

# Local Capacity Innovations in the Philippines: Non-monetary incentives as drivers of performance<sup>1</sup>

**Core issue:** *Non-monetary incentives*

**Allied issues:** *Leadership*

## In a Nutshell

A system of non-cash recognition awards given to the most innovative Local Government Units in the Philippines has ushered in a host of capacity development actions in support of the MDGs. Led from the front by dynamic Mayors, these incentives have created the space for a whole host of CD strategies to come into play, which in turn, have had an impact on performance towards achieving the MDGs at the local level. This sets a global good practice precedent.

## The Story

In the Philippines, the Galing Pook Foundation and UNDP piloted a system of recognizing innovations in capacity development undertaken by Local Government Units (LGUs). The process involves a national call for competitive entries from LGUs. These entries are then screened by the Foundation in the first round and a shortlist made. The shortlist is then judged by a panel of independent, eminent citizens against pre-set parameters. Finally, ten or fewer LGUs are chosen for the Gawaad Galing Pok Awards. These awards are non-monetary and involve a citation and a trophy. The main draw of these awards is that these are presented by the President or Vice-President of the Republic and covered widely in the media. The Mayors of the winning LGUs are interviewed in the national press and their pictures are circulated in the media. Being elected leaders, this creates immense political capital for the Mayors and their staff members.

More significantly, the awards and their corresponding high profiles these generate have created a zeal among LGUs that is clearly driving performance and innovation going forward. A second round has been planned for 2008-09.

The awards, called the *Special Citation on Local Capacity Innovations (LoCI) for the MDGs*, were given to LGUs, that *have adopted and continuously demonstrated, expanded, replicated and/or institutionalized capacity development approaches and innovations*. More specifically, this has involved identifying local programs throughout the country that have helped build or enhance local government or community capacities, either in the form of a policy, program, project, process or organizational intervention, and contributed to specific MDG targets. The next few paragraphs highlight specific instances of CD in action.

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**Statistical and informational capacity:** Among the ten awardee LGUs, Bulacan has been lauded for its initiatives to institute capacities, and identify corresponding assets and needs in the community. As a countermeasure to the inadequate national statistics available, this LGU has undertaken several approaches to gathering more comprehensive data from the people. There has been a “deliberate effort to invest in information for social diagnosis and progress tracking; also widespread use of ICT for knowledge management in support of planning and policy formulation”. Bulacan’s Constituent Responsive Governance Project involves information gathering both before, during and following the implementation of projects. LGU representatives have been trained by the Asian Institute of Management and conduct surveys using a random sampling method. For example, people are asked to rate the performance of the provincial government through a Citizen’s Report Card consisting of random surveys. A similar approach was used during the planning phase of a health insurance policy project. Through a survey, planners were able to ascertain what percentage of the population would be willing to pay what amount of premiums. The LGU has also used scientific surveys in order to gauge public opinion on political decisions. During a dispute over local election results, the Governor had a survey done to prove that the majority of the public was supportive of her approach to resolving the crisis. The Bulacan LGU’s proactive method of assessing the interests of the community has yielded information that can be used to more effectively and efficiently design and execute programs.

**Mentoring and Coaching:** An instance of this involves the “study trips” that Filipino local government representatives have the option of making to other LGUs for the purpose of observing successful programs. One of the LoCI LGUs, Pasay City, has taken advantage of the study trips by employing a strategy to avoid junkets and capitalize on the chance to receive mentoring from colleagues in other LGUs. Rather than traveling to the LGU of the target program, Pasay City leaders use the resources to bring the mentor to Pasay City to coach h/her counterparts, therein ensuring that distractions are minimized and opportunities for learning are maximized.

In another example of effective coaching, the LoCI-awarded city of Munoz instituted a coaching component into its very successful potable water project. Once this project had been successfully piloted in one *barangay* (village council) - (water tower built, barangay leaders trained, etc.), other barangays are able to apply for the project provided they prove themselves able to manage all aspects of the water system. Prior to actually building the water system, the central LGU required that barangay leaders be coached by their counterparts who were already managing their own water system. In this way the Munoz LGU recognized and took advantage of a peer-to-peer learning opportunity to perpetuate the successes of the program and reduce interventions at the central LGU level.

**Leadership:** The work of Mayor Alvarez of the city of Munoz is an example of the potential reach and impact of competent leadership. Mayor Alvarez, who holds a PhD in genetics and has spent most of his career as an academician, has taken advantage of the proximity of several national research centers and academic institutions around the city to form partnerships that benefit the local community.

Consequently, a number of successful programs have been implemented at the local level. For example, given that the National Carabao (water buffalo) Center is located in Munoz, the mayor set up village cooperatives that involved the Center’s scientists training local farmers to raise carabao and sell milk products to supplement their farming income. As programs such as these cooperatives succeeded, the mayor was able, through the participation and support of the public, to expand into additional program areas and build on the support of the community for his initiatives.

***Institutional Change strategies:*** A number of these are evident among the LoCI awardees e.g. the Bulacan LGU ‘rationalized the local bureaucracy’ in order to make it more efficient; the Zamboanga (an LGU that mostly focused on HIV/AIDS programs) partnered with academe and with local HIV/AIDS NGOs in order to make programs more effective and made a point of involving multiple interest groups; as described above, the Mayor of Munoz partnered national R&D institutions in the area for technical support in his livelihood promotion projects; In Munoz again, the Mayor proactively pursued the “localizing the MDGs”, through popular media including having the kids’ dance troupe that performs dances specifically about the MDGs; the same Mayor also started to be more open to working with NGOs like CARET- actively sought out this NGO to submit a proposal for the potable water project.

***Capacities to engage with the public:*** Maitum is investing in the capacity of local communities by sending LGU representatives on monthly visits to the barangays to explain about programs, where taxes are being spent, etc; in Munoz, a long-running irrigation project is managed by a board of community members- one LGU member sits on the board of the project; Barangays in Munoz are empowered to vote for instance, to seek a level III water project (instead of the proposed level II system) and signal their willingness to contribute labor and resources to the project; in potable water projects in Munoz barangays communities have shown they have the capacity to decide on what the level of expenditure will be, capacities to manage the system, handle the costing implications with billing, etc. (These projects are funded by the LGU but 100% managed by the barangay). In an instance of enhancing capacities for mutual accountability, the Naga City LGU posts its municipal budgets on a public web site.

### **Results and critical factors**

- Incentives don’t have to be monetary in order to drive powerful capacity development processes and innovations. Pride, prestige, peer recognition or recognition that bestows prestige are powerful drivers of institutional change and reform.
- In the right context, unleashing a nurturing culture often helps build on inherent capacities and sets off multipliers.
- Cultural context and psyche are clear considerations in capacity development. The Philippines is among the world’s top countries in imbibing the spirit of the MDGs at the local level. There is frequently the expression, “despite Manila” connotating cynicism about the lack of support from national government. LGUs have a sense of creating accomplishments on their own, using their own creativity and driven by motivated leadership, and the strong social capital that is inherent in Filipino society
- Innovation frequently cascades across a number of capacity development strategies although there may be a single entry point. This is in fact, so by definition that incentives are meant to spur further action. In this case, the institution of an incentives system brought to light a whole of host of innovations in other CD strategies such as mentoring and capacities to engage with the public.