CITY STRATEGY AND GOVERNANCE:
THE NAGA CITY EXPERIENCE

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The Philippines is widely recognized to be in the forefront of "localization." This is pursuant to the mandate of our present Constitution, which has embraced local autonomy and decentralization as a development strategy.

Interestingly, the World Bank agrees with this direction. In its recent World Development Report, the bank said "localization" and the new global economy could either revolutionize prospects for economic and human development or lead to increased political chaos, strife and suffering.¹

Over the last 10 years, Naga City is proud to have made significant strides in this area, some of them even before Congress enacted the Local Government Code of 1991 (LGC), the enabling law for the "localization" policy. This paper presents our experience on strategic planning and governance at the city level.

THE SETTING

A riverine city in southern Luzon, Naga is located in the province of Camarines Sur, between 13 to 14° North Latitude and 123 to 124° East Longitude. It is about 450 kms south of Manila and about 100 kms north of Legazpi City. (See Fig. 1.)

As a city, Naga is one of the country's oldest. Originally called Ciudad de Nueva Caceres, it was one of the five cities created by royal Spanish decree in the late 16th century.

The "Heart of Bicol," Naga has established itself as the religious, educational and business center of Bicol, one of the country's 15 administrative regions. Since the Spanish era, the city has served as seat of the Archdiocese of Nueva Caceres which oversees the Roman Catholic hierarchy of the whole region.

It is home to two of the country's oldest colleges—the Holy Rosary Minor Seminary founded in 1793 and Colegio de Sta. Isabel, the first normal school for women in the Orient, founded in 1868.

WHAT IT IS NOT

Naga is medium-sized, not big. Of the 83 Philippine cities today, Naga is the 44th biggest in terms of land area and 38th in terms of population. Its 77.5-sq. kms territory pales in comparison with Davao and Puerto Princesa, the Philippines' two biggest whose land area both exceeds 2,000 sq. kms. Its 140,000 population is not even 10% of the 1.8-million population of Manila and Quezon City in the national capital region.

¹ Philippine Star, October 6, 1999.
Naga is landlocked, not a port city. Hence, it does not have a shipping industry to speak of. All it has is the Naga River, which can only accommodate small motorized boats. Situated at the heart of Bicol's agricultural peninsula, its landlocked location places Naga at an obvious disadvantage vis-à-vis the country's port cities such as Manila, Cebu, Davao, Puerto Princesa, Olongapo and General Santos.

Naga is peripheral, not central. The city is around 450 kms away from Manila, the national capital. Likewise, it is equally that far from Metro Cebu, our second largest urban center. Hence, its location and distance from these urban centers is another disadvantage, particularly in a highly capital-focused government system. It is, therefore, the typical rural Philippine city—one of the faceless, ordinary urban centers dotting the countryside.

WHAT IT IS

These limitations notwithstanding, Naga has made a name for itself in the area of local governance.

It is a recognized center of local innovations. Over the years, Naga has built a reputation for being a model local government unit, and a center for innovations in local governance.

This is borne out by more than 40 national and international recognition accorded to Naga by various award-giving bodies. The most prestigious came in 1998, when the city was chosen to receive the 1998 Dubai International Award for having one of the Top 10 Best Practices worldwide.

In November 1999, it was cited by Asiaweek as one of four most improved cities in Asia in recognition of its participative processes, strong democratic traditions and commitment to excellence.
It is a livable city. Naga, likewise, is considered one of the Philippines' most livable cities, says *Interface*, the newsmagazine of the League of Cities of the Philippines.

It has a strong non-government sector. Another outstanding feature of Naga is the presence of a strong non-government sector, in the form of civic, business and people's organizations.

It took advantage of local autonomy. Finally, the state policy to promote local autonomy and decentralization has helped Naga mainly because it has helped itself, crafting a number of innovations that even antedated the 1991 Local Government Code.

THE CHALLENGES WE FACED

The Naga that we have today did not happen overnight; along the way, we had to overcome formidable challenges that helped shape much of our development strategies.

When I ran for mayor in 1987, my campaign was anchored on a vision of transformation, which was impelled by results of a situational analysis my core staff and I did. Whoever wins had to contend with the following problems:

**Economic.** Economically, Naga was in bad shape.
- Its distinction as Bicol's premier city was fast becoming eroded. A former first-class city, Naga had been reduced to third-class by the Department of Finance. Its coffers were empty, strained by overspending that left almost a P1-million deficit.
- Its three-storey public market—considered in 1969 as Southeast Asia's biggest—was in shambles and soon hit by a fire that ate up 1/3 of available space.
- The central business district (CBD), its size unchanged for more than four decades, was already overcrowded, shying potential investors away. Traffic volume, swollen by countless buses and jeepneys which held terminal right inside the CBD, was already unmanageable.
- The local economy was sluggish and employment scarce. There was widespread indifference and very little stakeholdership among the various sectors of society. Business sector confidence was low. The narrow tax base remains narrowed to the 2,000 business establishments registered with the city government. As a result, tax collection was poor.

**Social.** The government's tight financial position spawned a vicious cycle that impacted negatively on service delivery.
- Basic services, particularly for health and education, had been deteriorating.
• Resources required to address the problems were not forthcoming.
• Crime was on the rise.
• Smut films and lewd shows proliferated.
• Illegal gambling, a menace in the last five decades, was rampant—unchecked by the police and military and tolerated by the leadership.
• The homeless urban poor population was growing in numbers, doubling to more than 20% of the city’s household population from only a little over 10 in just a decade.

Combined, these socioeconomic problems led to the loss of faith and confidence of the people in their local government.

**Political.** In the political front, I had to contend with old politics that disregarded change and sought to maintain status quo.

• Patronage was the rule. City hall was teeming with political appointees, and priorities were being dictated by political allegiances.
• My being a minority mayor (winning only 24% of the vote) who defeated my closest opponent by a margin of less than 1,000 and owed a debt of gratitude to the former mayor compounded the situation.
• In pushing the development agenda, I had to work with an opposition-controlled city council. While I had the leadership mandate, it was not solid but rather stood on an unwieldy ground. This impelled the need to produce tangible fast results that would reinforce that mandate.

To some extent, the situation is a function of the Philippine political culture that is founded on certain oriental values. For so long, political power is concentrated in the hands of few families who manage to sustain it by dispensing favors under a system of patronage. The concept of “utang na loob” (or debt of gratitude) is very pervasive, its effects able to span generations. It is reinforced by other values, such as “hiya” (shame) and “pakikisama” (fellowship).

But there had been some perceptible change in this culture. For instance, the present Constitution frowns on political dynasties, which leveled the playing field to some extent, encouraging and enabling newcomers to join politics and share power with entrenched families. The preponderance of competing candidates, including those from the political families in Naga, is mainly the reason why I became a minority mayor in 1987.

**PERSPECTIVE, VISION AND MISSION**

In overcoming the challenges described above, my administration was helped by a participative visioning process that crystallized the aspirations of our people, in the process helping build stakeholdership across society.

**THE VISIONING PROCESS**
Just as Naga was not built in a day, the local visioning process did not come about overnight. It evolved over time, building on individual and institutional management capabilities enhanced by technical assistance from international development agencies. Ultimately, it is the product of our commitment to improve government as a means of improving the city.

As it evolved, the local visioning process has three essential elements: a core development perspective, a mechanism for updating the corporate vision/mission from time to time, and a strategy for communicating that vision.

Development perspective

A development perspective is the philosophy that anchors all development efforts and seeks to mainstream all sectors of society in accepting their role in local development.

In Naga, we have embraced the concept of "growth with equity" as our core philosophy. This philosophy is based on our belief that every constituent is a "partner-beneficiary" in the development of the city.

This belief is rooted in our experience over the last 10 years. Naga's preeminent status today is more of a geometric than arithmetic progression. What it is now is not only the sum total of what its people have become; rather, it is the product of what its people have contributed to development. Consequently, development must accrue to all residents regardless of their station in life.

Updating mechanism

The updating mechanism is a function of the local strategic management process. Essentially, it involves a conscious effort by the leadership to make the corporate vision/mission relevant to its constituency (internal) and the operating environment (external). With vital inputs from technical assistance projects, particularly the USAID-assisted Governance and Local Democracy (GOLD) project, we have developed and installed this management capability in the local bureaucracy.

Early this year, for instance, city managers and key technical personnel recommended two enhancements in the city's corporate vision after attending a cluster visioning and responsibility charting workshop.²

These improvements were proposed to imbue the corporate vision with greater scope externally and a more expansive tone internally. The proposed

² The activity was part of the Public Service Excellence Program (PSEP) being implemented in the city with GOLD technical assistance.
enhancements (set in bold) will replace the phrases (set in red) in the vision statement, which would read as shown in Fig. 3.

We say the enhancements, although recommended by city managers, are still proposed at this stage because they still have to go through the next level in the consultative, multisectoral process involving the community. This will most probably take place when Naga finalizes, and through the City Development Council, adopts its successor medium-term city development plan within the year.

This is indicative of the participative visioning process we have developed and installed in Naga. Through this process, we are confident that our corporate vision and mission statements emphasize stakeholder relationships across society, underscoring the role of the bureaucracy and the constituency in attaining our common goals. They are also reflective of the aspirations, bias, development perspective, and kind of leadership being envisioned by the community at large.

More importantly, these vision and mission statements largely define the city’s development agenda, functioning as anchor of all local development efforts. Thus, all programs, projects and activities of the city government represent its efforts to operationalize that agenda.

**Communication strategy**

**Communication strategy** refers to various approaches utilized by the leadership in presenting the corporate mission/vision to its constituency, with the end view of securing their support so that the corporate vision becomes a shared community vision.

Before a community can share one’s vision, they must understand it first, and then relate to it. In Naga, slogans and logos proved to be potent tools in communicating our vision. (See Fig. 4.)

**Fig. 2 — Slogan and Logo for Communicating the Corporate Vision**

Two examples stand out:

- **The “Kauswagan” slogan.** In the 1988 elections, my development program was backed by the theme “A City for the People.” This program, however, was not captured by our battlecry: “Kauswagan kan Naga—Kun Bako Ngonian, Nuarin Pa?”

  This highly effective slogan has a clear, definitive and unique Bikol ring to it that no translation could fully capture. Literally, it means “Naga’s Progress—if Not Now, When?” My victory in that election over older, more seasoned
opponents at the age of 29 confirmed that the people of Naga—at least those who voted for me—were attracted to my vision.

- The "Maogmang Lugar" logo. Aside from playing on the city's golden anniversary in 1998, this powerful logo captures the essence of a "happy place" that Nagueños aspire their city to be—people with linked arms to signify inclusive and participative governance; a tree to signify environmental integrity; and the blue waters to signify Naga's characteristic as a primarily riverine community.

**IMPLEMENTING THE VISION**

Given the circumstances at the time, almost no one believed us when we said that Naga would reclaim its reputation as the premier city of Bicol before the end of my first term in 1992, more so when we envisioned Naga establishing its niche as one of the best managed local governments in the country. The challenge was to implement our vision and bring the city where it was to where we wanted it to be.

**TRANSFORMING THE CITY**

Sequentially, this required that we secure the confidence of the bureaucracy and constituency in our leadership, strengthen the capacity of the bureaucracy to deliver the desired outcomes, and mobilize the participation of the constituency in local governance.

**Confidence building**

It was very evident when we took over that for us to accomplish our covenant with the electorate, the first step is to restore Nagueños' faith and confidence in their local government.

Guided by these considerations, we identified three elements that would facilitate the process. We focused on these doables to jumpstart implementation of the city's corporate vision:

- For the leadership, it was building trust.
- For the bureaucracy, it was building confidence and capacity.
- For the city as a whole, it was restoring pride in the Nagueño.

**Leadership.** The city's leadership must not only demonstrate the required instrumental qualities that enable it to manage well—maximizing authority to structure, to control and to reward in the pursuit of desired changes. Leadership must also be bold and inspiring—energizing, enabling and ennobling, making the bureaucracy and constituency collectively confident in their capacities.
When I took over, we immediately confronted two long-standing and politically difficult problems that eroded the credibility of the previous administrations’ leadership. We ran after illegal gambling, whose presence gave the impression that local civilian and police officials are on the take. We closed down all nightclubs and seedy joints, most of which were fronts for prostitution and drug dealing. In doing so, we proved that nothing was difficult if the leadership has the resolve worthy of the constituents’ trust.

For city hall clientele, our message was “their government not only works, it always does things better.” For the city hall rank-and-file, it was “the city government can be as good, if not better, than the rest.” We would excel not only in a few but also in all facets of our responsibilities to the constituency. This we set out to do by putting more time and thought in what we were mandated to deliver and by taking the extra mile when necessary. In particular, in contrast to the previous mayor who did not maintain regular hours, I put in more hours of work than anyone did during the first few months of my term. Certainly, the leadership cannot ask of others what it itself is not willing to do.

City hall. Although bold and inspiring, the leadership also acknowledged that by itself, it can only do so much. Evidently, the local bureaucracy must be convinced to join in and do its share. Aside from being assured that the administration is well meaning and capable, this requires building confidence in their own capacity.

Thus, we launched a number of measures aimed at sending the message that we seriously mean business. Guided by the recognition that our people at City Hall are our most precious resource, we sought to empower them by applying private management systems in a government setting. They include the following:

- A better compensation package was implemented.
- A system based on aptitude and competence was set up.
- The Merit and Promotions Board was activated (with an employee representative to eliminate patronage).
- Tangible measures for service delivery were agreed upon and regularly measured.
- An “atmosphere of competition” was cultivated, and
- A more open, deliberative and participative system of management was also adopted.

Instead of harping on the inadequacies of the past and threatening the security of employment of everybody, a clean slate was presumed. Everyone was given the opportunity to prove his worth. However, it also became clear to everyone that a no-nonsense leadership is at the helm.

In a matter of weeks, these efforts paid off, firmly securing the rank-and files’ support and cooperation for our programs and projects. Noted Balafong, a
Naga-based weekly: "Mayor Robredo has done it. Barely two weeks in office, the youthful mayor has shaken city hall's tradition-bound and lethargic bureaucracy to the very roots of its being."

**The constituency.** Aside from political considerations, the leadership believed that the extent of our success was contingent on how the people respond to our initiatives.

In other words, the leadership must not only be bold, inspiring and empowering; it must also be inclusive. The response of various constituencies—be it the businessman, the market stallholder, the squatter, the farmer or the regular household—depends on how receptive the administration was to their participation in the decision making process.

Instead of confining deliberation on local government matters within a select group of elected officials, the leadership encouraged and formalized mechanisms to enhance constituency participation.

Clearly, restoring pride in the Nagueño required, among others, restoring accountability of city hall and promoting "citizen ownership" of their government.

**Using new "levers"**

City hall was now back on track, its improved image generating goodwill and opening up a wellspring of public support. Our serious anti-vice campaign created a significant change in the constituency's perception of their local government. Within a short time, we have built up political capital essential in sustaining the city's transformation.

Given our goals, our circumstances, our resource constraints and a short four-year term, we knew we had to rethink and adopt a new mindset in using all available opportunities to immediately and effectively address our concerns. This required deploying new "levers" that would push the city's growth faster.

**Urban Transport and Traffic Management Plan (UTTMP).** At the start of my first term, the city projected a budgetary deficit. Instead of opting for additional taxes to plug the shortfall, we decided to strengthen confidence of the business community. One such "lever" is the UTTMP.

Reviving the local economy without the wherewithal for infrastructure support was difficult. However, the city government had the authority to redirect and control growth using its police and regulatory powers. UTTMP sought to expand the commercial district by relocating all bus and jeepney terminals outside the Central Business District (CBD).
By creating more pedestrian traffic at the peripheries of the CBD, economic activities perked up in these areas. By tremendously easing traffic flow within the CBD, the plan restored order, life and vitality to the city’s prime commercial hub.

This single step immediately expanded the commercial area by a third. On the surface, the accomplishment seemed easy but in reality it is not. In implementing the plan, we had to hurdle 18 court cases filed by disgruntled terminal operators affected by the relocation.

**Naga Local Initiatives for Economic Activities and Partnerships (LEAPS).** This program represents the other "lever" aimed at tapping community resources in implementing economic projects that would benefit the city as a whole. Under the LEAPS Program, two projects were implemented to promote economic growth:

- **The Panganiban Upgrading and Beautification Project (PUBP).** From a veritable one-kilometer eyesore, the project converted the main CBD gateway into a bustling business corridor at no cost to the City Government.

  Utilizing its zoning authority and the promise of reasonable return to the owner, the Philippine National Railways, the city government leased and subleased to private investors the abandoned portion of the right-of-way. Developers were required to conform to the city’s site development plan. Thus, under a build-operate-and-lease (BOL) arrangement, a new commercial-cum-beautification project came to life.

- **Privately owned district markets.** District markets are generally owned and operated by local governments. Instead of building them ourselves and spend a good portion of our limited resources, we decided to involve the private sector, imposing a franchise fee for the privilege.

  Within three years, 2 district markets were set up under the Pagtarabang sa Kauswagan (or Partnership for Progress) Project. This later inspired the rise of 4 smaller community markets through joint ventures with barangay governments.

  The net effect of these strategies to transform the city was remarkable. The local economy rebounded and business flourished again in Naga. In the process, the city government attained its target in reclaiming first-class status from the Department of Finance in 1991, the first mandatory review conducted by the department during my incumbency.

  The business sector’s cooperation was decisive in this instance. On the basis of renewed trust in the local government, the sector agreed to declare more realistic sales that translated into increased revenues for the city. So that when
the DOF conducted its review, local revenues accounted for around 75% of Naga's total income, with national allotments accounting for the balance.

INSTITUTIONALIZING GAINS

Having already won the confidence of most Nagueños, we proceeded to implement other innovations that took some more time to bring to fruition, with the end view of institutionalizing the gains we have achieved.

The Productivity Improvement Program

When we took over in 1988, improvements in the bureaucracy focused on employee empowerment (people change) and improvements on systems and procedures (systems change).

In 1993, the Productivity Improvement Program (PIP) formalized the changes we have initiated. Conceptually, it sought to transform our employees from being rule-driven to outcome-driven by focusing on four interlinked areas relevant to local government productivity:

- the provision of sufficient services to meet the requirements of the population;
- getting the optimum outputs with minimum expenditures;
- the capability to produce results as desired and planned, encompassing quality and level of service; and
- accessible and acceptable services based on the principle "the greatest good for the greatest number."

Objectives. Conceptually, the Program tackles the problem of how to bring about adequacy, efficiency, effectiveness and equity in the delivery of public services amidst competing sectoral demands.

Specifically, it seeks to attain the following goals:

- to set response time in the delivery of services to its barest minimum;
- to pursue specific projects and activities aimed at inducing and sustaining peak productivity levels in all departments and offices;
- to encourage employees to come up with viable ideas and suggestions to further improve productivity;
- to constantly upgrade the skills and competence of employees through the regular conduct of seminars, workshops, training and similar activities;
- to institutionalize a cost reduction system; and
- to set up a feedback mechanism for the public.

Operational activities. To operationalize the program, we implemented a number of projects and activities, with the end view of establish City Hall as a "center of excellence."

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They include private sector human resource management (HRM) techniques like
- aptitude testing to guide employee redeployment;
- productivity improvement methods like the 5-S and productivity improvement circles, productivity seminars and semestral surveys to set benchmarks and measure performance; and
- rewarded innovation through annual Very Innovative Person (VIP) awards.

Each department has a “Contract of Deliverables” posted conspicuously—specifying services, the person responsible, and response time for each service.

To ensure sustainability, the pertinent administrative systems and mechanisms were legislated as part of the Human Resource Management System of the city government.

Today, with technical assistance under the USAID-assisted GOLD project, we strengthened this program, giving it greater “customer focus” by implementing the whole spectrum of service quality improvement interventions—covering such areas as service vision and values, service audit and service improvement.

No wonder, since the prestigious Dangal ng Bayan award was launched by the Civil Service Commission in 1990, Naga has produced five Dangal ng Bayan awardees from among its personnel—one every two years—a record unmatched by any other local authority in the Philippines.

**Building partnerships**

To address other sectoral concerns of the city, we examined the viability of focusing on what the city government can do best and encouraged more capable institutions to complement its capacity. Again, this is a departure from the normal response of allocating more government resources whenever sectoral demand for these new services or improvement of existing ones arises.

**Naga Kaantabay sa Kauswagan.** Our response to the urban poor phenomenon, this nationally and internationally recognized program has effectively empowered marginalized squatters and slum dwellers, in the process integrating them within the mainstream of society.

Its main strength as a model approach to the urban poor problem lies in the strategy of focus—
- mass homelot acquisition over mass housing;
- the creative and innovative approaches to land acquisition and off-site development, such as direct purchase, land swapping, land sharing, community mortgage and resettlement; and
• institutionalization of a tripartite approach to urban poor problem resolution, involving the (1) city government and other national government agencies; (2) urban poor associations, aided by non-government organizations; and (3) private landowners.

Community organizing was left to NGOs who had expertise on the task. The housing component, when resources are available, was provided by the national government. The city government provided the homelot by negotiating with landowners for either on-site acquisition or off-site relocation.

Naga Early Education and Development (NEED). The NEED program has effectively transformed the traditional daycare services provided by the Department of Social Welfare and Development to an early education program for all preschoolers in the city—either normal or with disability, combining the old custodial care with Montessori-type preschool education.

By establishing working relationships with appropriate special institutions (i.e., Philippine Pediatric Society, the UP College of Medicine, a JICA-funded Detection of Developmental and Congenital Anomalies project, the Padangat Foundation, an association of parents of handicapped children, Parents-Teachers Association), several important learning institutions were established:

• The Naga City HELP Learning Center, a private center that specializes in the mental and physical therapy of handicapped preschoolers of the city
• The Naga City Special Education Program (SPED), a government center that specializes in the education of youngsters with physical disability, and
• A model Montessori Center for the city and each of its 27 component barangays.

Emergency Rescue Naga (ERN). ERN is our version of the Rescue 911 service without the sophisticated and expensive equipment. It showcases a highly successful community resource mobilization effort, combining the resources of the city government, the city police and fire departments the local association of barangay councils, government and private medical and educational institutions, radio station, local amateur radio groups and private medical volunteers.

Today, ERN provides the following round-the-clock services:

• Emergency rescue and transfer
• First aid
• Ambulance
• Quick police response
• Traffic control
• Fire fighting, and
• Disaster preparedness and control.
Effective coordination among participants, primarily through the use of VHF radio and telephone hotlines, enable the program to attain a 3-5 minute response time within the city proper and 30 minutes for the farthest barangay some 17 kilometers away.

**Metro Naga Development Program.** As a result of the 1991 Local Government Code, investment promotion efforts of the different local governments intensified. The primary tools for inducement were infrastructure support and tax incentives. Anticipating the possible harmful consequences of unhealthy competition, the city government initiated the organization of the Metro Naga Development Council to implement the Metro Naga program.

The MNDC is a development partnership between the city and its 13 neighboring municipalities, mostly in the 2nd Congressional District of Camarines Sur.

In 1992, these 14 local governments banded together to bring about equitable growth and sustainable development within the program area through role definition, resource complementation and specialization. It also operationalized a “big-brother” concept of partnership anchored on a scaled-down integrated area development (IAD) framework that capitalizes on the urban-rural linkage between Naga and its neighboring towns.

A unique, purely local initiative, the MNDC pools the efforts and resources of these local government units, the private sector and national government agencies in Camarines Sur and focuses them on projects and activities that address the needs of the Metro Naga constituency.

**Enhancing stakeholder participation**

To formalize mechanisms for constituency-building efforts of the leadership, we pursue two initiatives aimed at promoting and enhancing stakeholder participation in local governance.

**Naga Socialized Program for Empowerment and Economic Development (SPEED).** Naga SPEED is unique for laying down multiple channels through which specific sectors, groups, or the entire constituency can participate in identifying developmental priorities and stamp their mandate or disapproval on major policy issues.

As a result, it addresses the need by a local government unit to have its programs supported by its people, and implement projects and activities not only consistent with those programs but also acceptable to the target beneficiaries.
An innovative component of Naga SPEED that sets it apart from other consultative mechanisms is its pioneering use of the referendum as a local tool for people empowerment. On August 6, 1993, Naga City became the first-ever local government unit to hold a local referendum under the aegis of the 1991 Local Government Code. Through this mechanism, the people adopted three crucial policy measures that have far reaching effect on the future of the city.

**The Empowerment Ordinance.** In 1997, SPEED was complemented and strengthened by a landmark legislation known as the “Empowerment Ordinance of Naga City.” Essentially, the ordinance mandates the city to implement a revolutionary concept on participation to ensure transparency and accountability in the way the city government does business.

Under the Ordinance, a “People’s Council” consisting of duly accredited NGOs and POs in the city was established. This Council
- appoints NGO representatives to local special bodies of the city government
- observes, votes and participates in the deliberation, conceptualization, implementation and evaluation of projects, programs and activities of the City Government,
- proposes legislation, participates and votes at the committee level of the Sangguniang Panlungsod, and
- acts as the people’s representatives in the exercise of their constitutional rights to information on matters of public concern and of access to official records and documents.

From a larger perspective, the Empowerment Ordinance is both historic and revolutionary because it deconcentrates political power to the community and equalizes opportunity for the competent but non-political community leaders to participate in local governance.

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**Reaping the Benefits**

Taken altogether, our efforts to transform the city and institutionalize our gains over the last 10 years—guided a vision and mission that is shared by the community—had been amply rewarded.

When I left office in 1998, our people have been deriving numerous benefits in terms of improved service delivery, a healthy and progressive community, and a high degree of civic pride over what we have collectively accomplished.

**Improvements in Service Delivery**
- **Children welfare.** With its City Health Office in the forefront, Naga emerged as the most consistent top performer among Philippine cities in advancing children welfare.

- **Nutrition.** We have significantly reduced the incidence of 1st-3rd degree malnutrition among our children. The 3.5% incidence of 3rd degree malnutrition in 1987 was brought down to only 0.1% in 1998, practically erasing it as a major health concern. Overall, 67.5 percent of preschoolers in Naga have attained normal nutritional status, a 48.5 percentage point improvement over the last 10 years.

- **Education.** Spearheaded by the City School Board, the implementation of Project SMART, introduction of honors classes and computer subjects in the curriculum, the establishment of four additional high schools, and other quality enhancing programs enabled Naga to top Bicol region in achievement among high school students for the first time.

- The establishment of one model city daycare center (DCC) and 24 barangay DCCs since 1988 brought the total of DCCs to 54—all of them now using the Montessori approach to early child care and development.

- **Urban shelter.** Quarterbacked by the Urban Poor Affairs Office, Naga evolved what is nationally and internationally considered as the Philippines' best urban poor program. For instance, its Kaantabay sa Kauswagan project was cited as one of the Top 40 Best Practices by the United Nations during the Istanbul City Summit in June 1996.

- **Hospital services.** With the Naga City Hospital at the forefront, the city government attained a 293-percent increase in number of patients attended to, treating an average of 157 patients per day in 1998 compared to 40 when it began operating in 1991.

- **Solid waste disposal.** Its General Services crew dramatically increased its garbage collection efficiency from only 31 percent in 1990 to 85 percent of total garbage generated last year; expanded its coverage area from only two to eight major subdivisions; and hiked its frequency of trips from only twice a week five years ago to daily collection at the central business district.

- **Tax collection.** Led by a local treasury that employs practically the same manpower complement, Naga's income hit a remarkable P262 million compared to only P19 million in 1988. Of the amount P86 million was locally generated, which is a 562-percent improvement over the 1988 level of only P13 million.

- **Cost reduction.** All these were complemented by honest-to-goodness cost reduction efforts under the PIP. For instance, the Very Innovative Person
(VIP) cost reduction contest among city hall employees enables the government to save around P1.5 million every year.

- **Cost efficiency.** Finally, city government budgeting over the past three years proceeds from a given that maintenance and other operating expenses (MOOE) of all departments will remain at their 1996 level notwithstanding the city’s rapidly increasing annual budget. Thus, while per capita spending in social and economic services dramatically increased, its per capita administrative expenditures stayed the same.

**IMPACT ON BENEFICIARIES**

- **Productivity.** The city’s per capita gross product increased by 36% between 1993 and 1998, translating to an annual growth of 7.2%. Its 1998 per capita gross product of P83,140 is two-and-a-quarter times higher than the national per capita GNP of P37,112.

- **Family income.** The average annual family income of Nagueños is 126 percent higher than the average family in the Bicol region. At P174,500, it is also 42 percent higher than the national average and comparable with the average urban family income.

- **Poverty alleviation.** We have lowered the number of families living below the poverty threshold by two percentage points, from 29% in 1994 to 27% in 1997. The magnitude of Naga’s poor families is also five percentage points lower than the national average, notwithstanding a 2 percent annual growth in population.

- **Trade and commerce.** In trade and commerce, we also posted a 144-percent increase in the number of business establishments; the entry of 12 new banks or roughly three new banks every two years since 1988, bringing their total to 33; the 159-percent increase in market stalls; and the 100-percent increase in the number of hotels and motels.

- **Real estate development.** In real estate development, a 100-percent increase in building construction from 185 building per year before 1988 to 369 buildings annually over the past six years; the development of a new subdivision every year for the past 10 years, and the establishment of four shopping malls since 1988 from none previously.

**RESTORING COMMUNITY PRIDE**

- **Governance awards and recognition.** To reiterate a point we made at the outset, our city has built a reputation for being a model local government unit center for innovations in local governance. This is borne out by more than 40
national and international recognition accorded to Naga by various award-giving bodies, including the Dubai and the Asiaweek citations.

- **Civic index.** Another measure of community pride is the so-called *civic index*—a measure of how a given community perceives itself based on a number of elements that include citizen participation, community leadership, government performance, civic education, power sharing, and community vision and pride, among others.

Of 11 priority sites for assistance under the GOLD project, Naga posted the lowest index of 1.58 that corresponds to a rating between "good" and "very good"—the only LGU that posted an index below 2.

**DERIVING LESSONS**

Looking back at our experience, the following generalizations and observations can be made.

**A REPLICABLE FRAMEWORK**

Our experience provides an example of how change management in a local government setting can be operationalized. Basically, the process involved the following:

- **The change process.** Conceptually, the change process moves from the status quo (or the "present state") towards the so-called "desired state." Bridging these two endpoints is the transition phase where the "pain" brought about by the process must be managed properly and effectively to ensure sustainability of the change/s introduced.

Operationally, the process covers four areas:
1. **Sponsorship,** where the need for change is articulated;
2. **Resistance,** where objections to change are manifested, mostly by beneficiaries of the status quo;
3. **Transition,** where the "pain" must be managed, and given appropriate "remedy"; and
4. **Culture Fit,** where the change finally becomes accepted and sustainable.

- **Role of leadership.** In view of the above, leadership plays a critical factor in successfully managing this process.

An effective change leader must exhibit both "magical" and instrumental qualities to see it through. The "magical" qualities basically inspire, allowing him to envision things, energize groups and enable people to accept the needed changes. On the other hand, his instrumental qualities enable him to manage
well, maximizing his authority to structure, control and reward to overcome resistance.

CONFRONTING DIFFICULTIES

In implementing the change process, we had to confront and overcome operational difficulties.

- **Short term of office.** With a short three-year term, immediate and visible results are necessary to renew mandate. Short-term interests often dictated by political realities sometimes take precedence over long-term goals, especially when the former runs into conflict with the latter. Ironically, programs and projects with far-reaching benefits have long gestation periods.

The challenge therefore is to renew mandate without losing sight of the corporate vision. This requires striking a working, healthy balance between long-term development management and plain election-driven politicking.

- **Aversion to change.** Whether at city hall or with the entire constituency as a whole, initiating change is never a walk in the park; it is as difficult as anything can get.

Our experience with PIP is a classic example. At the outset, the city government employees themselves were the strongest critic of the program because it upset convention—from mere fence-sitters, they were now expected to share in many management responsibilities and prerogatives like decision making and goal setting. Opposition took the form of passive resistance to innovations, absurd treatment of new ideas, or open support of the status quo.

The constituency, on the other hand, had been used to the traditional system of politics. Patronage and doleouts fueled the relationship between city hall and the electorate.

With city hall, this was addressed by building on initial successes, implementing a new performance incentive system, and working on certain inadequacies of city hall employees as a result of changes we implemented.

Dealing with the constituency was more difficult. Despite extensive efforts to explain the changes to the public, it took some time and some votes before the people realized that the leadership wanted change.

- **Divergent interest of stakeholders.** Apart from the problem of resource allocation amidst competing sectoral demands, dealing with sectors with traditionally conflicting interests are more difficult to resolve. (In our case, this was illustrated by the case of squatters vs. landowners/businessmen,
transient vendors vs. stallholders, small transport groups vs. organized transport operators, tenants vs. landowners.

To address this, the exercise of political will is essential. The participative definition and consistent application of set principles and operating parameters—no matter who is at the losing end—mitigates the conflict. Still, this often results to difficulty in securing the loser’s support on matters of common interest.

- **Apathy of the constituency.** In spite of efforts of the city government to institutionalize mechanisms for people participation, response has not met expectations.

   For instance, turnout in the referendum on important local issues was only 32 percent, compared to election turnouts that hover between 75-80 percent. Even beneficiaries of city programs (like Kaantabay sa Kauswagan, for example) are actively involved only until their individual problems are taken up and resolved. The goal of the city to make them active participants even on matters of general interests has not been fully met.

   Only organized advocacy groups and sectoral organizations have been constructively engaged with the city in the process of pursuing its development agenda.

- **Differing orientation of LGU and its development partners.** The city government has long considered NGOs as partners in achieving its development goals. Recurring conflicts on the need to achieve results immediately and the desire to go through the slow process of “consultation” often results to tension in the partnership. Given their short term of office, elected officials are more interested in outcomes than processes. For this reason, we supported the formation of the Naga City People’s Council to provide a mechanism for consolidating NGO views as quickly as possible.

- **Sustaining gains.** In spite of the institutionalization of PIP and other stakeholder participation mechanisms, maintaining and improving on the gains achieved will, in large part, be dictated by the kind of leadership that succeeding administrations will provide.

   Initial efforts should serve as strong foundation for sustaining gains and might be difficult to undo. The challenge, however, is not just to maintain but also to do better, given the rising expectations of the constituency.

**KEYS TO SUCCESSFUL GOVERNANCE**

Summing up, the following elements are essential to successful governance:
- **Successful leadership starts with a vision.** When I ran in 1987, I knew clearly where Naga is (problem definition), what I want Naga to be (vision), and what must be done to get us there (strategic management). An important corollary is that a leader must be competent and adequately prepared for the demands of leadership.

- **The community must share this vision.** My victory in the election not only gave me the mandate to lead; it also affirmed that many Nagueños share my vision at the very outset.

  But we did not leave it at that. Gradually, we have developed and implemented a visioning process that involves the various sector of society to ensure community ownership of the vision and stakeholdership for our programs. An important corollary that must be stressed here is that an effective leadership must successfully communicate its vision to the people. Before a community can share that vision, they must understand it first, and then relate to it.

- **Electoral mandate creates an opening for change.** This is particularly true when a new leadership is installed in a community through democratic processes. It is but natural for the constituency to adopt a "wait-and-see" attitude, but it also gives the new leadership a benefit of the doubt.

  But this opening can be squandered when used improperly, or worse if not used at all. Many administrations fell into this trap despite well-laid plans simply because they faltered at the beginning of their term.

- **Confidence building is critical.** A mandate to lead has a time-bound dimension. It needs to be reinforced by concrete, decisive action. Otherwise, its can be eroded by inaction and inertia. This impels the need to "hit the ground running," so to speak. This necessitates the vital need for confidence-building measures. In my case, reforms at city hall, the campaign against illegal gambling and lewd shows, and my economic initiatives reinforced my leadership mandate.

- **Maximize changes in policy environment.** The passage of the 1991 Local Government Code not only provided more resources and authority to LGUs but also gave them more room to innovate and work with the private sector in many untested areas (some of which were previously prohibited by law).

  Notwithstanding the attendant difficulties associated with such changes, the challenge is to make them work in favor of the local government and its constituency. Our experience with the Empowerment Ordinance and the Metro Naga program illustrate this point.