

Implications of Full Devolution on Vertical and Horizontal Gaps in Decentralization: The Case of a Fast Starter



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共有型成長(shared growth)には地方分権の推進が不可欠だが、東南アジアではフィリピンやインドネシアが地方分権の先進国とされる。他方、タイは中央集権色が濃いとされる。この3国におけるCOVID-19対策を比較検討した。

Abstract

This paper rests on the premise that horizontal and vertical gaps are essential aspects of shared growth, and that among the recognized governance strategies to achieve such growth is decentralization. In its report “East Asia Decentralizes: Making Local Government Work”, the World Bank categorized the Philippines as a ‘fast starter’. In 2022, the Philippines will be moving towards full devolution following the 2018 pronouncement of the Philippine Supreme Court, which effectively increases the constitutionally mandated budgetary share of all local government units (LGUs). While this paper is mainly about the case of the Philippines, we cast the discussion in an international context by comparing it with two other ASEAN countries: another ‘fast starter’ Indonesia, and ‘cautious mover’ Thailand.

We present a preliminary exploration of how the extent of decentralization as described in the World Bank study, has contributed to the journey towards shared growth. We use the COVID-19 pandemic as the contextual backdrop for the examination. The pandemic serves as a test of endurance, and more importantly of the effectiveness of decentralization mechanisms at a time when central and local coordination and complementation are most crucial. Due to time and space constraints, our exploration presents a general and macro view of COVID-19 responses in the Philippines, Indonesia and Thailand, in light of delegated authorities and devolved functions within their respective governance systems.

In general, COVID-19 has shown the efficacy of decentralization, where it has empowered LGUs, in the experience of the three ASEAN countries in coping with the pandemic. While these cases appear to be a minority in these countries, it nevertheless prompted a renewed push on decentralization. The paper surfaces further insights on how decentralization can be effectively deployed to address vertical and horizontal gaps in developing countries, especially in Southeast Asia.

Keywords

decentralization, devolution, local governments, COVID-19, pandemic, shared growth, vertical gap, horizontal gap, Southeast Asia

Introduction

Vertical and Horizontal Gaps, Shared Growth, and Decentralization

This paper rests on the premise that horizontal and vertical gaps are essential aspects of shared growth, and that among the recognized governance strategies to

achieve such growth is decentralization. We refer to horizontal and vertical gaps as shorthand for fiscal disparities derived from economic concepts of horizontal and fiscal imbalance.¹ We define horizontal gap as the

¹ Vertical fiscal imbalance exists “when transfers to subnational

disparity between richer and poorer Local Government Units (LGUs). In a broad sense, the richer here would refer to the traditional centers of growth (for example, the capital metropolis of the country). This horizontal gap is supposedly reduced by a push towards a decentralization, whereby economic growth is redistributed out of the traditional centers of growth to what was once the periphery. Vertical gap relates to the ability of LGUs to deliver the devolved public services given its fiscal resources, both from national government transfers and independently sourced income like local taxes, fees, borrowings. This gap widens when the LGU's combined resources are insufficient to meet local needs.

Horizontal and vertical gaps accordingly reflect the twin elements of shared growth, a type of development that holistically accounts for equitable distribution alongside conventional economic goals of increased income and inclusion.² Shared growth seeks to attain both efficiency and equity and doing so entails closing both horizontal and vertical gaps. The “shared” dimension emphasizes the socio-economic goal of equity achieved through addressing the horizontal gap, while the “growth” aspect captures the socio-economic goal of efficiency, achieved through reducing the vertical gap.

Development and governance theories offer multitudes of approaches for achieving shared growth. Among the widely accepted and long-standing strategies is decentralization, which — consistent with the goal of equity — involves distribution of power and

resources from the central to the periphery. Governments decentralize for a range of reasons - political, economic, democratic, and otherwise. But efforts to disperse decision making, action, and spending are often associated with spurring economic outputs and spreading development outcomes from the metropolis to the countryside.

Decentralization during the COVID-19 Pandemic

In its report “East Asia Decentralizes: Making Local Government Work”, the World Bank³ observed a widespread trend towards decentralization in East Asia since the 1990s. It categorized the Philippines as a “fast starter” for “rapidly introduc(ing) major structural, institutional, and fiscal reforms” to decentralize. While this paper is mainly about the case of the Philippines, we cast the discussion in an international context by comparing it with two other ASEAN countries: Indonesia and Thailand. The said World Bank report classified the Philippines and Indonesia as “fast starters”. Meanwhile, Thailand, together with Cambodia, was classified as a “cautious mover” given the limited implementation of modest decentralization policies. A more recent JETRO-IDE study⁴ confirmed that the World Bank classification appears to be still generally applicable. “Except for Thailand, both the Philippines and Indonesia seem to enjoy higher local autonomy from the central government.”⁵

This paper is a preliminary exploration of how the extent of decentralization as described in the World Bank study, has contributed to the journey towards shared growth. We use the COVID-19 pandemic as the contextual backdrop for the examination. The coronavirus outbreak brought about global health and economic crises that upended long-term efforts to promote inclusive and equitable development. The virus first emerged

authorities combined with their own revenues (and borrowing) are not sufficient to finance their expenditure responsibilities” (Boadway and Eyraud, 2018: 6). Horizontal fiscal imbalance occurs when there is vertical fiscal imbalance not only in the aggregate, but also across subnational jurisdictions (Boadway and Eyraud, 2018), resulting in inequities across regions or localities.

2 Shared growth is sometimes used interchangeably with inclusive growth as both call for a holistic understanding of development by integrating pro-poor and pro-marginalized orientations. Both concepts challenge traditional economic development indicators which fail to measure quality of life and how certain individuals and groups are left behind despite a rise in national income. The World Bank has clarified that inclusive growth “refers to both the pace and distribution of economic growth” (Anand, et al. 2013: 1), the latter reflecting equity considerations. Shared growth is the term most associated with “income distribution schemes” (Ianchovichina and Lundstrom 2009: 2).

3 The World Bank (2005). *East Asia decentralizes: making local government work*.

4 Nagai, F., & Funatsu, T. (2019). Introduction: Analysis of local government survey data. In F. Nagai, T. Funatsu & K. Kagoya (Eds.), *New waves of decentralization in Southeast Asia* (pp. 1-29). Institute of Developing Economies - Japan External Trade Organization, p.27

5 Nagai & Funatsu, *supra*.

in Asia so ASEAN nations, mostly less-developed nations, had to be quick and adaptive in preventing the spread of a worldwide contagion. In a sense, the pandemic is a test of endurance, and more importantly of the effectiveness of decentralization mechanisms at a time when central and local coordination and complementation are most crucial. Due to time and space constraints, our exploration presents a general and macro view of COVID-19 responses in the Philippines, Indonesia and Thailand, in light of delegated authorities and devolved functions within their respective governance systems – all based on desk research of policies and issuances, news reports, and scholarly studies. There are indeed various aspects of the decentralization within a pandemic such as previous experience with epidemics, vaccination capacity, and other socio-cultural dimensions that are not fully accounted for in the study. As earlier mentioned, while the paper focuses on the Philippines, it distills insights and lessons by comparing Philippine country experience with fellow “fast starter” Indonesia, and “cautious mover” Thailand. Through this limited cross-country approach, the study hopes to contribute to an enriched and nuanced appreciation of decentralization and shared growth, and stimulate scholarship on associated topics that the paper is unable to address.

The Philippines: Decentralization and COVID-19 Pandemic Response of a Fast Starter

Since 1991, the Philippines had in place a comprehensive decentralization policy: the Local Government Code (LGC). When news of COVID-19 raised worldwide alarm, however, the Philippine national government took the reins in providing a response. This was somehow expected given the novelty and scale of the health issue involved, as well as the acknowledged tyrannical inclinations of the President. Although governors and mayors have authority to suspend school and work within their jurisdictions, the national government-imposed island-wide lockdowns to curb the spread of coronavirus. The Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF),

led by a former military official, was established to “assess, monitor, contain, control and prevent the spread”⁶ of an epidemic, including the COVID-19 pandemic. The task force was at the forefront of crafting executive policies on what is permissible throughout the pandemic. Its power was most evident in its authority to declare the alert levels that dictate curfew hours, travel restrictions, as well as health and safety protocols. It was only after the second surge that the IATF allowed LGUs to assess local conditions and declare targeted village-level lockdowns.

The centralized approach to the pandemic became at odds with the autonomy of local officials. Populist politics exacerbates the dynamics⁷ as when the President reprimanded LGUs that the National Government “calls the shots” when it comes to COVID-19 response. The President further reminded that in such time of crisis, the LGUs’ job is to comply.⁸ This was not a welcome stance for local chief executives who with their boots strapped need to quickly provide reliefs and solutions to daily challenges - from jobs, food, transport and health care - of their constituents. Many officials were not only vocal against national policies but also innovatively crafted ways to respond. The national government however did not make it easy for them to do so. Several anecdotes illustrate this; we briefly cite two. One is the case of the Pasig City mayor who allowed the movement of tricycles to ferry critical personnel.⁹ Another is the case of the Marikina City mayor who started to build a testing center.¹⁰ Both were initiatives to address glaring infrastructure gaps but were strongly rejected by National Government Agencies as these did not follow centrally-determined guidelines.

6 Porcalla, D. (2014, June 3). Task force on emerging infectious diseases formed. *Philstar Global*.

7 Castillo, R., Ramos, K., Alarde, J., & Fajermo, E. (2021). *Philippines*. Swedish International Centre for Local Democracy.

8 Esguerra, D. J. (2020). Duterte warns: During crisis, national gov’t calls the shots, LGUs comply. *Philippine Daily Inquirer*.

9 Gotinga, J. (2020, April 1). Vico Sotto on NBI Summons: We complied with all directives. *Rappler*.

10 ____ (2020, April 15). Marikina to open coronavirus testing center sans DOH license. *Rappler*.

While LGUs generally faced various difficulties in dealing with the pandemic, there are cases where LGUs have coped well. A study identifies regional outliers which had above average performance in addressing the pandemic.¹¹ These outliers, forming the minority, are LGUs that had lower infection and mortality rates given their economic, health, and demographic data, such as working population, population density, ICU beds, doctors on quarantine, number of frontliners, and gross regional domestic product. Outliers were found in all of the three major islands of the country (Luzon, Visayas, and Mindanao). Best practices included early community lockdowns, mass testing, opening free infection control centers, and quarantine facilities for returning Overseas Filipino Workers. Some LGUs were willing to purchase their own vaccines in response to the President's call to do so.¹²

The Indonesian Case. Early responses of the Indonesian government were slow and lacking in transparency, suggesting that policies were partial towards certain interests¹³. The lack of transparency was largely due to the exclusion of inputs from various stakeholders. Amendments of the state budget in 2020 were made with little involvement of the House of Representatives (DPR) and civil society. This resulted, quite expectedly, in largely ineffective policies, such as: a) chaotic implementation of the social safety net policies because of out-of-date data on beneficiaries; b) pre-employment card policies that were prone to conflicts of interest and corruption; c) policies for national economic recovery that excluded farmers and fishers; and d) uniform policies applied irrespective of the state of infection of an

LGU.¹⁴

Some of the findings of a quantitative study suggest that stronger provincial governments are a good defense against the pandemic.¹⁵ More specifically, the study found that COVID-19 infection and mortality rates tended to be lower, the higher the regional sustainable development index, and the regional development index, for all Indonesian provinces. In the case of Java province, the death rate tended to be lower, the higher the public health development index. In the case of Sumatra province, the death rate tended to be lower, the higher governmental and institutional setting.

Where empowered LGUs were able to better cope with the pandemic,¹⁶ "(m)ost coherent response strategies have come from district and municipal governments who have enforced their own lockdowns, driven coordinated contact-tracing regimes, and set up their own social support services." Further examples of regional good practices in Indonesia are:¹⁷ a) Bangka Belitung province has come up with a citizen monitoring bracelet (using an application called "Fight COVID-19") that is used to track citizens entering Bangka Belitung via the airport and seaports, and ensure their compliance with quarantine and other measures to prevent the spread of the disease; b) North Maluku province has made a breakthrough with "traveling markets" to ensure that local economies can continue to function while avoiding the spread of COVID-19 through clusters in traditional markets; and c) Central Java has formed a "jogo tonggo" ("look after your neighbors") task force at the neighborhood level as a way to decentralize responsibility for handling COVID-19.

11 Talabis, D. A. S., Babierra, A. L., Buhat, C. A. H., Lutero, D. S., Quindala III, K. M., & Rabajante, J. F. (2021). Local government responses for Covid-19 management in the Philippines. *BMC Public Health*, 21(1), 1-15.

12 Tolentino Jr., A. (2021, November 20). Local autonomy in words and in deeds. *The Manila Times*.

13 Ayuningtyas, D., Haq, H. U., Utami, R. R. M., & Susilia, S. (2021). Requestioning the Indonesia government's public policy response to the Covid-19 pandemic: Black box analysis for the period of January–July 2020. *Frontiers in Public Health*, 9(1), 1-13.

14 Hasan, A. M. (2020, September 14). *Budget politics in Indonesia's Covid-19 response*. Indonesia at Melbourne.

15 Sevindik, I., Tosun, M. S., & Yilmaz, S. (2021). Local response to the Covid-19 pandemic: The case of Indonesia. *Sustainability*, 13(10), 1-15.

16 Meckelburg, R., & Bal, C. S. (2021). Indonesia and Covid-19: Decentralization and social conflict. In J. N. Pieterse, H. Lim & H. Khondker (Eds.), *Covid-19 and governance: Crisis reveals* (pp. 74-87). Routledge.

17 Hasan, *supra*.

Thailand: Decentralization and COVID-19 Pandemic Response of a Cautious Mover (from decentralization to centralization)

Thailand's lukewarm attitude towards decentralization is largely attributable to its history and politics. As a constitutional monarchy, a top-down approach permeates the way power is organized and exercised in government. Its Constitution mandates decentralization but it was able to formulate its Decentralization Plan only at the start of 2000, or a decade later than its ASEAN fast starter neighbors.¹⁸ But despite the passage of the Decentralization to Local Administrative Organizations (LAOs) Act, the central government of Thailand continues to be the direct authority that takes control over the whole country.¹⁹ The current leadership's military orientation adds to this reluctance to share authority. A former army leader, Thailand's Prime Minister concentrates authority to the central government and relies on state soldiers instead of community leaders for local mobilization.

Nonetheless, in the early stages of the outbreak, Thailand was reported to have had one of the most successful responses to the pandemic.²⁰ Some scholars credit this achievement to local governments. Notably, at the onset of the pandemic, Thai state leaders needed time to consolidate its plan and overall approach to a crisis as unexpected and as novel as COVID-19. The urgency of the situation however prompted local officials to take action without having to wait for instructions from national officials.²¹ In other words, the central government's slow action activated the country's

decentralization scheme (albeit limited) and compelled local and provincial leaders to implement an immediate response.²² Governors headed provincial communicable disease committees and were responsible for introducing restrictions against the spread of COVID-19.²³ Another local mechanism that helped contain the pandemic was the Village Health Volunteers (VHV) group which has over a million members who are mostly women. These volunteers have played a key role in connecting people with the formal healthcare system for over 40 years even in the absence of financial compensation. The VHVs enabled the public to be informed about COVID-19 as well as collected data that are essential for public health decision-making.²⁴

In the second wave of the pandemic, however, Thailand fell back to its standard centralist system. By this time, national authorities had already secured its foothold by establishing and legitimizing institutional mechanisms for control. Like many countries, it established a national focal point for pandemic response: the Center for COVID-19 Situation Administration (CCSA). The CCSA, led by the Prime Minister, controlled the distribution of all resources, and extended the role of the military through the initiative called 'Army Delivery', which allowed soldiers to assimilate into most social activities and conduct strict surveillance of citizens.²⁵

The pandemic further tightened the Thai Government's long-held grip on its powers when it declared a national state of emergency under the Emergency Decree 2005. The emergency status has been used by the Central Government to monopolize decision-making, while it delegated authority to Bangkok-appointed provincial governors at the local level, rather than decentralized local authorities.²⁶ The

18 The ASEAN Secretariat-Jakarta. (2021). Assessment report on public service delivery systems in ASEAN member states.

19 Naprathansuk, N., Pharcharuen, W., & Manaf, H. A. (2021). An analysis on fragile people of a local government strategic between Malaysia and Thailand in time of Covid-19 pandemic. *Turkish Journal of Computer and Mathematics Education*, 12(8), 2218-2226.

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23 Ibid.

24 Cohen, A. (n.d.). *The role of Thailand's village health volunteers in Covid-19 prevention and control*. The University of Sydney.

25 Kamnuansilpa & Laochankham, *supra*.

26 Boossabong, P. & Chamchong, P. (2020). Coping with Covid-19 in

decree restricts personal movements, assemblies, fear-mongering or misleading communications, among others where the Prime Minister has the ultimate control over.²⁷

Budgetary Reforms in the Three Countries

All three countries instituted emergency funding to cope with the pandemic, and implicitly as part of efforts to address vertical and horizontal gaps exacerbated by the pandemic. In this section, however, we focus on changes or lack thereof in the fiscal resources made available by the central government to the LGUs, as part of their decentralization efforts.

Philippines. As in the Indonesian case, Philippine LGUs funded their COVID responses from their existing budgets.²⁸ A further step in its decentralization, however, is now being implemented, which results in expanded resources for LGUs, following the Mandanas-Garcia Supreme Court ruling of 2018.²⁹ This is accompanied, however, with the full devolution of the public services. A Devolution Transition Plan for the next three years to allow LGUs to absorb full devolution.

Concerns over the court ruling cum full devolution have been raised, for one, by the Department of Finance,³⁰ which estimates that this will yield 3 percent lower economic growth, because of the lower spending

efficiency of LGUs. A Provincial Governor has also cited the upcoming drop in transfers in 2023, when the transfers will be computed based on the very poor government revenues during the pandemic.³¹

Indonesia. Instead of expanding expenditures, most LGUs in Indonesia reallocated their budget to increase the allocation to COVID-19 related mitigation activities.³² Additional emergency funding, however, appears to have helped reducing the COVID-19 deaths, especially in the case of Bali and Java islands.³³

One budgetary reform priority that the pandemic has prompted is a push to improve the quality of local government budget.³⁴ Utilization of the regional budgets, including the intergovernmental transfer to the region and village fund (TKDD) has been quite low and below optimal. To rectify this, the government is drafting a bill on Central and Regional Relations (RUU HKPD) which is expected to accelerate the improvement and distribution of public services, through such provisions as: a) regional taxation that promotes ease of doing business; b) transfer to regions based on performance; c) management of regional expenditures in an efficient and disciplined manner; d) controlled regional financing; and e) fiscal policy synergy between government and local governments. The RUU HKPD appears to put a priority on efficiency by strengthening the fiscal decentralization process and improving the quality of intergovernmental transfers.

Thailand. Efforts to attain fiscal decentralization in Thailand have also begun through the enactment of the Decentralization Act by increasing the proportion of local expenditures to 20% by 2001 through increase in

a non-democratic system: Policy lessons from Thailand's centralised government. *International Review of Public Policy*, 2(3). 358-371.

27 Marome, W., & Shaw, R. (2021). Covid-19 response in Thailand and its implications on future preparedness. *International Journal of Environmental Research and Public Health*, 18(3), 1-10.

28 De Vera, B. O. (2022, February 21). Local government are funding their own projects – DOF. *Philippine Daily Inquirer*.

29 The Philippine Supreme Court held that the base for computing LGUs' share in national taxes should include customs and other duties collected by the central government. This effectively increases the overall allocation for LGUs by at least 50% (World Bank 2021).

30 Department of Finance. (2021, November 30). *Fiscal consolidation necessary to minimize long-term economic scarring from COVID-19 pandemic, SC rule on expanded LGU tax share – DOF*.

31 Torregoza, H. (2022, January 9). Chiz to LGUs: Don't depend on windfall from Mandanas ruling. *Manila Bulletin*.

32 Qibthiyyah, R. M. (2021). *Province and local finances in Indonesia during Covid-19 pandemic* (LPEM-FEBUI Working Paper No. 059). Institute for Economic and Social Research - Faculty of Economics and Business, Universitas Indonesia.

33 Ibid, p.6

34 Ministry of Finance, Republic of Indonesia (May 2021) *Fiscal and Economic Updates*.

local taxes and shared taxes. However, local governments have been constrained/limited to collecting only the following types of taxes: signboard tax, land and building, and local maintenance tax. Hence, local governments still complain of minimal fiscal autonomy in regards to financial resources.³⁵

The government's economic stimulus packages during the pandemic included multiple tax relief measures, several rounds of cash handouts, and subsidies for utilities and consumption. These heavy spending programmes were financed through budget reallocation, government savings, and additional borrowing. Consequently, the Thai Government's public debt has ballooned in the last fiscal year, but at a manageable level.³⁶ For 2022, Thailand's revised budget is slightly reduced but strong calls were made to prioritize fiscal stimulus, health and social assistance as the country reels from the pandemic, and to reduce military spending.³⁷ While still operating on a deficit, Thailand's 2023 fiscal year budget has been increased. One possible cause of concern raised over the 2022 budget being finalized is that the lessons of the value of decentralization seem to have been ignored, as the central government continues to have the largest share of the budget and is being based on overly optimistic assumptions of economic growth.³⁸

Conclusion

In general, COVID-19 has shown the efficacy of decentralization, where it has empowered LGUs, in the experience of the three ASEAN countries in coping with the pandemic. While these cases appear to be a minority in these countries, it nevertheless has prompted a renewed push on decentralization.

Of the three countries, Thailand's experience appears to have been the most discouraging, having started on the right decentralized approach to coping with the pandemic, and reverting to a more centralized approach that contributed to the deterioration of the performance of its pandemic containment. To be fair, however, Thailand has fared the best, as shown in Table 1, in terms of suppressing its death rate to 356 as against that 500+ of the fast starters. Moreover, Thailand's higher number of cases per million population indicates the higher quality of its health infrastructure, which has kept the death rate lower despite the higher infection rate. This contrasts with the Philippines' fragmented health system despite devolution.

Table 1. Comparative Pandemic Statistics

Country	Total Cases	Cases/Million Pop'n	Deaths/Million Pop'n.
Indonesia	6,005,646	21,561	556
Philippines	3,677,616	32,802	527
Thailand	3,575,398	51,001	356
World	484, 868, 439	62,204	790

Source: Worldometers³⁹

As of March 30, 2022, 00:07 GMT

Note: The death rate data was confirmed to be more or less that same with that of the Center for Strategic and International Studies tracker, as of February 28, 2022.⁴⁰

The death rate is just among the many indicators of effective pandemic response yet Thailand's management of COVID-19 has been hailed as a striking success, with a recent Lowy Institute analysis ranking it 4th out of 98 countries in terms of its response to the pandemic.⁴¹

35 Japan International Cooperation Agency (2007). Trends and Developments in Decentralization in Thailand in *JICA Program on Capacity Building of Thai Local Authorities*.

36 Andriansyah A. and Sok S. (December 7, 2021). Fiscal Policy is Key to the Post-Pandemic Recovery. *Bangkok Post*.

37 Guild, J. (2021, September 19). Thailand's 2022 budget takes shape. *The Diplomat*.

38 *Ibid*.

39 Worldometer. *Coronavirus*. Accessed on March 31, 2022 <https://www.worldometers.info/coronavirus/#countries>

40 Center for Strategic and International Studies. *Southeast Asia Covid-19 tracker*. Accessed on 31 March 2022. <https://www.csis.org/programs/southeast-asia-program/projects/past-projects/southeast-asia-covid-19-tracker> The population data, from Worldometers, used for Indonesia, the Philippines, and Thailand were 278,658,728, 112,186,005, and 70,105,552, respectively.

41 Lowy Institute. *Covid performance rankings*. Accessed on March 31, 2022. <https://interactives.lowyinstitute.org/features/covid-performance/#rankings>

Although most aspects of Thai governance are centralized, its primary healthcare services are localized and community-based – a set-up that has been in place prior to the pandemic. The health system was designed to ensure a more equitable distribution of health resources⁴². The system is led and supported by a competent and reliable Ministry of Public Health, which has been known to have shown strong leadership through coordinated efforts from various departments throughout the pandemic.⁴³

Thailand's experience in curtailing and managing the impacts of COVID-19 has underscored the value of a functional and empowered multi-level government. "The society has learned that centralized solution making is unable to tackle both health and economic problems. Provincial governors and local organizations must have power to ensure swift and efficient solutions." Moreover, the government must provide space for engaging with various stakeholders and supporting grassroots and community-level networks.⁴⁴

Although less dramatic, the same could be said from the experiences of Indonesia and the Philippines. These fast starters, however, have shown to be relatively advancing on their local budget reforms.

Several insights on appreciating shared growth can be gleaned from our study. First is that decentralization is not simply about distributing power and resources. More profoundly, it is about establishing functional and robust central-local relations. The second insight then flows from this: the pace or extent of devolution is not the only consideration; the service to be devolved is equally important. To ensure that decentralization addresses both horizontal and vertical gaps, it is crucial to ascertain which services are best left to local vis à vis national authorities. A decentralized health system such

as that in Thailand proved instrumental to combating COVID-19 as against the Philippines' sweeping devolution which left the provision of healthcare services fragmented. Lastly, regardless of the pace or extent of decentralization, creatively carving out spaces for autonomy and local participation is a useful antidote to centralist approaches, and a necessary ingredient of shared growth. In the Philippines, institutionalized powers of local mayors enabled them to push for relevant initiatives. In all three countries, community pantries and volunteers catered to needs that governments were unable to support.

COVID-19 is not likely to be the last pandemic to visit us. Efforts to make populations less vulnerable and more resilient have to be put in place now, even as we seem to be recovering from the pandemic. LGUs will be in the forefront of this fight. A rational strategy would be to waste no time in pushing their capacities to fare well in battle. In a word, to further push for decentralization towards bridging vertical and horizontal gaps, and achieving shared growth.

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42 Cohen, A. (n.d.). *The role of Thailand's village health volunteers in Covid-19 prevention and control*. The University of Sydney.

43 Osewe, P. L. (2021). *Pandemic preparedness and response strategies: Covid-19 lessons from the Republic of Korea, Thailand, and Viet Nam*. Asian Development Bank.

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