

**LOCAL GOVERNANCE
AND
PARTICIPATORY NATURAL RESOURCES
MANAGEMENT:**

USAID'S GOLD PROJECT IN THE PHILIPPINES¹

Case Study
presented
by

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Summary:

Major authorities and responsibilities for agricultural extension and environmental planning, monitoring and management have been devolved to local governments in the Philippines under recent decentralization legislation. Such legislation has placed substantial decisions in the hands of local governing institutions with high levels of citizen participation. This is a major departure from more conventional resource management systems premised on macro policy-based "command/control" formulas applied by central agencies that typically optimize technical solutions and minimize - or altogether bypass – formal local governing institutions.

USAID's Governance and Local Democracy Project has, as one of its principle action areas, the task of assisting provinces, cities and municipalities to take an active role in assessing, monitoring and managing natural resources in their jurisdictions in collaboration with civic institutions. GOLD developed a "toolbox" of participatory techniques and technical assistance events that could be applied to a wide variety of urban land-use, communal forest, coastal resource management and agricultural development challenges faced by local governments. Seven basic techniques emerged:

1. Local Government Strategic Planning Workshops
2. Multi-Sector Technical Working Groups
3. Community Environmental Action Planning Workshops
4. Environmental Summits
5. Participatory Environmental Transects
6. Co-Management Agreements
7. Technical Review/Training Workshops

The GOLD Project's impact on environmental management in the Philippines may be described in several ways:

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- Annual public opinion measures of satisfaction with local government services steadily rose over each of three periods.
- Approximately 90 local government partners availed of one or more of the tools noted above related to environment and a significant numbers budgeted self-generated revenues for environmental purposes.
- All provincial and city governments filled the Code-mandated Environmental Officer position.
- Sixty percent of the 2500 facilitators trained by GOLD use facilitation methods after training without further assistance from the project.
- GOLD has demonstrated that local governments do have basic capacities to identify environmental issues, organize community solutions, commit local revenues and sustain local actions.

Four principal factors constrained GOLD activities in support of improving local environmental management.

- First and foremost, the Local Government Code did not go far enough in devolving environmental management authorities and functions to local government.
- Closely related to the first, is that the national Department of Environment and Natural Resources placed considerable emphasis on a Code caveat that all environmental activities are “subject to the supervision and control of DENR”.
- The profoundly different perspectives from which each entity views the problem complicate the interface between national and local government.
- Lastly, *institutional incentives* have a dramatic impact on what actions get priority by field personnel of a given agency.

Lessons Learned and Success Factors

- Do not focus exclusively on optimizing technical solutions. Give equal attention to normalizing governance processes by demonstrating *tools* and training locals in *methods* which could be used to address their own problems on an ongoing basis..
- Where possible, shift the locus of responsibility for environmental management to local government and broad-based civil society groups.
- Reverse the conventional sector-oriented, expertise-driven process by addressing environmental problems through a governance perspective, rather than from a technical (sector) perspective.
- Focus less on trying to get people to support optimal technical strategies in total and more on enabling people to accomplish doable actions one step at a time.
- Sustainability should not be misconstrued as the ability of a “beneficiary” to sustain “projectized” activities. Rather, sustainability is the ability of local institutions to manage processes and methods by which issues are continually acknowledged and for which doable solutions are continually experimented with by involving all stakeholders.

Background and Purpose of Project

Following the downfall of the Marcos regime and promulgation of a new Constitution emphasizing local autonomy, the Philippines Congress enacted a sweeping reform package known as the Local Government Code of 1991. The Code decentralized major authorities, responsibilities and financial resources to local government units comprised of 76 provinces, 74 highly urbanized cities, 1580 municipalities and even the +/- 42,000 grassroots units known as “barangays”. This legislation - and its subsequent implementation - may be singled out as one of the most aggressive and successful reform efforts in the developing world aimed at deconstructing a moribund and overburdened centralized system by means of decentralization. Major breakthroughs occurred as a result, including in the area of natural resource management.

Since 1991 USAID has been assisting this process of policy and operational reform through two projects managed by ARD, Inc. as prime contractor in partnership with a grants program involving numerous Philippine NGOs. ARD first implemented the *Local Development Assistance Project* (1991-94) which focused on policy reform and institutional change processes during the early stages of Code implementation. This was followed by the *Governance and Local Democracy Project* (1995-2001) which currently focuses on forcefully demonstrating how local governments can achieve more effective development by using the opportunities afforded by the Code.

The origin of the GOLD project’s accomplishment is to be found in the “enabling environment” in which it works; it is necessary to understand the Code if one is to understand why such useable innovations resulted from it. The Code is a radical step relevant in numerous respects to the issues of agriculture-based rural development and sustainable environmental management.

First, it completely decentralizes to local elected officials the operations, personnel supervision and responsibility for delivery of health, social welfare, community development, agricultural extension, elements of environmental management and many other services. It went far beyond mere deconcentration of selected functions by fully devolving about 75,000 employees and major physical assets of central government agencies to local governments. The planning and management of these services, supervision of employees and maintenance of assets are now fully controlled and directed by local authorities.

In other words, centralized delivery systems were tossed out and decentralized delivery systems allowed to flourish. In this process the role of national government agencies has shifted to a technical assistance role supporting priorities of local government. This is, of course, a reversal of the typical system wherein national agencies basically make and interpret priorities, set policy, define strategy, assign roles, control budgets and direct how, where and when services are delivered to whom, often with minimal or no substantive participation by local governing institutions.

Second, the Code allocates forty percent of all internal revenue collections to local authorities and has a system for sharing national wealth extracted from local environments. Revenue shares are *automatically released* on a quarterly basis. Unlike

many systems that assign locals more responsibility, but keep control of resources at the center, the Philippine's model legally provides that revenues and resources are no longer controlled in whole or part, directly or indirectly, by central authorities. So the local is more genuinely in charge of all elements of service delivery.

Third, the Code gives local authorities latitude within broad national guidelines to set and collect fees-for-service and use-charges, to develop their own management methods and rules, and to collaborate with the non-governmental sector to deliver services. It is important to understand what this latitude means. We are too often accustomed to thinking that "local participation" is the enlistment of local authorities and communities to implement systems designed, directed, financed by and ultimately managed at a higher level. Under the Philippines Local Government Code, local governments assign development priorities, set fees, and decide how to manage resources. These tasks are accomplished via various local development committees, of which a minimum of 25% membership must be from non-governmental or community-based organizations. So local governments, in collaboration with their civic partners, are at the *center* of a process in which they decide how to do things, rather than at the *periphery* of a process reacting to how others have decided how to do things. As we shall see, this significantly impacts the way such things as environmental planning and management are accomplished.

Project Design and Implementation

The GOLD Project has been under implementation in the Philippines since July 1995. Originally intended to end September 1999, it has recently been extended to April 2001. The Project Implementation Team works in collaborative partnership with nine provinces and two highly urbanized cities, but this is a bit misleading. In fact, GOLD works with well over 200 local governments because it provides distinct technical assistance to municipalities and component cities of all nine provinces (as well as the provincial administration itself) and to subordinate barangays of the two urbanized cities. So as a percentage of all local governments, GOLD is addressing the demands of about 11-12% of the nation. Our emphasis during the extension phase will be on taking the innovations of the last three years and rapidly expanding outreach. We intend to at least double our numbers over the next two years; GOLD will thus have reached around 22-25% of local governments in the Philippines.

From the outset we had no interest in working within the confines of what Filipinos shrewdly label as a "trad-pol" milieu (i.e., a situation dominated by *traditional politics*). We felt that would only lead to futile efforts to prop up project activities in unwinnable circumstances. So all local government partners involved in GOLD have been chosen via a process of self-selection using screening criteria that aim to unearth the more progressive, less traditional leadership throughout the archipelago. Some would say this makes things easy, we would posit that in a client-oriented paradigm it makes good sense to work with clients that want the service you are providing! So it is important to take note that we do not speak of these reform-minded local governments and their constituents in the language of "target beneficiaries", but rather as "partners" or "clients". That is because we are determined to shift our thinking – and language – toward a client-oriented alliance.

Because of the unique demand-driven nature of the project and its highly flexible design our partners also include literally dozens of national and local NGOs, three Leagues of Local Government (for provinces, cities and municipalities) and the staff of various line and execute agencies. ARD and its partners work in close consort with several local NGOs whose task it is to support the development of civil society and non-governmental participation in local affairs. This approach is especially important in that the Code mandates a minimum of twenty-five percent of the membership of various government committees be from NGOs and/or community representatives, a commitment to civic participation that few, if any, governments exceed anywhere else in the world.

We are involved in several major activity areas addressing institutional capacity building and governance. Our primary mission was to respond in innovative ways in three local government action areas:

- Revenue generation and financial management
- Investment prioritization and promotion
- Environmental planning and management

In addition, we were to concern ourselves with three other dimensions of the transition to local autonomy and decentralized service delivery:

- Strengthening of participatory mechanisms,
- Supporting policy reform and advocacy through the Leagues of Local Government
- Developing an information sharing and feedback system

We were able to make significant in-roads in each of these areas, but I shall focus the rest of the discussion on GOLD's approach to the challenges of environmental management using the mechanisms of governance.

Innovations in Environmental Planning and Natural Resource Management

Many of the innovations of GOLD are in the area of environmental planning and management. When the project began in 1995 with community-wide strategic planning workshops each site could decide – via a participatory planning process culminating in a public vote – the action priorities they wished to pursue with GOLD assistance. They had a virtual smorgasbord of possibilities from which to chose. We were surprised to find that addressing environmental issues was the one priority *always* identified by *all* local governments at *all* levels. No other priority came close.

We at first found that curious inasmuch as neither local governments nor most multi-purpose civic institutions were accustomed to working in this area. Environmental management had always been the relatively exclusive domain of the Department of Environment and Natural Resources (DENR) and a few favored environmental NGOs. Historically, when DENR worked at local levels it did so via the familiar “projectization” model. It created local “project management offices” (frequently with the encouragement of donors) that accomplished most technical inputs, perhaps with the assistance of NGOs. This model typically bypassed or relegated local government to pretty insignificant roles. At the end of the day most activities were largely executed by project

offices staffed by expats and capital-city based experts, neither of which remain in the geography after the project completion date.

However, it did not take long to understand that the reason the environment emerged as a consistent priority issue is the same reason it is an issue everywhere else in the developed and developing world... because people are genuinely troubled. Both local elected officials and the wider civil society are deeply alarmed at the destructive rate of environmental degradation taking place before their eyes and the gross inadequacies of national authority's efforts to address the crisis. Although there is in the Philippines, as in many places, much rhetoric and many good macro policies, there is very little effective natural resource management at the local level by an overwhelmed, understaffed and frequently corrupt national agency addicted to promulgating policy without any real ability to follow-through. Local communities and their officials intuitively sense the seriousness of the crisis and know by experience that if it is to be solved it will need their active participation. That is where the GOLD Project could offer help.

What GOLD Did for Local Management of Natural Resources

GOLD has been since its inception profoundly demand-driven, taking its queue for both priorities and strategy from the local situation itself. For instance, GOLD did not have a "plan" or a "strategy" for how to assist local governments with natural resource management issues. We possessed very few technical assumptions about what needed to be done. We did not see ourselves as an environmental project, but as a project assisting local governments to do a better job of addressing their own self-determined issues. This was not a front-loaded, pre-designed, input/output type of approach.

What GOLD did have was reliable methods for accomplishing rapid, pro-active, results-oriented, participatory strategic planning leading to implementable action agendas. And we had some resources to provide technical assistance in support of actions local communities chose to implement. We called these "doables", because in very few instances were local officials and civic partners interested in undertaking massive, technically complex planning efforts. They were, in fact, somewhat exasperated with projectized, donor-based programs which sought grand accomplishments, but delivered mostly technical talk. More often, they wanted to *accomplish something* within a reasonable timeframe, for a reasonable amount of expenditure in both money and people's time. Typically, local strategic planning workshops yielded a desire for the community to undertake a simple resource inventory and management planning process by which they could begin to impose some discipline on the use of natural resources.

Most especially, this desire was clearly driven by the need for resources to sustain rural incomes. Whether it be depletion of coastal fisheries used by small fisher-folk, forest timber sources relentlessly harvested by small-to-large users, or the lack of urban solid waste management, local governments sense an impending crisis. They demanded help to define that scope of that crisis and assistance to ameliorate the immediate effects of these problems.

Seven Innovative Participation Methods

What emerged over time were five methods, all of which are based on participatory events which tap community wisdom and which immediately link citizen decisions to local budget and planning decisions by government officials. We used what might be called an “event-based” approach in which we constantly brought together various elements to discuss, analyze, review and decide how the community could address problems. The idea was and is: tap the widest and most diverse community of stakeholders, assist them to identify what is doable by them and their local government to address problems they want solved, and enable those very same stakeholders to self-assign responsibilities through immediately implementable action plans. These were local, winnable public-private partnerships. Our seven methods emerged as

1. **Strategic Planning Workshops** All sites began by involving a broad representation of the community in a strategic planning workshop (two days) that accomplish the following:
 - Analysis of the “*Current Situation*” of the community using an abbreviated version of the classic SWOT method (i.e., Strengths, Weaknesses, Obstacles and Threats). We replace “threats” with an analysis of challenges and we reduce the process to a two-hour scanning discussion.
 - Development of a “*Practical Vision*” reaching up to five years. We find that going much beyond five years reduces the realism of the exercise. In fact, considerable effort is given to making sure that the vision is doable and realistic, thus the focus on a *practical* vision.
 - Definition of the “*Strategic Direction*” in which the community wishes to move over a period of about two to three years. Here the emphasis is on getting a direction defined that will guide activities so that the community will move in one basic direction. We de-emphasize the notion of comprehensive strategy effecting all sectors, as we find that leads, again, to unrealistic goals and a sense that the burden is too great... it trivializes an otherwise useful exercise in planning.
 - Creation of “*Action Plans*” for those activities that should get top priority over the first year. Here the objective is to illustrate how one can move from a vision to practical implementation steps that are immediately doable. It is also to get leadership to commit to action.
2. **Multi-Sector Technical Working Groups** It has been mentioned that strategic planning workshops identified priority actions in a variety of task areas, including environment. We found it extremely important to immediately organize Technical Working Groups (TWGs) around each of the priority issues. The composition and even nomenclature for each TWG varied among communities in relation to the manner in which each viewed the solution. For instance, one community saw environmental management primarily in terms of preserving pristine resources for purposes of tourism, so their TWG was chaired by a trusted local businessman. That same community had a particular environmental issue with fresh water resources, so it organized yet another TWG with a local activist priest at the helm. Both committees shared members. The important element of each situation was that

the TWGs were organized in response to demands identified and prioritized locally; no “design” or “template” was overlaid and insisted upon by project management.

3. **Community Environmental Action Planning Workshops** GOLD designed and facilitated two-day environmental planning workshops, with follow-up technical assistance events and community meetings. We used highly effective methods modified from the strategic planning and citizen dialogue approaches known as the “Technologies of Participation”. These techniques were easily and successfully adapted to the task of environmental planning. The key innovation in these workshops were that they were quick, they were facilitated by local officials and citizens, and they resulted in “doable” actions which could be accomplished primarily with local financial and manpower resources.
Over the course of the last three years GOLD has trained over 2,000 Filipinos in these methods, so virtually all community environmental workshops were facilitated by local government officials and/or community members drawn from the local government unit itself. It is noteworthy that of the hundreds of workshops held for environmental management and other purposes, only one expatriate was used to initiate training of trainers in the project’s first six months. Grassroots citizens have done all else.
4. **Environmental Summits** Whereas environmental workshops were typically held at the municipal level, there emerged the challenge of dealing with issues which involved multiple local government units, such as those typical of coastal waters, large watersheds and rapidly growing, highly urbanized population centers. This challenge was met by a device known as an “Environmental Summit”, using the nomenclature of diplomacy in which entities come together to forge treaties and, where possible, joint strategies. GOLD’s Environmental Summits had the same purpose: to assemble the various plans and visions of contiguous local communities and forge from them agreements and joint undertakings to solve environmental problems. Notice that the purpose was not to develop larger, more inclusive, more technically sophisticated environmental plans. That is because we found that once numerous local communities had viable plans, albeit simple and sometimes wanting for technical sophistication, it was imperative that some actions start flowing from a consensus as to how to achieve common goals imbedded in these plans. There never were instances in which there were not many common goals among communities, although there were certainly instances in which there were some conflicting goals. In these cases, the Environmental Summit served to either resolve conflicts or, at a minimum, clearly separate common interests from individual conflicts. This allows stakeholders to move forward with what is possible rather than stay put arguing over what may be the impossible. Conflict resolution techniques were used within the larger structure of the Environmental Summit to great effect.
5. **Participatory Environmental Transects** In a number of instances communities and local governments were well served by going through a process of creating a graphic environmental “transect” of their natural resource management situation. An environmental transect is simply a visual illustration of the inter-linked environmental dynamics and problems in a community. Communities can identify and plot “hot spots” and lower degree problem areas. The result is a workable picture of

environmental management challenges. Transects benefit from having a technical person shepherd their creation in conjunction with participatory events in which local officials and other stakeholders discuss, alter, add to, subtract from and generally enhance the picture of the natural resource panorama. These are especially useful in a location like the Philippines, wherein many local communities encompass upland, lowland and coastal areas in one jurisdiction.

6. **Co-Management Agreements** This tool is particularly helpful in creatively addressing the problem of the breakdown of centralized “command/control” systems that do not in practice have much ability to halt de facto open access to natural resources. There exist a number of laws and administrative arrangements that, in the Philippines context, allow resource users, local communities or governments, and public/private partnerships to enter into agreements to manage natural resources locally, but according to national standards. GOLD found that while such possibilities existed, relatively few were underway. The problems with getting them underway were those typical when a centralized bureaucracy seeks to monopolize essentially localized operations: high transaction costs, overly ambitious control mechanisms and impractical technical requirements. The DENR “stake” in resource management frequently turned on the question of whether their own institutional equilibrium could be maintained if they really set to doing the task at hand. Could internal reporting requirements be met? Could the primacy of their control be assured? Could their staff continue to appear in charge? GOLD’s assistance therefore centered on bringing national and local players together to work through agreements in a participatory, negotiation-rich event that had the objective to reduce or altogether remove unnecessary bureaucratic constraints to getting local resource management actions underway and functioning, while at the same time catering to finicky institutional insecurities. We cannot claim immense success in this effort, but in a few instances we found workable ways to unwind the system to make it really work for all stakeholders.

7. **Technical Review/Training Workshops** We found that the notion of participation meant many things to people, but there was usually a fairly predicable scenario as regards the manner in which participation is used in project management. Technical bureaucracies (i.e., the staff of national agencies) tend to see participation as something that happens at the beginning and maybe at the end of a technical process. They tend to separate participation from technical perspectives. NGOs, community leadership and many local government staff tend to see participation as a process that includes technical, as well as other input. It is this later approach which is most useful if you are attempting to link up technical activities with stakeholder commitment. GOLD thus designed a number workshops and facilitated group discussion formats which allowed non-technical stakeholders to not only view technical activities, but control how such activities interact and integrate with other community needs and values. Issues addressed include: solid waste management, coastal resource management, fisheries oversight for municipal waters, river basin management, urban river clean-up, user fee systems, agricultural infrastructure prioritization, agricultural marketing designs, small scale mining management, etc. This tool is helpful in that it requires transparency and pragmatism on the part of

technical consultants while enabling governing and civic institutions to be involved with realistic expectations.

Impact

The GOLD Project's impact on environmental management in the Philippines may be described in several ways:

- Annual public opinion measures of satisfaction with local government services steadily rose over each of three periods. Since environmental issues topped the list of governance reform activity in every site, it may follow that the public saw some level of accomplishment.
- Approximately 90 local government partners availed of one or more of the tools noted above related to environment. Most developed environmental management plans and hosted technical reviews, many participated in Environmental Summits and significant numbers budgeted self-generated revenues for environmental purposes.
- All provincial and city governments filled the Code-mandated Environmental Officer position; a number of municipal local governments elected to recruit and appoint a full-time Environmental Officer (the Code left this optional at the municipal level).
- Nearly 2500 facilitators have been trained, most from local governments and NGOs. Of these, 60% use facilitation methods after training without further assistance from the project. A significant, though yet unmeasured, number facilitate events dealing with community-based environmental planning and management issues without further assistance from the project.
- GOLD has demonstrated that local governments do have basic capacities to identify environmental issues, organize community solutions, commit local revenues and sustain local actions.

Constraints

Four principle factors constrained GOLD activities in support of improving local environmental management.

First and foremost, the Code did not go far enough in devolving environmental management authorities and functions to local government. As noted, local governments and their civil society partners were and are keen to engage environmental issues affecting their locale. But of all the major services devolved to local authorities, those effecting the environment were least aggressively mandated and pursued. As a result, local governments felt reluctant to move forward in areas that were only their prerogative in the context of the "public good" mandate of the Code.

Second, and closely related to the first, is that the national Department of Environment and Natural Resources placed considerable emphasis on a Code caveat that all environmental activities are "subject to the supervision and control of DENR". Practically, this meant that DENR devolved to local governments only lower level personnel (e.g., forest guards), few assets and no resources. Or again, when compiling guidelines for some devolved functions DENR tended to treat local governments as

subordinate to itself by demanding frequent reports, prescribing fees and unilaterally limiting powers which the Code had legally assigned elected officials. Seeing themselves as constitutionally separate authorities, local governments naturally took exception to this paternalistic attempt to limit their role by means of administrative fiat.

Third, the profoundly different perspectives from which each entity views the problem complicate the interface between national and local government. National agency personnel tend to see the environment as a *sector* demanding technical inputs; while local governments and civil society view the environment in terms of *area development* demanding policies and practices coordinated with other elements operating in a geographic area (e.g., agricultural practices, revenue sources, etc). Practically, this means that sector-oriented agencies rarely coordinate with one another in a meaningful way, while local governing institutions rarely have the technical know-how to support their efforts to coordinate policies and practices effecting their jurisdiction.

Lastly, *institutional incentives* have a dramatic impact on what actions get priority by field personnel of a given agency. Most DENR field personnel maintain institutional allegiance to the national government and thus gave little attention to local priorities and locally generated solutions if these do not closely parallel perceived preferences of national authorities. As a consequence, strategies conceived at the national level received little modification in response to local reality, with the consequence that impacts were considerably diminished.

Lessons Learned and Success Factors

- **Do not focus exclusively on optimizing technical solutions.** Give equal attention to normalizing governance processes by demonstrating *tools* and training locals in *methods* which could be used to address their own problems on an ongoing basis. While many problems, such as environmental ones, have technical dimensions, their solution relies equally on institutional capacities and sustainable methods for maintaining long-term stakeholder commitments. The habit of donors and national governments to organize activities around technical solutions imposed by an “expertise elite” tends to bypass or obscure these essential institutional issues.
- Where possible, **shift the locus of responsibility for environmental management to local government and broad-based civil society groups.** While macro environmental policies need to be well crafted, their practical implementation is almost entirely local. A conventional “stream flow” model of policy implementation will rarely achieve widespread, localized impact because the issues and solutions are simply too complex to be amendable to generalized solutions. (A “stream-flow” model is one that asserts that “impact” flows from top to bottom. At the top policy makers make policy, then line agency bureaucrats design programs/projects to implement said policies, then people at the local level implement these programs).
- **Reverse the conventional sector-oriented, expertise-driven process by addressing environmental problems through a governance perspective,** rather than from a technical (sector) perspective. In this manner local government and civil society institutions become the foundation of a long-term commitment to

environmental improvement. GOLD enabled national government macro policies to have a reasonable chance of success by coupling environment-specific policies with the “public good” mandate of local governments.

- **Focus less on trying to get people to support optimal technical strategies in total and more on enabling people to accomplish doable actions one step at a time.** Sustainability should not be misconstrued as the ability of a “beneficiary” to sustain “projectized” activities. Rather, sustainability is the ability of local institutions to manage processes and methods by which issues are continually acknowledged and for which doable solutions are continually experimented with by involving all stakeholders in generating such solutions.