ENTER THE MATRIX: PURPOSIVE AND INFORMATION-BACKED CAPACITY DEVELOPMENT

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Abstract: The Philippines is at a turning point in its governance landscape as the Supreme Court Mandanas-Garcia ruling takes its effect. Herein, the more resources are allotted to local government units (LGUs), the basic subnational units of governance in the country. This is due to a re-computation based on the adjustment on the share of LGUs from national income. Effectively, this has increased the formerly Internal Revenue Allotment (IRA), now called the National Tax Allotment (NTA). This has effectively shifted the thrust of governance to be more reliant on the redistribution of services delivery at the local level. This results in a greater pressure for LGUs to deliver previously nationalized programs and services. This greater decentralization or full devolution has created a need for more measured and calibrated capacity development (CapDev) for LGUs. This reality is further exacerbated by a more globalized world, and ever-changing regional, and domestic landscape as well as the emergence of various social, economic, and technological trends.

To aid in this effort, the Department of the Interior Local Government-Local Government Academy (LGA) has developed and implemented two key tools in the assessment and determination of Capacity Development needs of LGUs. The first tool is the Capacity-Performance Segmentation that evaluates LGUs based on their ability to better adapt to the increase in resources and delivery of services. This focuses heavily on planning, resource allocation, and statutory duties, as well as their performance in fiscal management and service delivery. In addition to this, LGA also developed the Capacity Development Analytics in order to understand what are the priority Capacity Development thrusts of LGUs, simply, what LGUs are looking to improve on the most in terms of capacity. This is derived from the Capacity Development Agendas that each respective LGUs developed in response to the Mandanas-Garcia ruling. This is consolidated and analyzed at various levels from the National, Island Group, down to the Regional.

Aside from these analytical tools, LGA has strategically deployed a systemic paradigm through the Local Governance Resource Center (LGRC) for the delivery of CapDev Services and fostering of inclusive and responsive knowledge management meant to support the needs of LGUs and related stakeholders at the Regional and Sub-Regional levels. Herein, government agencies, academia, civil society organizations, and the private sector converge to determine areas of cooperation and resource sharing to provide adequate knowledge management and capacity development support for LGUs whereby creating a community of practice at the Regional and Sub-Regional level.

Keywords: Local Governance, Capacity Development, Knowledge Management, Decentralization

Introduction

The globalized world is a double-edged sword, the interconnectedness of our socio-economic systems bring great opportunities for prosperity but they also bring risks that we all must face in this shared paradigm. We are still recovering from the devastation of COVID-19, there are tensions in several flashpoints in the East and the West which negatively affect supply chains, inflation is globally on the rise and climate change has wreaked havoc bringing with it flooding in South Asia, Wildfires in North America, and more intense tropical storms here in the Pacific.

The global is now local and vice versa. This also apply to the disruptions that arise that is complicated by domestic contexts- governments in all levels, need to be agile and utilize sound data in decision making and execution, thus helping guide responsive decisions and service delivery.

By harnessing available data, provinces, cities and municipalities can gain a precise picture of needs and quickly mobilize solutions - whether responding to viral spread or disaster damage. Digital systems allow delivering services seamlessly wherever and whenever required.

Moreover, utilizing data and systems thinking can further enhance Capacity Development efforts at the National and Sub-national levels. This is what will be discussed in this paper entitled "**Enter the Matrix – Purposive and Information-backed Capacity Development**".

The changing governance landscape

Now that we have established the predominant global status quo, let's venture over to the reality that looms over the domestic local governance landscape. The recent Supreme Court Mandanas-Garcia landmark ruling that substantially expands fiscal resources for local governance. This ruling effectively increased the share of national taxes allotted to local government units (LGUs), this has major implications for local governance administration and service delivery.

The far-reaching Mandanas Ruling serves as a major pivot for fiscal decentralization in the Philippines and the completion of the 1991 Local Government Code. In its implementation in 2022, local government units (LGUs) received dramatically expanded Internal Revenue Allotment (IRA) which is now called the National Tax Allotment or NTA. In that year, the NTA budget has climbed to Php1.08 trillion - a staggering 55 percent increase over previous years. Today, it makes up a more significant 4.8 percent of the nation's gross domestic product (GDP), with the NTA represents a boon to localities compared to just 3.5 percent in 2021. With economic growth and subsequent increase in national collection, this amount will surely climb further in time.

With these vastly increased resources, Local leaders have a renewed opportunity to dramatically improve their own local governance to benefit their constituents. However, the expanded opportunity also increases the expectation from LGUs and the need for more responsive and targeted Capacity Development efforts. The Mandanas-Garcia Ruling unequivocally signals a

new chapter enabling local governments to fulfill their mandates but also marks the need for national government and its partners to deliver more targeted and purposive Capacity Development efforts.

To do so, there is a need to understand the current capacity and performance levels of LGUs as institutions.

LGU capacity-performance segmentation – what can LGUs handle

What responds to this need first is the recently updated Local Government Unit Capacity and Performance Segmentation which provides evidence-based insights into institutional readiness by leveraging datasets from the Seal of Good Local Governance. Through rigorous analytics, national decision-makers can evaluate LGUs' ability to execute core governance functions and deliver frontline services.

The segmentation analyzes two pivotal dimensions - Capacity and Performance. **Capacity** encompasses planning proficiency, resource allocation, and adhering to statutory duties. **Performance** covers prudent fiscal management and providing fundamental services to constituents.

The Capacity Indicators are as follows:

A. **Planning, Budgeting, Reporting**
1. Approved Calendar Year annual budget
2. Compliance with the Full Disclosure Policy
3. Availability of plans and documents that integrate Disaster Risk Reduction and Climate Change Adaptation related measures.
4. Approved 10-Year Solid Waste Management Plan

B. **Strategic Bodies**
5. Functionality of Local Development Councils sub-indicators:
   a. Approved Local Development Plans and Annual Investment Programming
   b. Composition (25% for non-government representatives)
6. Convened Local Disaster Risk Reduction and Management Council sub-indicator: Composition
7. Convened local solid waste management (SWM) board sub-indicator: Composition
8. Anti-drug abuse council organized sub-indicator: Composition

X. **Plantilla Officers:** *Sub-indicators under the functionality/convening of respective offices
9. Local Disaster Risk Reduction and Management Officer
10. Local Social Welfare Development Officer
11. Persons with Disability Assistance Officer
12. Local Tourism Officer

Performance Indicators Include:
A. **Financial Administration (SGLG)**
1. Audit Opinion + 30% of recommendations fully complied with
2. Utilization rate of the 20% component of the annual Internal Revenue Allotment or Development Fund CY 2017

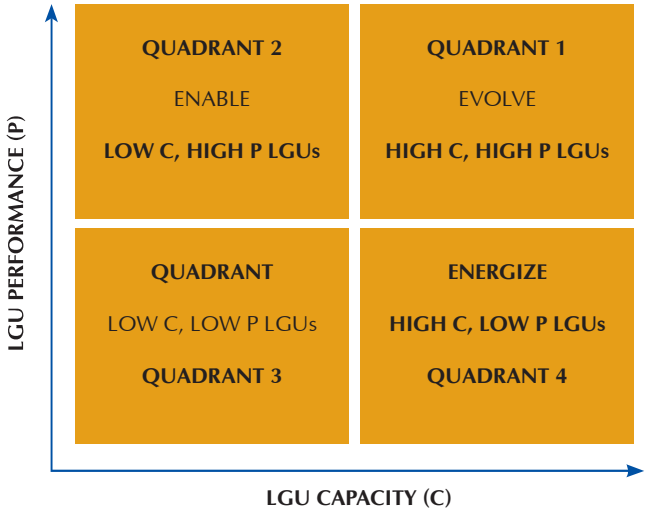
B. **DRRM-related**

3. Utilization rate of Local Disaster Risk Reduction Management Fund's 70% allocation for disaster prevention and mitigation, preparedness, response, rehabilitation and recovery, CY 2018 (Current Fund)
4. Disaster Risk Reduction Management (DRRM) Service Delivery Outputs (multiple items)
   a. Early warning system
   b. Evacuation center
   c. Prepositioned goods and resources
   d. Equipped and trained Search and Rescue or Emergency Response teams

X. **Other Funds**

5. Peace and Order, and Public Safety (POPS) Plan implementation
6. Completion rate of, or fund utilization for, 2018 Local School Board (LSB) Plan
7. Nationally-accredited LGU-managed residential care facility

To represent these findings, a quadrant system categorizes LGUs based on high or low capacity and performance. This matrix offers a nuanced, segmented view of the varying developmental levels across LGUs. To wit:



For 2023, LGA utilized data from the 2022 SGLG. Key results reveal the following:

Quadrants	# of LGUs	% of LGUs
Quadrant 1	691	40.3%
Quadrant 2	176	10.3%
Quadrant 3	616	35.9%
Quadrant 4	232	13.5%

Quadrants	# of Provinces (n=81)	% of Provinces	# of Cities (n=146)	# of Cities	# of Municipalities (n=1488)	% of Municipalities
Quadrants 1	33	40.7%	12	8.2%	646	43.4%
Quadrants 2	5	6.2%	6	4.1%	165	11.1%
Quadrants 3	35	43.2%	119	81.5%	462	31.1%
Quadrants 4	8	9.9%	9	6.2%	215	14.4%

The distribution of which are as follows:

Our year-on-year results, however, paint a challenging picture as there is an increase of Quadrant 3 and a decrease of Quadrant 1 LGUs. We hypothesize that this is likely due to the impacts of the COVID-19 Pandemic which redirected much of the LGUs resources and focus to urgent medical and social services. To wit:

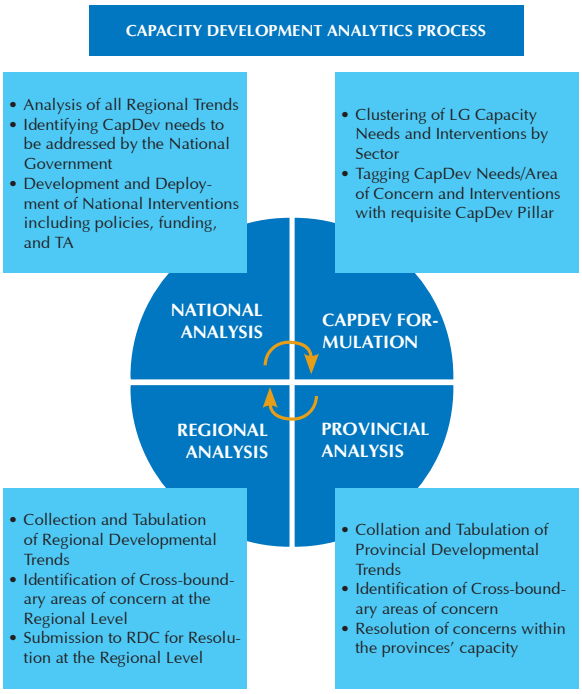
Quadrants	2019 (n = 1706)	2023 (n = 1715)	% change
Quadrant 1	51.5%	40.3%	-21.8
Quadrant 2	11.5%	10.3%	-10.7
Quadrant 3	26.8%	35.9%	33.8
Quadrant 4	10.1%	13.5%	33.4

Overall, the Capacity and Performance Segmentation offers a granular perspective on the spectrum of local governance maturity nationwide. By distinguishing institutional capability and functionality dimensions, it provides an evidence-based reference for targeted interventions to elevate lagging LGUs. As the data is further enriched over time, policy-makers can track LGU progression and benchmark best practices that all should emulate. With empirical insights, we can tailor CapDev to where it is most needed and propel good local governance.

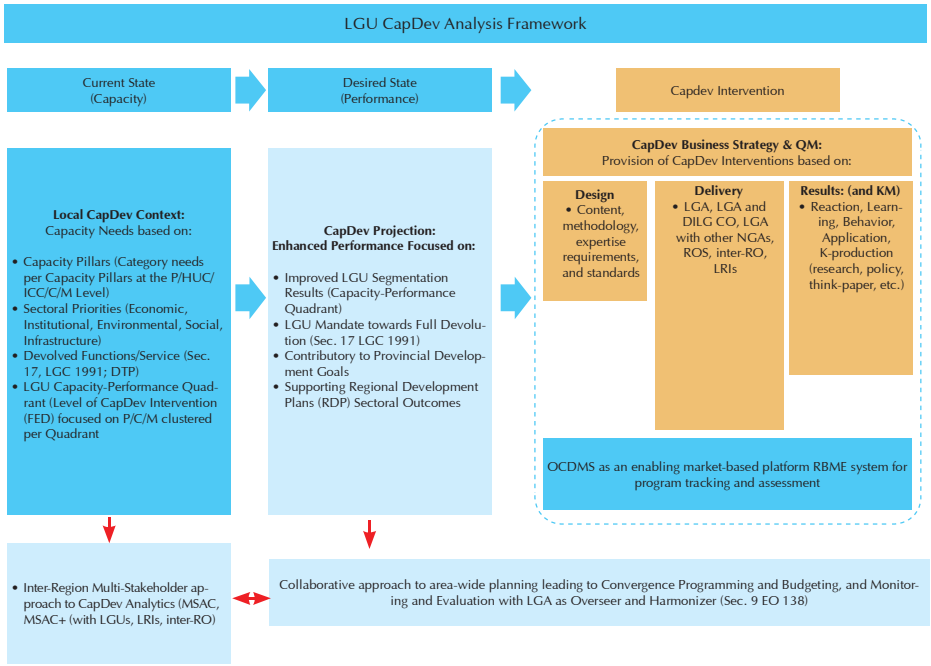
Capacity development analytics – knowing what LGUs know

To further understand the priorities of LGUs, LGA, in partnership with the DILG Regional Offices conducted the Capacity Development Agenda Analytics. Herein, the respective Capacity Development Agendas of the LGUs in each region is collated, and analyzed to produce usable information on which aspects of governance (both administrative and service delivery) LGUs are keen to further develop. This is useful in matching the CapDev interventions that NGAs are to provide while also serving as a proxy indicator to which areas LGUs are looking to further strengthen as they transition to the new governance and fiscal realities brought about by the Mandanas-Garcia Ruling.

The CapDev Analytics Process are as follows:



Further, Regional Offices utilized the following framework in the conduct of the Analytics:



Herein, the LGU CapDev Analysis Framework is intended to guide the DILG-Field, Provincial and Regional Office in their CapDev analysis. This framework

adopts the Capacity Change Matrix used in the context analysis of the LGU CapDev Agenda formulation process. The aim is to generate information on the following:

1. Current State of LGU capacity based on the **a) Capacity Pillars**, that is the capacity needs of the LGUs (Province/Highly Urbanized Cities/Independent Component Cities/Component Cities/Municipalities) per Category needs (Must, Essential) per capacity pillar; b) Sectoral Priorities – priority capacity needs of the LGUs per sector; **c) Devolved Functions/Services** – capacity need of LGUs as provided by Sec. 17 LGC 1991 in relation to Full Devolution; **d) LGU Capacity-Performance Quadrant** – capacity needs of LGUs based on the level of CapDev interventions (Foundational, Enabling, Developmental) necessary per quadrant.

Towards the realization of the following:

2. Desired State of Performance – we posit that by identifying, prioritizing, and addressing the LGU Capdev needs the following can be achieved: a) improvement of LGU Segmentation Results focused on the capacity-performance quadrant; b) effective performance of LGU Mandate to deliver basic services under Sec. 17 of LGC 1991; c) contribution to the achievement of the Provincial Development Goals, and d) support to the attainment of the RDP Sectoral Outcomes.

Thus the need for:

3. CapDev Business Strategy and Quality Management – to achieve the desired state of performance, **the Design of the CapDev intervention** in terms of its content, methodology, expertise requirements and standards must be responsive to the identified CapDev needs of the LGUs. In terms of Delivery of CapDev Interventions, LGA will act as the overseer and harmonizer (EO 138) in partnership with the DILG Central Office, National Government Agencies, DILG Regional Offices, Local Resource Institutions, and other stakeholders which can, between and among themselves partner and collaborate in the design, implementation, and management of CapDev interventions.

4. Results generated to include documentation of application, lessons learned, and best practices will serve as the foundation for future program design and enhancement, research agenda, policy issuances.

Existing systems like the Online CapDev Marketplace System, Management Information Systems will be utilized and maximized to promote and support the LGU Capdev Agenda particularly in linking with available service providers and in tracking and assessing implementation and performance.

The process and mechanism towards LGU CapDev analysis will employ an inter-region multi-stakeholder approach to generate a comprehensive, area-wide, and "representative" analysis of the CapDev needs of the LGUs. This will ensure alignment of the identified LGU CapDev needs with the Provincial Development Goals and Regional Development Goals and sectoral outcomes.

With regards to planning for the desired outcomes and identification of

the required/priority CapDev interventions, a collaborative approach to convergence programming, budgeting, and Monitoring & Evaluation will ensure successful program identification, management, and implementation, thereby ensuring purposive CapDev Programs that are responsive to the needs of the LGUs.

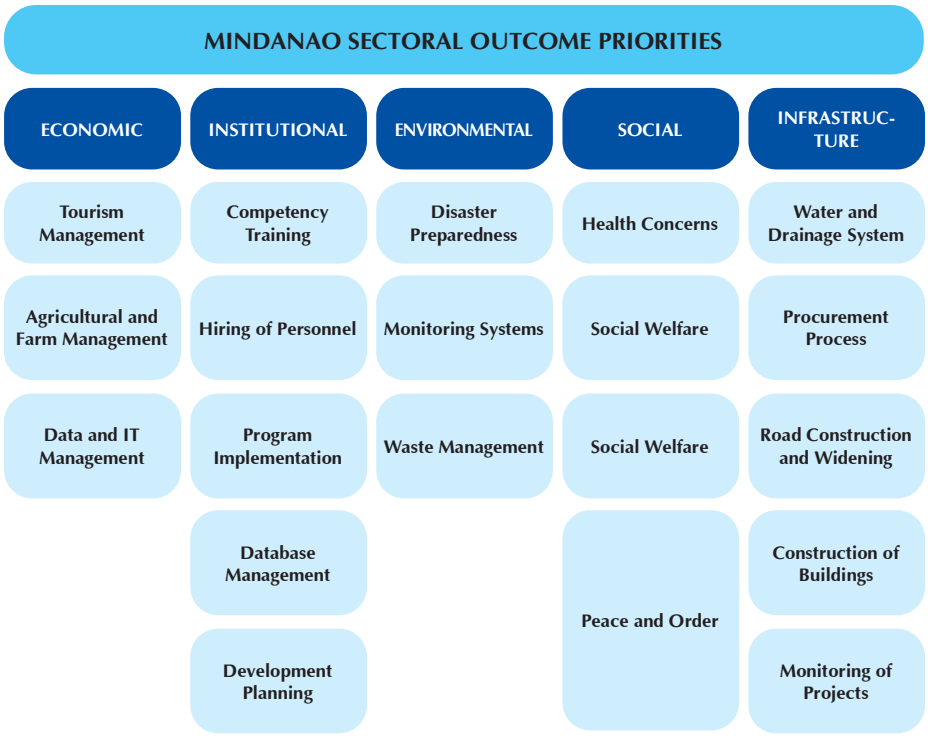
The results of which are the following:

LUZON SECTORAL OUTCOME PRIORITIES

ECONOMIC	INSTITUTIONAL	INSTITUTIONAL	SOCIAL	INFRASTRUCTURE
Agriculture	Internal Controls	Waste Quality Management	Health	Transport Infrastructure
Tourism	e-Governance and Digitization	Solid Waste Management	Social Welfare	Water Resource Management, Irrigation, and Flood Control
Investment and Employment	Human Resource Management	Disaster Preparedness	Public Safety and Peace and Order	Personnel Needs

VISAYAS SECTORAL OUTCOME PRIORITIES

ECONOMIC	INSTITUTIONAL	INSTITUTIONAL	SOCIAL	INFRASTRUCTURE
Agricultural and Farm Management	Competency Training	Waste Management	Education and Learning Interventions	Water and Drainage System
Tourism Management	Development Planning	Monitoring Systems	Health Concerns and Disease Mitigation	Road Construction and Widening
Data and IT Management	Hiring of Personnel	Disaster Preparedness	Social Welfare	Construction of Buildings
	Database Management		Gender	Monitoring of Projects
	Program Implementation		Peace and Order	Procurement Process



The above, for brevity, is a consolidated presentation of the CapDev Analytics island group compilation emanating from the Regional Analytics. The island groups, Luzon, Visayas, and Mindanao, comprise different Capacity Needs. And while this is still a meso-level perspective, it can help policy makers and planners at the national and regional level to determine CapDev areas and services to invest in and focus on.

Local governance resource centers - stringing theory, action, and everyone

Capacity development for resilient and effective local governance necessitates integrated approaches. To synchronize interventions from diverse partners, the Department of Interior and Local Government has established a network of Local Governance Resource Centers.

These centers function as regional hubs converging knowledge, expertise, and programs from government agencies, academe, civil society organizations, development institutions and the private sector. By leveraging multisectoral contributions tailored to localized needs, the LGRCs strengthen competencies of LGUs based on ground realities.

The LGRCs coordinate region-specific capacity development and knowledge management strategies. Their decentralized and context-responsive models provide demand-driven technical assistance while amplifying stakeholders' complementary roles. Institutional partnerships and community engagement are mobilized for scale and synergy.

The LGRC is composed of the following: the DILG Regional Offices, acting as the main convener of the LGRC; the Multi-Sectoral Advisory Committee (MSAC) which serves as the main policy-making and strategy body of the LGRC comprised of key sector representatives, and; the Consortium of Partners, which serves as a pool of service delivery providers and partners for the LGRC that contributes to services delivery efforts.

This convergent multi-stakeholder approach to capacity building was formalized under **DILG Memorandum Circular 2022-052**, cementing LGRC initiatives started in 2006.With said MC, the Sub-regional LGRCs further decentralized operations, reaching more LGUs and sectors. As of last year, Sub-LGRRC are spread out as such.

Moving forward, these platforms will continue serving as convergence zones. They synergize multi-partner inputs into coherent interventions that enhance LGUs' capabilities to discharge mandates effectively. By bridging knowledge, practice and policy, LGRCs catalyze capacity development for good local governance and resilient communities.

Conclusions

In conclusion, these tools and systems has helped the DILG and LGA in the development and implementation of Capacity Development Interventions. The landscape of local governance has evolved significantly and to response to it, these efforts have presented an increase in the efficiency, responsiveness and viability of a more targeted approach to Capacity Development.

The Capacity-Perfomance Segmentation effectively concludes that there is a discrepancy in the status of capacity and performance of LGUs relative to their ability to absorb and manage resources vis their ability to effectively deliver basic services and comply to statutory requirements. Further, we are able to ascertain that while a substantial number of LGUs are much in need of improvements in capacity, performance or both, quadrant 1 LGUs, or LGUs with high capacity and performance are still the majority at 40%. This means that these are the readiest for further decentralization or innovations. On the other hand, the 35% in the low capacity and low performance quadrant becomes the area of attention for policy makers and capacity development service providers to focus on. This is supplemented by the Capacity Development Analytics which conclusively determined that while there are common capacity development priorities, each Region and Island Group have different CapDev needs across the similar development sectors. With this, the study was able display the various specialized capacity development interventions that responds to the aspirational areas of focus of each Region, and Island Group. Together, these two studies are able to hone and improve the responsiveness of the development, targeting, and implementation of Capacity Development interventions and the standards emanating from them. Finally, the Local Governance Resource Centers or LGRCs has served as an effective convergence platform over the course of over a decade of operations and has now expanded from the National, to the Regional down to the Sub-Regional level. The more calibrated and region-specific approach benefits from the two

above studies which gives it a more systematic and rationalized basis in their capacity development and knowledge management efforts moving forward.

Overall, the prospects of Local Governance in the Philippines post-COVID 19 and amidst the monumental shifts in domestic resource allocation paradigms, coupled with global and regional realities, is one that remains and will continue to be dynamic and diverse. Nevertheless, information-driven responsive capacity development efforts will sufficiently support LGUs as they traverse their course towards local development as they contribute to national development and the improvement of the welfare of each and every Filipino nationwide in each locality.

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