn a certain minimum of profit annually. Also, the DepEd may grant incentives to schools, especially in localities with special needs such as in conflict-prone areas, to encourage them to perform well in certain education outcomes despite constraints and contingencies. This may complement the SBM grant. Further, the DOH may grant incentives to BHSs, RHUs/CHOs, and hospitals that enable hilots to refer pregnant women to BEmONC and CEmONC facilities, as well as to LGUs that

register high rates of enrolment of PhilHealth members with transparency. Moreover, DBM and DOF, through Bureau of Local Government Finance (BLGF), may grant incentives to LGUs that do well in generating resources, either from external sources or from their own-source revenues. The incentives may be in the form of lower taxes. On matching grants, the LGUs may be allowed to put up lower counterpart funds.

Linking local, regional, and national development plans. For LSD to create an impact on poverty reduction and national development, it must be effectively formulated and implemented in local development plans that are in line with regional and national development plans. The effectiveness of a local development plan would hinge on its complementarities with regional and national development plans in terms of goals, targets, strategies, and PAPs. The LSD areas have municipal, city, and provincial plans (e.g., Annual Investment Plan, or AIP). For effective implementation of such development and investment plans, important inputs from regional and national plans, and vice-versa, must be embedded into them, especially those that have human development priorities and challenges. Absent such linkage, a local development plan would lack information on the micro and macroeconomic factors that create opportunities and constraints for the country, would not be able to strategically and deliberately attain goals beyond the locality.

3.2.2 INSTITUTIONS

Creating champions and ensuring local leadership and ownership of LSD agenda. The argument of this study is that local leaders are key to an improved LSD. Hence, the need for an effective local leadership that owns up the LSD agenda cannot be overemphasized. Effective local leadership, primarily by the LCEs, would be about

- institutionalizing reform culture and effective change management;
- prioritizing human development concerns and MDGs;
- having an enlarged conception of public service delivery with a view to continuing improvement of LSD systems, policies, and practices;
- practicing democratic governance to create enlarged spaces for participation by NGOs and the local communities themselves, with both acting as empowered beneficiaries and participants of the development process;

- practicing efficient financial administration for improved MDG-related services by rationalizing the use of IRA and own-source revenues, and by tapping other sources—such as grants, loans, and donations—and harmonizing their effective use; and
- practicing good governance.

Given these institutional prerequisites for effective leadership and ownership of LSD agenda, further training, education, and leadership enhancement of local leaders by NG agencies, especially the DILG, should be done with a view to creating champions of LSD.

Enhancing strategic alliances and partnerships (civil society and private sector). The resources, ideas, and idealism of civil society groups and the private sector should be tapped in improving LSD. They can be involved in planning, financing, implementing, monitoring, and evaluating PAPs that are related to basic education, maternal and child health, and potable water supply. Enhancing strategic alliances and partnerships with NGOs, people's organizations, and local communities is a way to empower them to demand better services and accountable governance (WB 2002, 2005). In Agusan del Sur, an NGO (the Philippine Center for Water and Sanitation), played a major role in (i) helping Watsan Center and other WSPs build and improve on their institutional development, (ii) organizing the Doña Flavia Water Supply and Sanitation, and (iii) providing potable water in the province. These are important achievements for the people and the local government. They must be replicated in other localities. There is a need therefore to further create an environment conducive to civil society partnerships and to spreading the best practices for improving the LSD system.

Likewise, enhancing strategic alliances and partnerships with the private sector through public-private partnerships (PPPs) would create a dent in enlarging the base of development stakeholders, in improving the LSD system and practices using the market principles that work best in the private sector, and in enlarging the concept of corporate social responsibility. For the water sector, partnerships may be established with businesses in providing bottled water services or in contracting with MWSI and MWCI. For the education sector, partnerships may be established with private schools for the GASPTE and Adopt-a-School programs; and for the health sector, partnership with private hospitals and institutes for provision of modern contraceptives in family planning. The need is to further create enabling

environment for PPPs and for spreading the best practices in involving partners in improving LSD and in creating economic opportunities for local development.

Strengthening of LGU capabilities. As frontline service providers, LGUs must have the needed capabilities for effective LSD. These include

- better performance of functions assigned to them under the 1991 LGC;
- strengthening of local special bodies such as LDCs, LHBs, and LSBs as a way of empowering the communities to participate in decision-making, development planning, health budgeting, use of SEF, and others;
- practicing efficient resource management and sound fiscal policy and discipline;
- tapping civil society and private sector involvement in LSD and development agendas;
- better coordination among local governments and interfacing with the national government;
- harmonizing investments in MDG-related sectors; and
- practicing good governance, that is, being transparent, accountable, responsive, equitable, just, participatory, and rules-based in doing PAPs.

As evidenced in the LSD areas, most of these capabilities or functions have yet to be fully developed among local governments in Agusan del Sur and Dumaguete City to make them perform well in attaining MDG-related critical services on education, health, and water. Enhancing the LGUs' absorptive capacity for decentralized powers, functions, and responsibilities would make a big dent in improving LSD, local empowerment, and local development. But the role of the national government in institutional capability-building should be emphasized. For example, based on interviews with local finance officials from barangay to provincial level in the LSD areas, it was found that they find it hard to make financial statements following the NGAS that the COA implements for better auditing of LGUs. The national government should extend more enhancement training and technical assistance on this regard.

3.2.3 FINANCE

Human development priority concerns. The NG and the LGUs need to spend more on human development priority concerns such as education, health, and water. In the period 1996–2007, the NG allocated close to 91% of its total spending on basic social services to education, only 3% on health, and 1% on water. Moreover, between 1997 and 2005, the cut in real per capita spending of the NG was deepest in basic water and sanitation (average of 29% annually) and in basic health and nutrition (11%). As to LGU expenditure in 2000–2007, more priority was given to public administration than to social services. Given the high return on investment from human priority concerns, the NG must increase spending on them despite the economic woes, fiscal deficits, and financial crisis. Since most LGUs, including the LSD areas, depend on IRA, financial sustainability should be guaranteed to make them less vulnerable to unpredictable IRA releases and to volatile macroeconomic factors. This will avoid delay in implementing PAPs that aim to improve LSD.

Allocative and operational efficiency. LGUs should practice allocative and operational efficiency to rationalize the use of scarce resources and limited funds. The mandated 20% allocation for development from IRA or the local development fund of every LGU should be optimized. This can be done by allocating most of it on education, health, and water, 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 PAPs related to MDG critical 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 also ensure better use of the people's taxes and maximize the benefit of investment from non-government and external sources.

Enhancing resource management and fiscal capacity. The lifeblood of financing LSD must be the LGUs' own-source revenues rather than the IRA. Since the enactment of 1991 LGC, IRA transfers have created disincentives for mobilizing local sources of incomes. This has weakened the fiscal capacity of LGUs and has disinclined them to fully make use of their revenue-raising powers because

- most LGUs would rather be highly dependent on IRA than raise own-source revenues,
- there is continuing control of NG on the productive tax base,
- the 1991 LGC imposes various limitations in establishing local tax rates, and
- local administration is weak (Llanto 2007: 333–4).

On a positive note, although LGUs in the LSD study areas are more dependent on IRA than the average LGUs, they have performed better than average in terms of own-source revenue generation in 2003–2007. In 2006, both Sibagat and Agusan del Sur did well in total income per capita, unlike Negros Oriental, Dumaguete City, Bayugan, and Prosperidad.

To encourage LGUs to rely on own-source revenues, the following policy and financial reforms are needed:

- improvement in local revenue administration and financial management;
- aggressive and inclusive local economic development;
- efficient bureaucracy and public administration;
- minimizing or eradicating corruption and wastage and practicing transparency and accountability in financing and implementing PAPs,
- institutionalizing Multi-Year Expenditure Framework, Organizational Performance Indicator Framework, and Cost Reduction Measures; and
- enhancing the LGUs' absorptive fiscal capacity.

Institutionalizing these reform measures would create positive effects. As Brillantes (2005:38) opines, “The effectiveness of good fiscal transfers could be measured by their effects on such policy outcomes as allocative efficiency, distributional equity, and macroeconomic stability.” He further argues: “Fiscal autonomy should be seen not only as the transfers of authority to disburse fiscal resources at the local government level but also the greater responsibility to carry out policies that would increase local revenue earning capacity from local sources” (Brillantes 2005: 40).

CHAPTER 11

Areas for Further Research

This chapter presents some sectoral (i.e., education, health, and water) and cross-cutting areas for further research on LSD in particular and on its link with local governance in general.

1. Sectoral Areas for Further Research

1.1 EDUCATION

To the extent possible, this study has analyzed the various types of decentralization or, more aptly, the various components of LSD in education. However, as may be expected in this kind of study, it is impossible to cover all issues in depth. There remains much scope for further study.

1.1.1 Private sector participation in education provision. The extent of private sector participation in education provision is in itself a rich study area.¹⁰⁸ It would be worthwhile to assess the differences in education outcomes between public and private schools. In light of the foregoing analyses, the following areas of research can be pursued further.

1.1.2 Differential effects of multiple dimensions of poverty on education outcomes. It is generally acknowledged that non-participation in school among eligible children is mainly due to poverty. However, given the multiple dimensions of poverty, it would be useful to determine the differential effects of various aspects of poverty on school participation, in various areas or in each locality. In that way, the most appropriate local solutions can be instituted. For instance, it may not be parents' unemployment or lack of wherewithal that constrains them from sending their children to school but the general inaccessibility of the school from their residence. The issue of child labor should also be analyzed. It would be important to determine how much of those who do not attend school actually work and what can be done to get them away from work and into schools. Beyond the usual suspects, it

¹⁰⁸ This is called market decentralization in the study protocol.

would also be helpful to understand the role of community pressure on effecting school attendance.

1.1.3 Adoption and use of local language as medium of instruction. In light of the recent support given by the education department in the use of local language as medium of instruction, it would be useful to revisit or clarify its impact on learning and to assess the support system necessary. More importantly, in the light of considerable evidence on this area, the focus can be shifted into understanding the issues preventing its adoption.

1.1.4 Impact of national and local spending on education outcomes. It would also be useful to study the relative impacts of national spending and local spending on education outcomes. Does local government spending make a difference? Which expenditures should be assigned to which level of government?

1.1.5 Analysis of the effect of fiscal decentralization and impact assessment of SBM. A more rigorous analysis of the effect of fiscal decentralization on school management and education outcomes is necessary. Similarly, an impact assessment of the SBM grant will be useful.

1.1.6 In-depth assessments of institutional arrangements and the allocation of education inputs. More in-depth assessments of institutional arrangements and the allocation of education inputs are necessary. A separate assessment can be conducted for each input, including classrooms, seating, and textbooks. For instance, it would be informative to conduct a thorough comparative assessment of the DPWH-led school building projects and the DepEd-administered school building projects.

1.2 HEALTH

In light of the recommendations presented in the previous chapter, the following areas for further research would be necessary to improve policies, programs, and projects for better local delivery of maternal and child care services:

1.2.1 LGUs' PhilHealth counterpart funding. LGUs have been providing their counterpart to help achieve universal PHIC coverage. It has been quite some time since the sponsored

program has been implemented. Problems with implementation are non-enrolment by LGUs of their indigents in the program, and inclusion of “political” indigents in the enrolment. A study on how the current system of LGU counterparting has contributed to achieving universal PHIC coverage will be helpful in deciding whether the current system should be continued or the national government should take full charge in achieving universal coverage.

1.2.2 Learning from well-managed delineation of responsibilities from other countries.

Delineation of public health responsibilities, in terms of how preventive and curative measures are defined, has not been settled. Once properly delineated, the assigning of responsibilities to either NG or LGU can be managed. Studies on well-managed delineation of responsibilities from other countries with a similar decentralized setup would be helpful in studying our own system.

1.2.3 Performance-based grants. One of the DOH’s steps in supporting the LGUs is the performance-based grants. To implement this program well, the DOH needs a reliable baseline on the health needs of each province. The NSO has existing surveys on health which can be tailored to come up with a comprehensive health survey sampled at provincial level. Also, a study is needed on how FHSIS reports can be streamlined to make it easier for BHWs to collect data, as well as a study on how the central office can validate the FHSIS. Finally, a study on finding the appropriate combination of how grants to LGUs are to be made—a mix of grants that cater to the minimum health needs of the LGUs and at the same time provide ample rewards for LGUS that perform well—should be conducted.

1.3 WATER

The following are suggested areas for further research on local water service delivery in Dumaguete City, Agusan del Sur, and similarly situated provinces, cities, and municipalities in the country:

1.3.1 Analysis of the total demand and supply for potable water services. Analysis of the total demand and supply for potable water services in local communities which can be undertaken by the PIDS or a similar national economic and policy research agency together with the planning and development offices (PDOs) of provinces, cities, and municipalities;

1.3.2 Evaluation of the economic and social impact of water districts and other water service providers. Evaluation of the economic and social impact of water districts and other water service providers in local communities which can be conducted by PIDS with the water districts, PPDOs, CPDOs, MPDOs and the LWUA;

1.3.3 Analysis of the environmental impacts of water districts and other water service providers. Analysis of the environmental impacts of water districts and other water service providers in local communities which can be done by the PIDS or another economic and policy research agency together with the DENR and its provincial, city, and local environment and natural resources officers (ENROs);

1.3.4 Evaluation of the impacts of global warming and climate change on water services. Evaluation of the impacts of global warming and climate change on water services in local communities which can be conducted by the PIDS together with the DENR and the PENROs, CENROs, and ENROs;

1.3.5 Analysis of the relationships between water and sanitation services. Analysis of the relationships between water and sanitation services in local communities which can be undertaken by the PIDS with the DOH, DepEd, and the local health, education, and economic planning agencies;

1.3.6 Evaluation of the impacts of waste disposal and drainage systems on the provision of water services. Evaluation of the impacts of waste disposal and drainage systems on the provision of water services in local communities which can be initiated by the PIDS with the DPWH, the DOH, and the local public works, health, and economic planning agencies;

1.3.7 Analysis of market-based mechanisms to enhance water services. Analysis of market-based mechanisms to enhance water services in local communities which can be done by the PIDS with the DOF and the local finance and economic planning agencies; and

1.3.8 Evaluation of sustainable financing mechanisms to enhance water services. An evaluation of sustainable financing mechanisms to enhance water services in local communities which can be initiated by the PIDS with the DOF and the local finance and economic planning agencies.

2. Cross-Cutting Areas for Further Research

Following are some cross-cutting areas for further research that may be considered in improving LSD in the Philippines. They are written in general terms; hence, their specific details would be laid down once their logic and wisdom are found worthy to invest in.

2.1 Minimum Service Delivery Standards

Are there minimum service delivery standards to which the LGUs can really measure up in delivering for their constituents? The difficulty of evaluating LGU performance in improving service delivery is as much a result of their incapacities, lack of political will, and the design of decentralization as the lack of minimum service delivery standards, at least those to which the LGUs can really comply given their capabilities. 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. To avoid cookie-cutter approach, local specificities, contingencies, and priorities must be taken into account in formulating such national “minimum.” This will concretize an otherwise abstract accountability, and would-be beneficiaries could use it as a barometer of their local officials’ performance or as guide during elections, thus making LSD an electoral issue and establishing a strong correlation (which is sadly lacking at the moment) between LSD performance and electoral winnability.

2.2 Barangay Financial Management

Do barangays practice good financial management for high development impact? Since barangays are frontline service providers, it is important to study their financial management to improve their spending and revenue generation efforts. The 20% 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 own-source revenues, is too valuable not to spend wisely on social services. 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 that the local constituents really need. In order that such initiative may

not be deemed inimical to barangay autonomy, 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.

2.3 Barangay Economic Empowerment Act

Can barangays be economically and politically independent? In connection with the above-mentioned recommended study on barangay financial management, a law may be passed allocating a reasonable percentage of the IRA share of each barangay to income-generating or economic activities within its jurisdiction. This will enable the barangays to make effective use of their IRA and benefit their constituents in the long run. This would translate into increased income for every barangay, resulting in economic and financial independence that hopefully would lead to real political independence and do away with a system of dependency that has characterized local and national politics. Concerned agencies and organizations—NGAs, civil society, the private sector, international organizations, and higher tiers of LGUs such as cities, municipalities, and provinces—should extend help to barangays in establishing their market and entrepreneurial orientation, in identifying and optimizing their comparative advantage, and in effectively managing their programs. The barangay constituents are a key to making this into reality. They should lobby their city and municipal mayors and their legislators into passing the law, with a clear message that inaction would mean electoral suicide. The more challenging part is to rally the barangay officials into owning up the economic and financial agenda and sell it to their constituents. International donors like UNICEF, UNDP, ADB, World Bank, and USAID have a crucial role to play in meeting this challenge. If the law could not be passed because of politically charged legislative process (and perhaps because of vested interests that protect the low-level equilibrium that perpetuates political co-dependency), then international organizations can perhaps capitalize on the best practices to create “Model Barangays” for financial empowerment initiatives.

2.4 Naming, Shaming, and Praising Local Chief Executives

How can local public officials be made accountable, at least electorally, for their LSD performance? This report has argued that LCEs, as institutional actors, despite certain development constraints, can take a crucial role in improving LSD and make a big difference

in the lives of their constituents. A promising study then would be one on LCEs, with the main objective of finding and publishing “Model LCEs” by zeroing in on both the best and bad performers in terms of LSD in particular and local governance in general. The study would determine the usual success and failure factors underlying LSD performance. More importantly, it 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, especially in rural areas. This would hopefully raise the consciousness of constituents and help them learn to demand better services from their LCEs. Hopefully, this would also revolutionize the local officials’ performance on LSD by making them sensitive to their constituents’ needs, thus realizing the demand-side and supply-side of accountability.

2.5 Institutionalizing and Sustaining the Performance Gains of Local Bureaucrats.¹⁰⁹

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 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. They can get capacity development assistance from international organizations such as UNICEF, UNDP, ADB, World Bank, and USAID. Training local bureaucrats and providing them technical, administrative, and financial assistance—all geared toward capacity building for institutionalization and sustainability of performance gains in LSD and good local governance—would surely achieve development outcomes over the longer term.

2.6 Making Local Special Bodies Work Effectively

How can local special bodies be made to function effectively? The 1991 LGC provides for creation of local special bodies (i.e., local school boards, local health boards, local development councils, and local peace and order councils) to help catalyze good local

¹⁰⁹ Mr. Augusto Rodriguez, officer-in-charge of UNICEF’s SPLD, broached the idea of the need to conduct training of local officials and public administrators on local governance during 2009 UNICEF Midyear SPLD Coordinators’ Conference on June 17, 2009 in Tagaytay City. He said UNICEF and PIDS could undertake this as a joint project.

governance and effective delivery of services such as education, health, local development, and peace and order. If anecdotal evidence pointing to their ineffectiveness are 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 probably lead to some positive results, among them:

- the success and failure factors of effective local special bodies would be determined;
- the role of politics as influencing either the effectiveness or ineffectiveness of local special bodies would surface, and what can be done about it would be determined;
- the nominal or real participation of civil society and the private sector would be ascertained and improved upon, with a view to really representing public and private interests; and
- amendments to provisions on local special bodies in the 1991 LGC would then be necessary in light of the key findings of the study.

2.7 The Politics of Local Service Delivery

Politics plays a big role in the provision of public goods and services. An interesting study would be on how political dynasties have impacted on local development within their jurisdictions. The research question would be: Is there a correlation between political dynasty and local economic development? An LSD-related question would be: Are the local constituents better or worse off in having political dynasties governing them and delivering their public goods and services?

2.8 Strengthening Civil Society Participation

Can civil society organizations (CSOs) really represent the local people? Governance framework entails real participation of civil society to complement the roles of government and the private sector in the pursuit of public interest. There is abundant anecdotal evidence showing their lack of efficacy on their normative mandate to represent the people. Important areas for further research could include: (i) impact assessment of the participation of CSOs such as NGOs and POs in local special bodies; (ii) impact assessment of local CSOs in

contributing to the improvement of LSD per sector; (iii) a study on how CSOs can help establish the link between local officials' performance on service delivery and electoral winability by raising the people's awareness of the performance of local officials (e.g., information dissemination on Annual Performance Report per LGU or key local government official), the reasonable public expectations to deliver public services (e.g., the minimum basic services provided), and the "best practices" from other LGUs that people should be aware of and from which their own LGUs can learn; and (iv) a study on "Model NGOs and POs"—based on national or international comparative assessment—that could inspire other CSOs to work harder and better for the people they represent. Social Watch Philippines and CODE-NGO can lead in this reform initiative.

2.9 Crafting Pro-Poor and LSD-oriented Public–Private Partnership Frameworks

How can the private sector's corporate social responsibility and profit motive be balanced to work in effectively delivering public goods and services and in achieving MDGs? As one of the findings of this report, more private sector participation, as part of the non-state provision of basic services,¹¹⁰ is needed in helping deliver MDG-related services. A study on PPPs related to LSD and poverty reduction would be beneficial for two reasons: (i) formulation and implementation of PPP policy frameworks that really target and serve the poor, and (ii) creation of an enabling framework that improves LSD while at the same time ensuring incentives for the private sector (Panggabean 2006:11). Therefore, the commonly undertaken PPPs (i.e., service contracts, management contracts, build–operate–transfer, concessions, and divestiture) should be studied with a view to realizing pro-poor and LSD-oriented PPP policy frameworks. In terms of the MDGs, the creation of roadmap for the MDGs by the Philippine Business for Social Progress (PBSP), titled "Responding to the Millennium Development Challenge: A Roadmap for Philippine Business," is a step in the right direction. But a far 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, as well as other MDG-related roadmaps.

2.10 National Strategy for Demand-Side Accountability

¹¹⁰ For a literature review and insightful discussion on non-state provisions of basic services (i.e., education, health, and water and sanitation) see D. Moran and R. Batley (2004: 1–65).

Can there be a solution to the perennial problem of demand-side accountability? Human development framework, which grounds LSD normatively, advances the idea that people are at the heart of development; otherwise, it is no development at all (Sen 1999). This is concretized when Filipinos are empowered to the extent that they are able to demand services that they deserve, hold public officials and service providers to account for their policies and programs, and participate meaningfully in matters (e.g., LSD) that affect their lives. Absent the facilitative and enabling conditions that the government should provide, and absent the institutions to help catalyze meaningful political participation, then the Filipinos, particularly the poor, would be deprived of the opportunity to become development partners more 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 decision-making. This process increases their level of confidence and self-reliance” (MTPDP 2004–2010: 173). A good area of research would be crafting a national strategy for demand-side accountability as a form of people empowerment. The objectives of such research could include: (i) crafting policy frameworks for strategic interventions that really address the problem of disempowerment and deprivation; (ii) harmonizing fragmented efforts in empowering the people, especially the poor; and (iii) grounding policies on LSD on demand-side accountability so that duty holders would always treat the rights bearers not as passive recipients of benefits but as active claimants of what is due them.

2.11 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 localization of MDGs by virtue of Social Development Committee (SDC) Resolution No. 1, Series of 2003, titled “Expanding the Functions and Composition of the Multi-Sectoral Committee on International Human Development Commitment” (MC-IHDC). 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 2005:25). An important study could be one that looks into the feasibility and effectiveness of real localization of MDGs by giving more financial resources to the LGUs, thus 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 (depending on proper phasing in consideration of required LGU capacities) are subjects for further research. Good local financial management would be added to the four DILG interventions mentioned above. The important idea is to practice burden-sharing where both national and local governments work hand in hand in realizing the MDGs. The fiscal side of local autonomy would therefore be ensured and hopefully would entail demand-side accountability.

A. DOH Administrative Order on Maternal and Child Health, Highlighting Specific Roles of LGUs¹¹¹

2005-0005	Cost for Newborn Screening and Maximum Allowable Service Fees for the Collection of Newborn Screening Samples in all Newborn Screening Collecting Health Facilities	<ul style="list-style-type: none"> • Newborn Screening Act of 2004 ensures that newborn screening shall be accessible to all. • NBS fee shall be regulated by the DOH to prevent exorbitant overhead cost, thus making NBS more affordable. • ₱550 fee/cost for NBS specimen collection kit to be charged by the newborn screening center. • ₱50 maximum allowable service fee for the collection of newborn screening samples to be charged by facilities. 	
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¹¹¹ This section was prepared by Ms. Ida Marie Pantig, a research assistant of PIDS.

2005-0014	National Policies on Infant and Young Child Feeding	<p>Overall objective is to improve the survival of infants and young children Specifically:</p> <ul style="list-style-type: none"> - all newborns are initiated to breastfeeding within one hour after delivery; - all infants are exclusively breastfed for six months; - all infants are given timely, adequate, and safe complementary foods; and - breastfeeding is continued up to two years and beyond. 	
2006-0012	Revised Implementing Rules and Regulations of EO 51, otherwise known as the "Milk Code," Relevant International Agreements, Penalizing Violations Thereof, and for Other Purposes	<ul style="list-style-type: none"> •EO 51 provides guidelines on proper use of breastmilk substitutes through proper information dissemination involving health workers, its appropriate marketing and distribution, to name a few. •Guidelines (for monitoring): materials should not include texts, illustrations and pictures, which discourage or tend to undermine the benefits or superiority of breastfeeding, or which idealize the use of breastmilk substitutes; •Health and nutrition claims, financial or material inducements or gifts and distribution of samples by manufacturers will not be allowed. 	Provincial Health Offices, Municipal Health Offices/Rural Health Units, City Health Offices and Barangay Health Offices shall monitor compliance, as well as problems encountered in the implementation.
2006-0015	Implementing Guidelines on Hepatitis B Immunization for Infants	<ul style="list-style-type: none"> •Guidelines are provided to improve the management in the provision of three doses of routine Hepatitis B vaccine •Reach Every Barangay Strategy: to ensure that all children will avail of the immunization program of the government (no details provided in the AO). 	Reach Every Barangay strategy will be implemented to reach far-flung barangays. LGUs shall ensure that vaccines are given to the targeted eligible population. LGUs shall also provide funds for the procurement of auto-disabled syringes. LGUs must ensure that regular immunization activity is done at least once a week.
2006-0016	National Policy and Strategic Framework on Child Injury Prevention	<ul style="list-style-type: none"> •AO aims to provide a strategic framework for child injury prevention implementation; to initially focus on: road traffic injuries, burns and scalds, drowning, falls and poisoning. •Implement Child Injury Prevention Strategy, which will be based on a population health approach that addresses the range of factors (i.e., social, economic, cultural, and political) 	LGUs should be able to translate national policy into local policies or ordinances for implementation. LGUs shall facilitate the allocation of funds and generate various resources and shall harness the involvement of government agencies, NGOs, families, communities, and other stakeholders.

2006–0022	Guidelines for Establishment of Performance-Based Budget for Public Health	<p>Guidelines are provided in prioritizing public health programs;(Public health programs shall be identified based on the burden of disease, equity, economic efficiency and cost effectiveness).</p> <ul style="list-style-type: none"> •Performance-based budget allocation and execution for public health programs. • Primary goals/outcomes for this AO: <ol style="list-style-type: none"> 1. to eliminate leprosy, schistosomiasis, filariasis, malaria, and rabies as public health problems in specific areas; 2. to improve health outcomes related to Vaccine-Preventable Diseases, TB, HIV/AIDS, and emerging infections; 3. to improve maternal health outcomes through Maternal and Child Health Programs; and 4. to improve lifestyle and risk management. 	LGUs shall be involved in benchmarking—on the achievement of outcomes/coverage rates expected from allocated public health commodities; DOH shall take into account specific diseases which are endemic to certain LGUs
2006–0029	Guidelines for Rationalizing the Health Care Delivery System Based on Health Needs	<ul style="list-style-type: none"> • Rationalization is needed to promote adherence to the principles of FOURmula 1. Rationalization entails: <ol style="list-style-type: none"> 1. health care needs assessment, 2. strategic plan to rationalize health care delivery system based on health needs, and 3. stakeholder mobilization. <p>To be implemented by CHDs.</p>	Rationalization shall support the fulfillment of the purposes of decentralizing health services, the autonomy of LGUs to assess and develop its health care delivery system, and the pursuit of LGUs for increasing levels of functionality and coordination of ILHZs
2007–0007	Guidelines in the Implementation of Oral Health Program for Public Health Services	<ul style="list-style-type: none"> • Implementation of national public health program for oral health. • Program aims to reduce the prevalence rate of dental caries and periodontal diseases by end of 2010. 	LGU shall come up with activities/programs in order to reach far-flung areas. (Premise is that the number of dentists in rural areas is very limited.)
2007–0009	Operational Framework for the Sustainable Establishment of a Mental Health Program	<ul style="list-style-type: none"> • Aims to provide guidelines on the development and implementation of the National Policy on Mental Health (AO no. 8 s.2001), which aims to reduce the prevalence of mental illnesses and the mortality from suicide and intentional harm, and to reduce the risk of mental disorder. 	This AO includes the creation of Regional Mental Health Team and LGU Mental Health Team, which will facilitate the enactment of necessary legislative issuances (RA 9165: Comprehensive Dangerous Drug Act, RA 9211: Tobacco Regulation Act of 2003, AO 8 s.2001: National Mental Health Policy, National Objectives for Health, Fourmula 1 for Health).
2007-0026	Revitalization of the Mother-Baby Friendly Hospital Initiative in Health Facilities	<ul style="list-style-type: none"> • In 2006, there was poor compliance to the “Ten Steps to Successful Breastfeeding” in health facilities, thus the need to revitalize the MBFHI. • MBFHI, by virtue of RA 7600 (Rooming-In and Breastfeeding Act of 1992), aims to facilitate and protect breastfeeding in hospitals, both private and public. 	
2007–0028	Implementing Guidelines of EO 663: Implementing the National Commitment for <i>Bakuna ang Una sa Sanggol at Ina</i>	<ul style="list-style-type: none"> • The goal of WHO is to eliminate vaccine-preventable diseases; • AO is on mass measles vaccination campaign. immunization is to be administered free of charge <p>CHDs shall ensure that vaccines are potent, adequate and timely delivered; provide technical assistance</p>	LGUs shall ensure that eligible children are given the appropriate child health interventions—measles immunization and other vaccines, and shall search for follow-up missed children.

2007-0028	Implementing Guidelines on EO663: “Implementing the “National Commitment for Bakuna ang Una sa Sanggol at Ina”; attaining WHO’s goal to eliminate measles and neonatal tetanus, eradicate polio, control hepatitis B and other vaccine-preventable diseases for the “Knock Out Tigdas”	Goal: that at least 95% of children and pregnant women/mothers are fully immunized annually, with the use of door-to-door strategy.	Involvement of midwives, BHWs and BNSs will be crucial; LGU shall ensure that all children are given immunization, follow-up, search for follow-up missed children, and submit accomplishment reports.
2007-0034	Guidelines in the Development of Province-wide Investment Plan for Health	<ul style="list-style-type: none"> • PIPH will serve as key instrument in forging DOH-LGU partnership, and will serve as vehicle for implementing and consolidating support for health reforms at the provincial level. 	Taking from Sec. 33 of LGC, which provides that LGUs may group themselves, consolidate their efforts for purposes commonly beneficial to them.
2007-0038	Adopting SDAH (Sector Development Approach for Health) in the Implementation of <i>Formula 1</i>	<ul style="list-style-type: none"> • From SWAp (Sector-Wide Approach), which aims to reduce fragmentation of support from partners and increase impact on health sector development, to SDAH (Sector Development Approach for Health), a more F1-consistent approach; DOH and SDAH partners shall aim to establish funding and financing systems and procedures. • SWAp aims to bring about an environment where all significant funding for the sector supports the sector policy and expenditure program. • SDAH shall be guided by the primary goals as set forth in the National Objectives for Health, MDGs, and MTPDP—better health outcomes, more responsive health system and more equitable health financing. 	DOH shall take into account the roles of local units as owners of local program implementation. DOH and SDAH partners shall stimulate LGU participation to adopt F1 and national priorities through advocacy on the socio-political and economic advantages of instituting health reforms, provision of health incentives, and forging performance-based arrangements between national and local governments.
2007-0045	Zinc Supplementation and Reformulated ORS in the Management of Diarrhea Among Children	<ul style="list-style-type: none"> • AO provides guidelines in the management of acute diarrhea with zinc supplements, which reduces the duration and severity of the disease and prevent subsequent episodes of diarrhea, in addition to ORS and/or reformulated ORS. 	
2008-0013	Implementing Guidelines for the DOH P100 Project for DOH and Pilot LGU Hospitals	<ul style="list-style-type: none"> • Aims to increase patient’s access to low-cost quality drugs, taking into consideration rational drug use, economies of scale in procurement, and a unified pricing scheme. Selection of P100 packages may be based on: <ul style="list-style-type: none"> -leading morbidity and mortality -most prescribed and fast moving drugs -clinical treatment guideline -cost-effectiveness of a drug package considering effectiveness 	Participating hospitals: *DOH hospitals accredited by PHIC with functional Therapeutics Committee (TC). *LGU hospitals accredited by PHIC with pharmacy/pharmacists and TC.

2008–0016	Implementing Guidelines on Monitoring and Evaluation for Equity and Effectiveness (ME3) in Support of Local Sector Strengthening through F1	<ul style="list-style-type: none"> •AO aims to provide a uniform framework for monitoring and evaluation of F1. On Equity: to improve the social conditions and provide adequate social protection for the poor being the most significant client of the government. On Effectiveness: to achieve goals and outcomes of the health system and how to achieve these better and faster. Three Levels of Performance Indicators Framework: <ol style="list-style-type: none"> 1. Final Outcomes Indicators (reflects results, consequences or outcomes valuable to Filipinos. 2. Intermediate Outcomes Indicators (measures features of the health system that leads to final outcomes—access, quality, efficiency, financial burden. 3. Major Final Output Indicators (products, goods and services resulting from the implementation of F1 strategies) (Indicators: refer to Annex of AO). 	LGU Scorecard
2008–0017	Implementing Guidelines for the LGU Scorecard	<ul style="list-style-type: none"> •LGU Scorecard shall serve as a tool to track the performance of Province-Wide Health System in implementing F1, guide the management of F1, and report to clients on performance. Two sets of indicators: Set I: Outcome Indicators, where annual incremental improvements in performance can be measured, and where fairness of performance by wealth or income groups can be gauged. Set II: Output Indicators of health system reforms that are complex and require a startup process. Incremental improvements in performance are difficult to study and measure every year. Special studies may be required to complete measurement of these indicators. 	FIMO and CHD shall manage the implementation of the LGU Scorecard.
2008–0020	Policy Guide on Local Health System Development	<ul style="list-style-type: none"> •AO is a strategy for supporting the development of LGU-led local health systems •There is a need for Philippine localities to converge toward similarly good health programs to achieve positive health outcomes collectively. 	F1 shall be considered alongside implementation of this AO. DOH shall pursue priority reforms in its support to local health systems development, and that it must exploit various opportunities at the local level for positive change.
2008–0029	Implementing Reforms for Rapid Reduction of Maternal and Neonatal Mortality	<ul style="list-style-type: none"> •Aims to reduce maternal and neonatal mortality by implementing the Maternal, Newborn and Child Health and Nutrition (MNCHN) Strategy at the local level. •Clinical and Public Health interventions: pre-pregnancy services, prenatal care, care during delivery, postpartum and postnatal care. •AO tackles more on operations and implementation of programs at the local level. •Designation of facilities in local units as <i>Basic Emergency Obstetric and Newborn Care (BEmONC)</i> facility. • <i>Comprehensive Obstetric and Newborn Care (CEmONC)</i> facility, and <i>Community Level Service Providers</i>—BHS, RHU, health centers, or similar private facilities. 	LGU shall reorganize staff to deliver the integrated MNCHN Strategy; Province- or city-wide health system as unit for planning, organizing and implementing the MNCHN Strategy.

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