

**PHILIPPINE DEVELOPMENT FORUM**  
Working Group on Decentralization and Local Government

**Statement for the 2011 Philippine Development Forum**

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The CCTV cameras in most stores today are symbolic of how governance has changed. Like store owners who watch their employees and customers, citizens watch those they have elected and entrusted to govern them. The Working Group on Decentralization and Local Government proposes three specific areas of reform in local governance that will support President Aquino's thrust on good governance and the fulfilment of the President's Social Contract.

***Firstly, citizens watch and want to engage local governments and it is in our interest that they do so meaningfully.*** Twenty-five years after the People Power Revolution and 20 years after the passage of the Local Government Code, the challenge of sustaining and enhancing participatory governance remains. CSOs that are active in local governance are few in number and have uneven levels of capacity. There is an emerging need for the government to support the capacity development of CSOs to facilitate genuine and meaningful participation in local governance.

***Secondly, local and foreign investors watch.*** Investors are often confused by the inconsistent and unpredictable local investment policy environment resulting from conflicts between national and local policies and legislation. The national government and LGUs must therefore work together to harmonize national and local policies in terms of investments, incentives as well as infrastructure planning.

***Thirdly, the Filipino electorate watches.*** Inspired by the President's Social Contract, Filipinos now look to LGUs to align their plans to delivering on the changes described in this promise. How do we do this? Categorical grants and performance incentives are powerful tools that the national government may leverage to align LGUs to strategic national development priorities.

Presently, there are many programs implemented by various national agencies that channel grants to LGUs. These programs may be consolidated into a simpler, more transparent system of categorical grants that would provide a specific grant program for each priority sector of the national government.

There is also an increasing interest to utilize performance-based incentives to promote good local governance. DILG is implementing the Performance Challenge Fund program while other line agencies also implement similar programs in their own sectors. A strategic policy for LGU incentive systems is needed to ensure harmonization and consistency among the different programs of oversight and line agencies.

In conclusion, together with the national government, civil society, and the private sector, LGUs stand ready to help formulate and implement the priority programs of the Philippine Development Plan.