

What Determines the Policy Impact of Local Negotiations?

A Comparative Study in the Philippines [FAO-PPLG Study]

EXECUTIVE SUMMARY

1. This study is conducted in accordance with the Terms of Reference (TOR) as stipulated in the Letter of Agreement signed by the Food and Agriculture Organization (FAO) of the United Nations and the Development Research Initiative, Inc. (DRI), under the Participation, Policy and Local Governance (PPLG) sub-programme of the FAO-Livelihood Support Program. It is part of a larger comparative study that looks into the experiences in Brazil and the Philippines to be able to identify the elements that could improve those practices of social dialogue or negotiation with the aim of effectively bringing the practices in the policy cycle.
2. The study proceeded with the assumption as expressed in the TOR, along with six hypotheses to be yet subjected to validation, that improved participation in policy making provides a better basis for decision-making and enhances commitment and ownership among stakeholders that are keys to the attainment of sustainable development. The expected outputs are: i) a *working paper* outlining broad national trends, key linkages, and principal drivers of participation; and ii) *case studies* analyzing the incentive structures of stakeholders to engage in dialogue and the best possible scale and level to promote multi-stakeholder and negotiation processes.
3. The general objective of the study is to identify the factors that determine the impact of local negotiations or social dialogue on development policies in the Philippines. Through the working paper, the study aims specifically to: i) assess the policy framework and institutional mechanisms for participatory processes in the Philippines; ii) identify the different types of stakeholders and what factors motivate them to participate in these processes; iii) understand the issues, problems and constraints to these processes; and iv) identify the measures for promoting effective participation.
4. Through the case studies, the study aims specifically to: i) examine the actual experiences of the multi-stakeholders' collaboration, participation, and governance of livelihood projects in selected communities; ii) determine the elements that helped improve the local negotiation processes and effectively fed the policy cycle of livelihood support programs; iii) identify the factors that facilitated and hindered the stakeholders' participation in the local negotiation processes; iv) highlight the key elements useful to the participatory policy making processes; v) validate the six hypotheses in the TOR; and vi) recommend measures to improve participatory policy making and local negotiation processes based on the results of the investigation.
5. Historical and in-depth techniques of analyzing information obtained from secondary sources were used in the general assessment of participatory practices and trends in the country. On the other hand, the case studies were conducted in two selected rural barangays, namely, Sibalew and Badiangan, in the province of Aklan, located in Panay Island in the Western Visayas region, by a team of researchers from the Aklan State University (ASU). Key Informant Interviews, Focus Group Discussions, and direct observation techniques were used to gather primary data, complemented by previously obtained secondary information.
6. The general assessment, as discussed in the Working Paper, revealed that people participation in the Philippines is culturally-rooted. It has been encouraged by the government soon after the country gained

independence in 1946, starting with the grass-root implementation of community development program during Magsaysay administration. Adoption of a policy framework and institutionalized mechanisms to encourage and enable broad-based people participation was then initiated a decade or so later. This reached the climax with the adoption of the new Philippine Constitution in 1987 that paved the way for the passage of the *Comprehensive Agrarian Reform Law* (CARL) in 1988), the *Local Government Code* in 1991, the *Magna Carta of Small Farmers* (MCSF) in 1992; the *Social Reform and Poverty Alleviation Act* and the *Agriculture and Fisheries Modernization Act* (AFMA) in 1997; and issuance of Executive Orders (EOs), Administrative Orders (DAOs) and Memorandum Circulars (MCs) by the Office of the President and concerned line agencies.

7. In about the same period, the country witnessed the emergence and growth of *civil society*, which refers to People's Organizations (POs), Non-government Organizations (NGOs), and private sector groups that have served as vehicle for organized people participation in the development pursuits of government. POs were organized either under the auspices of the government or through members' own initiative, for the benefits of the members themselves, such as farmers' organizations and cooperatives; while the NGOs were organized by service-oriented individuals and institutions to pursue humanitarian and developmental concerns for the people's well-being, parallel to those done by the government but without directly benefiting its members.

8. Many developmental NGOs began to band together in the 70's and form associations, alliances, networks and coalitions to achieve effective coordination and resource mobilization, such as the Philippine Partnership for the Development of Human Resources in the Rural Areas (PHILDHARRA) and the Council for People's Development (CPD). The cooperatives also formed their own umbrella organizations, such as the Cooperative Union of the Philippines (CUP) organized by the government; and the National Confederation of Cooperatives (NATCCO) composed of independent cooperatives. In addition to building-up respective networks, there is recently a forging of overlapping or crisscrossing network lines to form bigger coalition, such as the Caucus of Development NGO Networks (CODE-NGO) and the Coalition for Indigenous Peoples' Rights and Ancestral Domain (CIPRAD).

9. When the Marcos administration (1965-86) ended, more foreign aid has been coming into the country, aimed to immediately perk up the sluggish economy and with new policies influenced by the global trend recognizing the vital role of people participation in ensuring sustainable development. These events run parallel with government moves to strengthen the mechanisms for people participation and have placed the civil society in a more challenging position than ever to serve as people's own counterpart mechanism for organized participation with government in pursuit of common development goals.

10. In providing the overall framework for ensuring people participation, the then newly adopted Constitution declares that "the State shall encourage non-governmental, community-based, sectoral organizations that promote the welfare of the nation;" that "the right of the people and their organizations to effective and reasonable participation at all levels of social, political, and economic decision-making shall not be abridged;" and that "the State shall, by law, facilitate the establishment of consultation mechanisms" to achieve the objective.

11. Pursuant to the constitutional mandate, and as the highest policy-making body of the government, the House of Representatives, Congress of the Republic of the Philippines, created the Committee on People Participation and promulgated rules for the conduct of congressional hearings as a consultation mechanism to enable people to participate in the preparation of bills for possible enactment into law by Congress. CARL is the first law on people participation following the ratification of the new Constitution. It declares the recognition of the right of farmers, farm workers and landowners, as well as cooperatives and other independent farmers' organizations, to participate with government through the DAR in the planning, organization, and management of the Comprehensive Agrarian Reform Program (CARP). The mechanisms for people participation are established in the areas of policy formulation, project implementation, and project development and human resource development.

12. Considered as the most far-reaching policy of de-centralizing the system of government in the country, the Local Government Code designed the local government units (LGUs) both as agencies to perform certain functions previously assigned to national government agencies, such as DA, DENR, DOH, DSWD and local public works of DPWH; and as institutions with mechanisms to enable people participation in local governance and multi-sector development pursuits in all three-level LGUs: Barangay, Municipality/City, and Province. With overall supervision provided by the DILG to LGUs, these mechanisms include the Local Special Bodies, especially the Local Development Council, in all levels; and the Barangay Assembly, which gives all the residents of legal age to participate in the policy making, development planning and project monitoring functions of the Barangay.

13. While DAR has established the participatory mechanisms for the agrarian reform sector, the DA and the DENR take charge of those for the agriculture and the environment sectors, respectively. The DA is mandated by the Magna Carta of Small Farmers to enable the yet unorganized poor and marginalized groups to participate by organizing self-organizations and allocating seats for their representatives in the Boards of government agencies involved in agriculture; and by the AFMA to enable those who belong to the agriculture and fisheries sectors to participate in policy-formulation and decision-making through direct participation or through duly designated representatives. The DENR, for its part, has established the system for DENR-NGO collaboration in project implementation, monitoring, and evaluation and for ensuring multi-stakeholder participation in the conduct of environmental impact assessment (EIA) to achieve social acceptability and technical soundness of proposed development projects; while NAPC has a coordinative and advisory mechanism to implement the Social Reform Agenda (SRA) of the government.

14. There are two general types of stakeholders: a) *primary stakeholders* - those who stand to benefit from the policy, program or project, or be adversely affected instead; and b) *secondary stakeholders* – those who take intermediary role and can influence the primary stakeholders as well as the outcomes of policy, program, or project. Those who can significantly influence the negotiation process or its outcome are *key stakeholders or actors*. In the Philippines, the stakeholders are further distinguished into: i) *government agencies*, including academic institutions; ii) *representative assemblies, councils and committees*; iii) *civil society*; iv) *private/business sector*; v) *individuals with vested interests/concerns*; vi) *donor agencies*; and vii) *the informal sector*, e.g. the unorganized small farmers and fisher folks.

15. Multi-stakeholder negotiations are here classified into two categories: a) *single-sector negotiation*, which only involves one sector; and b) *multi-sector negotiation*, which involves the different sectors in the same area. *Single-sector negotiations* take place through the institutional mechanisms established by DA and DAR, such as the NAFC and PARC, respectively, and their local counterparts; and in the respective GO-NGO-PO collaboration of the DA, DAR, and DENR to implement respective projects at the local level. *Multi-sector negotiations*, on the other hand, take place through the LGU's multi-tiered Local Special Bodies, especially the Local Development Council; the DAR's ARCs employing the KALAH strategy of convergence; DENR's conduct of environmental impact assessment; NAPC's KALAH program adopting the strategy of convergence as now employed in DAR's ARC and DSWD's CIDSS programs; and the congressional committee hearings.

16. Despite the mechanisms provided by the government and the complementary facilitations of civil society, however, people participation remains restricted to a few if not select stakeholders' groups, effectively excluding the poor and unorganized sectors of society. This persisting situation is reportedly due to: i) vagueness in the guidelines for PO, NGO and private sector representation; ii) inappropriate and/or under-utilization of the existing mechanisms for people participation; iii) limited resources of stakeholders; iv) lack of the needed or envisioned support; v) political interference; vi) negative cultural traits; and vii) external factors adversely affecting local level participation.

17. To address the problems, certain measures have been recommended to improve participation in local negotiations, based on the lessons learned and experiences gained in the past. These are, namely: i) continuous information dissemination; ii) participation of stakeholders in all phases of development; iii) incorporation of lessons learned and good practices in national government policies; iv) strengthening of the LDCs; v) provision of continuous and comprehensive capability-building programs to all stakeholders; vi) immediate response to negotiation results/agreements; and vii) provision of capable and credible facilitators during negotiations.

18. The general assessment concludes with a suggestion that focus of external support intervention should at least be directed at the institutional mechanisms at the three LGU levels and at the five sequential levels of participation in addressing the problems and thus come up with improved and sustainable local negotiation processes. At the barangay level, the Barangay Assembly is deemed to be the most potent mechanism to ensure broad-based multi-sector participation and active involvement of the poor in multi-stakeholder negotiations.

19. The assessment likewise suggests that alternative strategies to attract multi-stakeholders' participation in local negotiations be explored to complement the practice of providing incentives, such as done in many foreign-assisted projects, considering the perennially-limited government resources. One possible strategy is to harness the positive Filipino values underlying the traditional *bayanihan* mode of cooperation. This was adopted during the time of Magsaysay; however, this needs in-depth study to appreciate its dynamics and practicality, which could be done through a collaborative effort of line agencies involved in cultural reawakening and promotion programs, like the DECS and the DOT together with the Academe.

18. Results of the case studies show that participation of stakeholders in local negotiations varies, which is due to a number of factors underlying the process. These factors are: a) the nature and length of time of the development intervention that is undertaken in the area; b) the amount of external resources invested in said intervention; and c) the stakeholders that are involved in it, e.g. people's organization, local government units, national government and foreign donor-institutions; and d) the incentive structures and motivation that encourage participation.

19. In Sibalew, the development interventions are in the form of a series of livelihood-oriented agricultural education program implemented by ASU with support from local, national and foreign donor agencies, namely: i) the Agricultural Education Outreach Project in 1983; ii) the Foundation for Youth Development in the Philippines in 1984; and iii) the Agricultural Technology Education Program in 1996. The negotiations started first with ASU, the funding agencies (JICA and USAID) and concerned government agencies; and then with the people in the barangay, which included the farmers, barangay officials and POs, to firm up and finalize the implementation arrangements.

20. In Badiangan, the interventions are part of the whole package of ARC development project implemented by DAR in the four adjacent upland barangays of Banga in collaboration with the LGUs and other government agencies; the local stakeholders in the barangay, composed of farmers, barangay officials, and the Badiangan Multi-Purpose Cooperative; and foreign donor agencies, including AusAID that funded the PATSARRD. Active multi-stakeholder participation in local negotiations was facilitated through the technical assistance and institutional linkages provided by the KALAHI Farmers Center (KFC) established with technical support from PATSARRD.

21. The incentive structures that encourage participation in local negotiations in Sibalew include: i) counter-parting scheme; ii) capability enhancement; iii) commitment of key actors; iv) income from livelihood project; v) financial support; vi) personal behavior and interest; vii) kinship ties and other forms of social relationships; viii) ascribed role of key officials; and ix) education and training of actors. In Badiangan, the incentive pattern is broadly categorized as internal to the individuals representing the stakeholders. This is observed

particularly among government project implementers, and consists of personal sense of service and fulfillment of personal values rooted in Christian teachings.

22. The motivation of people in Sibalew to participate in local negotiations is generally due to the following: i) people's understanding about the source of the intervention, in this case, the ASU; ii) felt need for the intervention and its expected benefit to the people and the community; and iii) political affiliation with the officials involved in the project. In Badiangan, the motivating factor is the KFC holistic development strategy of convergence that include conduct of appropriate social preparation activities such as barangay assemblies, regular stakeholders meetings, house-to-house visits, and other activities.

23. In the two barangays, effective multi-stakeholder and negotiation processes also depend on a number of factors. These are namely: i) power of the stakeholder to decide and carry out activities; ii) legitimacy of the intervention's governance; iii) entry issue areas; iv) social capital or credibility, leadership, charisma, values, and kinship and padrino system; v) principles of good governance; and vi) reward power.

24. A number of negative factors affecting participatory policy-making and governance of project implementation are being encountered in Badiangan. These are: i) bureaucratic tendencies of partner agencies; ii) difficulty to adopt introduced technologies; iii) negative influence of politics; iv) inadequate infrastructure; v) inability to provide counterpart funding commitment; vi) lukewarm attitude of beneficiaries; and vii) inconsistent timing of implementation activities.

25. The impact of the interventions that are results of local negotiations in the study areas is already visible in Sibalew but has yet to be seen in Badiangan in view of the fact that in the latter the intervention has just been recently introduced and may need more time to create an impact. The almost two decades of continuous development intervention in Sibalew has dramatically improved the socio-economic conditions and the physical infrastructures of the barangay. Sibalew is now able to implement development projects through the social capital established by the local people with other stakeholders.

26. The results of the case studies have validated the assumptions that improved participation in policy-making leads to better decision-making and that participatory policy-making leads to deeper commitment and ownership of the projects by the stakeholders. The findings confirm the validity of the six (6) hypotheses as advanced in the TOR, but only to a certain extent as there are instances where these are not applicable or still need further investigation.

27. The Case Studies concluded with recommendations consistent with the suggestions advanced in the Working Paper. Foremost of these is the need to strengthen the Local Development Council, a vital institutional mechanism for people participation along with the other Local Special Bodies in all LGUs; and to study the gaps and corresponding measures to improve local negotiation processes. While the general assessment in the Working Paper gives special emphasis on the Barangay Assembly as institutional mechanism to promote active participation of the poor and on the cherished traditional modes of cooperation that can be harnessed to enhance present participatory strategies, the Case Studies complements it with a recommendation that a "facilitating" task force, such as the KFC Technical Working Group (TWG) that bridges multi-stakeholder resources to priority interventions, be organized or institutionalized not at the minimum level of power inherent in the barangay offices but higher, that is, at the municipal or provincial level.

Background of Issues: Problems and Challenges

I. Problems Affecting People Participation [As identified in the FAO-PPLG Study Report]

- Restrictive and/or unclear guidelines on representation
- Inappropriate and under-utilization of existing mechanisms
- Limited stakeholders' capabilities and resources
- Inadequate support
- Political interference
- Negative cultural traits
- Adverse external factors

1. Restrictive and/or unclear guidelines on representation

- Selective accreditation of organizations, per Local Government Code
- Practical guidelines or procedural manuals are still lacking
- Lack of DA's clear definition of "people" results to domination of big business interests and large farmers' organizations in the NAFC, RAFC, PAPC, and MAFC

2. Inappropriate and under-utilization of existing mechanisms

- Arbitrary practice of selecting farmer-representatives from government-sponsored organizations
- Lack of mutual awareness and understanding of each other's functions/roles, approaches, principles for effective partnership, characterizing the relationship between among those involved in GO-NGO-PO collaboration.
- Half-hearted, if not inconsistent implementation of the Magna Carta of Small Farmers
- Under-utilization of the BARC; so do with the Local Special Bodies, especially the LDC, and the Barangay Assembly

3. Limited stakeholders' capabilities and resources

- Agencies involved in project design and implementation are often unfamiliar with, and had limited capacity in, participatory development approaches
- Participation of primary stakeholders, particularly the poor project beneficiaries, is constrained by lack of time and resources to spare
- Limited technical capabilities and competence of LDC members

4. Inadequate support

- Failure of government to provide the needed funds to implement the Magna Carta of Small Farmers
- Inadequate or no budgetary appropriation to implement the other laws that encourage broad-based people participation: AFMA (RA 8435); the Philippine Fisheries Code (RA 8550); the Social Reforms and Poverty Alleviation Act (RA 8425); the Countrywide Industrialization Act (RA 7368); and the Small Business Guaranty and Finance Corporation Act (RA 6977)

5. Political Interference

- Projects are implemented to accommodate favored group or party, even if not included in the locally-approved development plan
- Prioritization of project areas is based on votes cast in past elections
- POs and NGOs who are not supportive during election are not accredited

6. Negative Cultural traits

- *Patron-client relationship*: During social dialogue or negotiations, people tend to support and be on the side of those from whom they incur debt of gratitude (*"utang na loob"*)
- *Non-Confrontation trait*: Tendency to keep quite or maintain a neutral position in the face of potential or actual controversy, instead of confronting and helping resolve the issue at hand

7. Adverse external factors

- Peace and order problems
- Landowner interventions
- Unjust land conversion and slow land acquisition processes (demoralizing the beneficiaries)
- Fear of threats and confrontations (i.e. from those who are opposed to the project)

II. Proposed Measures

[As proposed in the FAO-PPLG Report]

1. Continuous information dissemination

Any new activity should be understood and accepted by the various stakeholders through continuous information dissemination

2. Participation of stakeholders in all phases of development

Broad participation facilitates public awareness and consensus-building; it helps overcome political constraints that stall policy change

3. Incorporation of lessons learned and good practices in policy-formulation

Practical lessons that are learned as well as recommendations that are found to be working in the field should be considered by policy-makers

Media can help in calling national attention and the consideration of local issues and experiences in policy formulation

4. Strengthen Local Development Councils (LDCs)

The LDCs in all levels (barangay, municipal, and provincial) have to be strengthened to improve participation, relationships and capabilities of development partners

5. Continuous and comprehensive capability-building program

There is a need to provide both the people and partner-agencies, especially the LGUs, with continuous training programs consisting of awareness, skill, and capability-building components in various aspects (positive value formation, organizational, administrative, technical, financial and managerial)

6. Immediate action on negotiation results/agreements

To develop and establish rapport and good relationship with local people, immediate action on recommendations and feedback is of paramount importance. Delivery systems form a crucial connection between the resource holders and the public and must be fast, accurate, and responsive.

7. Need for capable and credible facilitators in negotiations

Negotiation is like a “game” where stakeholders maneuver for advantage, each trying to influence outcomes. It is very important to have neutral, credible and competent facilitators to enable stakeholders to look at the bigger picture and arrive at a consensus.

III. CONCLUDING SUGGESTIONS

[As suggested in the FAO-PPLG Report]

The general assessment made in the FAO-PPLG Study concluded with the following suggestions:

- I. External support intervention [e.g. technical assistance], if any, should be directed at the institutional mechanisms of the three levels of LGUs and at the five sequential levels of participation, to come up with improved and sustainable processes;
- II. The Barangay Assembly is seen as the most potent mechanism to ensure broad-based multi-sector participation and active involvement of the poor in multi-stakeholder negotiations; and
- III. There is a need to identify and harness positive traditional values and mode of cooperation (e.g. *bayanihan*), as alternative strategies for attracting multi-stakeholders' participation to complement the introduced practice of providing material incentives as done in many foreign-assisted projects.

Thank You and Good Day