

The regional disparity caused by decentralization policy in developing countries

—A case study of road management systems under the implementation of the local government code 1991 in the Philippines—

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1. Introduction

Decentralization is characterized as one of the world wide political trends in the late 1980s and 1990s that is believed to have promoted democratization. Opening up of the market and loosening of the formal procedures lead by centralized political system were expected to be one of the effective methods to accelerate the local development. The Philippines, which will be the focus of this study, adopted the drastic policies during those times. The new local government code, namely the Local Government Code 1991 or Republic Act No.7160, was established in 1991 and implemented in 1992.

The purpose of enactment of the code was to assist the self-dependency as well as to accelerate the economic activities of local areas. The local politics in the Philippines have been considered to be active although the state has largely failed to promote economic development unlikely to other neighbor countries and has perceived as weak, at least in terms of implementing developing policies. (Kawanaka, 2002). Under the Marcos administration, resources were accumulated in Metro Manila, which created a large economical gap between the metropolitan area and the its outside area. Due to these situations, the Aquino regime had to pursue the equivalency policy in order to show to the Filipino voters and investing foreign countries this obvious different approach from the former administration. In one scheme to rectify the regional differential which became larger during

the Marcos administration, she promoted transfer of authority over the infrastructure from national to local government responsibility which directly associates with people's life. The code's most important feature is the decentralization of five basic service, namely health, agriculture, social welfare, public works and environment as well as natural resources (Tapales, 1998). This code became even more significant if appreciated within the context of the country's highly centralized politico-administrative history, a tradition inherited from the period when the country was colonized and ruled by so-called "Imperial Manila" (Brillantes Jr., 1999).

Under the code, responsibilities to construct and maintain provincial, city, municipal and barangay¹⁾ roads are ordained to respective sections of local government units. The establishment of the administrative system which is improved by the prompt reaction on resident's needs and request may have been responsible for bringing the improvement of resident's conveniences and income increase. After the implementation of the code, economic difference on the family income between the metropolitan area and the outside area became smaller, however, the larger economic differential among the outside metropolitan has emerged (Kainuma, 2005).

In this paper, author attempted to clarify how the policy devolution functioned on the road infrastructure management and how it influenced to the resident's economic activity in the rural mountainous area. Based on the results of the analysis,

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discussion will be made pertaining to the causes of the regional differentials that are created by the new system.

2. Methods and study area

There is a significant relationship between the economic level and the distance from Metro Manila as author has already clarified in the previous study (Kainuma, 2003). Based on this concept, two provinces were selected as study areas. From results of analyses on topography, land use, road network, population census and socio-economic data, Benguet Province and Ifugao Province were chosen for this study. Both provinces are located in the Cordillera Administrative Region in the Cordillera mountainous area where agriculture is the dominant industry. Further, based on the data obtained from the provincial governments, six municipalities were chosen to conduct the fieldwork, namely, Bakun, Kapangan and La Trinidad in Benguet Province while Alfonso Lista, Hingyon and Hungduan in Ifugao Province. An interview survey was conducted

to the respective local government unit and residents at the respective municipalities in September and October 2005, with the kindest assistance of Philippine Rice Research Institute and Benguet State University. 80 households responded the interview survey which was in the questionnaire form. The number of respondents in respective municipalities are as follows; 11 in Bakun, 11 in Kapangan and 18 in La Trinidad in Benguet Province and 15 in Alfonso Lista, 13 in Hingyon and 12 in Hungduan in Ifugao Province. The main contents of the questionnaire were basic information on their family composition, migration history, working place, domestic finance, farmland area and its water resource, production crops and its yield, destination of distribution and its transport methods, and their concern toward the cooperative activity.

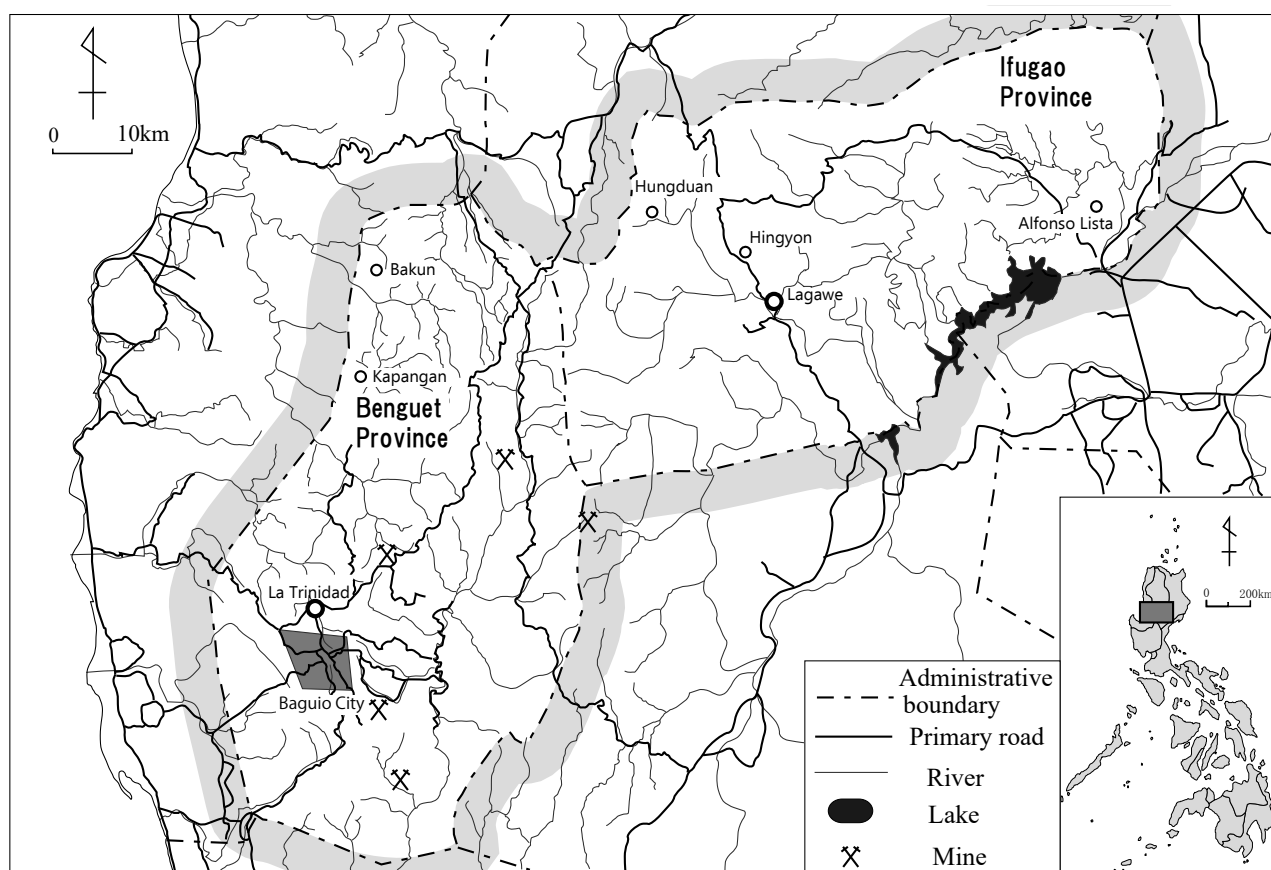


Figure 1. Study Area (2005)

3. Results

3-1. Comparison of conditions of national road

Conditions of roads are considered to reflect the situation as well as financial status of area. Comparison of sufficiency of social overhead capital will be made to understand the situation of study areas. Data specially offered by Department of Public Works and Highways (DPWH) were used for the analysis of 1985 and 1997 while data of 2013 were obtained from Philippine Statistics Authority (PSA). Four types of surface type were used to classify the road in the

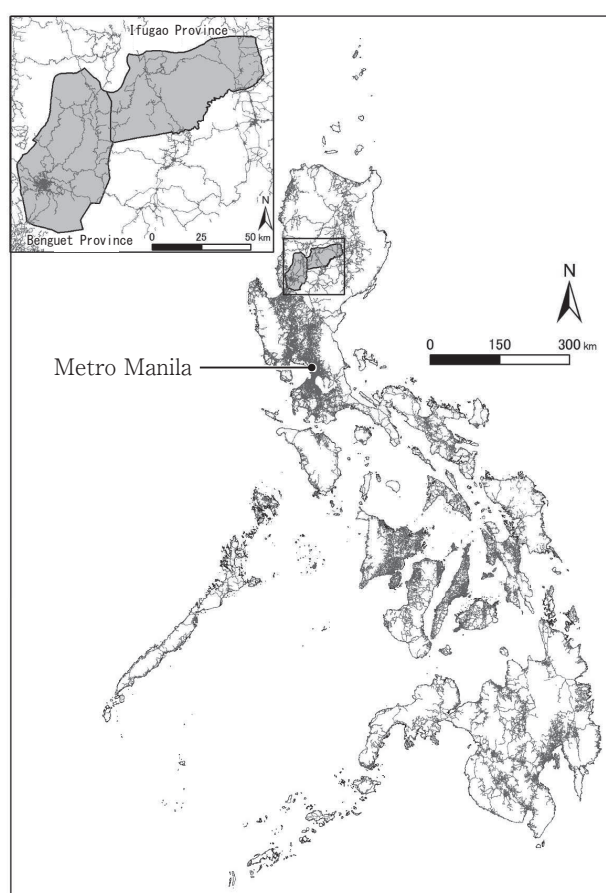


Figure2. Road network in the Philippines (2017)
Source: OpenStreetMap and Humanitarian Data Exchange

Philippines, namely concrete, asphalt, gravel and earth. In this analysis, concreted and asphalted roads are defined as “paved road”.

In 1985, both provinces of Benguet and Ifugao showed lower performance of paved ratio compare to national average, however the standard of Ifugao was as low as half percent that of national. The ratio continued to be lower in both provinces than the national in 1997. Finally in 2013, the ratio in Benguet went beyond the national average while Ifugao remained to be low.

Although national road is constructed and maintained under DPWH, it can be an index to presume the condition of local roads²⁾. This analysis will help to understand the road condition and its status in the country.

3-2. Viewpoint of local government units toward devolution of road management

Most of the local government units highly evaluated the authority devolution to execute the local road construction and maintenance. Before the devolution, road management was handled by DPWH of National Government with their own criteria which were not always applicable to the real local needs and situation. Moreover, the process of the project approval was time consuming. For the first step, the local government presented project proposals that are made based on their implementing priority order to DPWH. The approval by DPWH took a long time, sometimes it lasted several years. After being approved by DPWH, deliberation of contents and budget of the project was further carried out by Department of Budget and Management (DBM) before the final approval. In addition to this time consuming deliberation procedure, more time was

Table 1. Inventory of National Road in the Philippines

	Length (in kilometers)			Paved Ratio (%)		
	1985	1997	2013	1985	1997	2013
Nationwide	25727.8	26720.2	33621.7	45.8	56.8	75.7
Benguet Province	472.5	464.2	554.0	45.5	48.6	80.0
Ifugao Province	253.6	253.9	301.0	22.4	30.0	54.5

Source: Calculated from the data of DPWH and PSA

required for the national budgeting to disburse the allocated budget to DBM. After the authority devolution, the project was able to implement rapidly by their own prioritization as each project did not need to be screened at the national level and budgeting installment was made promptly to the local government.

Not all aspects can be expected to win a positive evaluation, however, negative opinions dominated the fiscal aspect. The local government unit now has a responsibility to disburse the cost of road management projects after devolution although budget is insufficient to allocate. Each local government unit is obliged to expense 20 percent of Internal Revenue Allotment (IRA) as "20% Development Fund", which is utilized for social, health, environment and infrastructure development. According to the analysis of the data which author obtained, a large part of the road management project were conducted using this fund. In other words, 42 percent of 20% Development Fund was allocated to infrastructure program and among which 33 percent were assigned to the road management at La Trinidad in 2004. Therefore, the road management budget is largely influenced by the amount of IRA. The transferred fiscal budget was insufficient to cover cost for necessary projects and responsibilities that were turned over by implementation of Local Government Code 1991. For this reason, most of the local governments could, at most, improve the surface of existing road, but not conduct new construction.

3-3. Devolution and its influence to resident's economic activity

The change of resident's life influenced by devolution will be discussed in this chapter. First, the outline of each municipality will be described.

La Trinidad is the capital city of Benguet Province where the central wholesale market of the northern Luzon, the trading post, is located. Baguio City, the largest city in the northern Luzon, adjoins La Trinidad. Highland vegetables, strawberries and flowers are the main products to characterize this area. Production of rice, root crops and beans are main agricultural activity in Kapangan, Bakun, which is located at the northwest most of the province, is the town where rice, highland vegetables and beans are mainly produced.

Alfonso Lista is located at the lowland, which is the rare case in the Ifugao Province. Rice, corn, and beans are the main products in the area. In Hingyon, although they grow some vegetables, most of the land is allocated for rice cultivation. People who engage in agriculture are dominating in Hungduan in Ifugao Province although there are a number of people who are involve in woodcarving as a sideline.

After devolution, 90 percent of respondents appreciated the prompt reaction by the local government when they requested for road improvement and maintenance (Table2). And approximately 70 percent of respondents valued the better maintenance of utilized roads by the governments which resulted in the expansion of market area. In Bakun for an example, before

Table 2. Number of respondents who have evaluated the change in the life brought about within 15 years (1990-2005)

		Number of Total Respondents	Prompt Reaction on Petition	Improvement of the Road	Enlarged Market Area	Cultivation of Beneficial Products	Income Increase
Benguet Province	Bakun	11	10	8	10	10	10
	Kapangan	11	9	5	3	3	3
	La Trinidad	18	16	15	14	14	15
Ifugao Province	Alfonso Lista	15	15	12	10	10	9
	Hingyon	13	11	10	9	8	9
	Hungduan	12	11	9	7	7	7

Source: Interview Survey

devolution, all the respondents consumed their products on their own or, sold at the town market within the municipality. However, due to the better maintenance of the road network after devolution, the numbers of households who are distributing the products to the trading post in La Trinidad have increased. 10 out of 11 households that we interviewed in the survey are shipping their agricultural products, such as pepper and cabbage, to the trading post and some are even shipping cleome, a flowering plant, to Baguio City directly.

As for Hungduan, its road network used to be easily collapsed due to the bad road condition as well as the vulnerability against the sediment disaster. Additionally, the equipment of access road to national roads was not well maintained and the public transportation system was not well developed, which made it quite difficult for farmers to distribute their products outside of the municipality. Although there is still unease during the raining season, 3 farmers started to bring their products even to Nueva Vizcaya Province, the province next to Ifugao, during the dry season after devolution.

In Alfoso Lista, majority of farmers were said to produce mainly rice for their home consumption, however, after the devolution the road conditions have improved and majority of them have shifted to cultivate corn as they can access the bigger market in outside province where their products can be sold with higher profit. In order to increase their incomes, they have changed to produce profitable yellow corn from white corn.

Among all the municipalities focused on in this study, La Trinidad has attained most drastic change thanks to the road network improvement. Access roads to connect the local settlements and the marketplace have improved since the middle of 1990s where many of the farmers have shifted to produce further profitable crops. Concretely, those who have engaged in rice or root crop cultivation and swine husbandry have changed to produce cucumbers or beans subjected to distribute them at the trading post. The increased income through those profitable crops was used to invest to construct expensive agricultural

facilities such as greenhouse. Eventually many of them became profitable flower producers of roses, florist' chrysanthemum, baby's breath and so on. Although the flower producing requires farmers a large cost not only during the initial stage, but also for the running cost, although the size of the profit are large enough to cover those expenses. A country like the Philippines where the climate is tropical, the regions for producing roses are very limited, and this made the flowers a highly value-added product. The improvement of road network and its condition allowed the farmers to access to the larger market that enabled them to gain income. Moreover, most of them were able to ship the flowers to the market in Baguio City and some have even shifted to bring them directly to Dimasalang Market in Metro Manila. Through the direct business at the Dimasalang Market, which is the largest flower market in the Philippines both in its volume of trade and the highest price of the products, those farmers have accumulated further capital. In 2005, the farmers in La Trinidad were considered to be the richest farmer in the country and remain to be same until today.

On the other hand, there are areas like Kapangan where the life of farmers have not changed much for last 15 years. According to the interview survey, the roads in their residential area made little change even after the devolution. Types of their agricultural products largely stayed the same and remain primarily for home consumption. If they have some surplus crops, they will sell them at the market without distributing them beyond their barangay. Although the distance to trading post is far shorter than that in Bakun, almost no farmers have shipped their products there.

4. Discussion

Devolution and decentralization of political responsibility enable prompt provision of basic services that are in need for local residents. Since the local government units can now implement infrastructure programs with their own responsibility, improvement of the service quality with higher efficiency is expected. At the same time, however, it may result

in deprivation of the merit of scale or external benefit which would expand the regional differentials between the areas that can fully utilize the resources and those cannot. The points clarified in this paper are summarized as follows.

4-1. Devolution and regional development

As seen in the results, devolution of administrative and fiscal power from the national to local governments improved the efficiency on implementing the road management projects. It also enabled the defining of priorities, based on local actual needs, and the benefits were clearly distributed to residents of each area. In regards to the influence on the farmer's life, the expansion of market availability was accompanied by improvement of access environment, enabling farmers to distribute their products under more favorable conditions. This would lead to the increase of income and enable them to further invest in costly facilities that are indispensable to produce high value-added products. Then, these products would be dealt at the market of larger scale consuming area with larger needs. And these businesses would offer the farmers opportunities to attain the further income growth.

Not all the areas have endowed the economic development through the Local Government Code 1991, which resulted in dividing local areas into two patterns. One is the area which economic activity was accelerated through the development of road management system and the other is the area in which economic conditions did not change much or became worse. Areas of the latter pattern have difficulties in materializing the expansion of the potential market which leads to little option for earning higher income from their products.

4-2. Problems pertaining to the difference of capability among local government units

Most of the local government units have appreciated the devolution of the power to handle the road infrastructure and expected to improve the convenience of people's life in the local areas. However, there are regional differentials in the degree

of satisfaction.

One of the reasons for causing these problems is the existence of large differentials in the accumulated technical knowledge and skills among local government units that are indispensable to implement devolved power and responsibilities. The Local Government Code 1991 was enacted in October 1991 and enforced in January 1992. The power was devolved to local government units without having enough time to acquire knowledge for the implementation. The manpower of the national government was supposed to be transferred to the local government based on the guide line of the code, however, most of the head of local government units refused to sign the acceptance of DPWH staffs in order to avoid local confusion or refused to be monitored by transferred staffs, therefore many of them were not transferred. The Department of Interior and Local Government (DILG) was assigned to monitor the public works projects including road management implemented in the local area, although they also did not have enough knowledge and experience in the field. For this reason, in order to exchange the opinions and knowledge, as well as their efforts for capacity building including the development of human resources, enforcement of the linkage and network among local government units are the key to lead this devolution in success.

4-3. Problems of insufficient budget for the road management project

As a large part of the budget for road management comes from the 20% Development Fund which is a part of IRA, the allocation criteria of IRA among local government units establishes the mechanism to increase the gap among these governments. The formula to allocate IRA is 50% for population index, 25% for land area index and 25% for equal share. This is to say, higher population with an economically developed area will be advantageous in receiving IRA. However, if the IRA system is expected to function in the redistribution of public finances and to rectify the regional gap, depopulated or economically inactive degrees should be taken into consideration when the allocation index is formulated.

Indeed, the scale of the revenue and IRA allocated to the local governments have increased by the Local Government Code 1991. Yet, unless a regressive index to consider the financial capability of each local government unit as well as the degree of stagnancy of the area is introduced, the gap among local government's performance will continue to be enlarged.

5. Concluding remarks

The Local Government Code 1991 is a milestone to accelerate regional growth and local autonomy. In some sense, one can conclude that some of the targets were accomplished as well as the main purpose to alleviate the regional imbalance between Metro Manila and outside areas was attained.

Devolution of the power to implement the road infrastructure functioned as a driving force to activate regional economic activity, however, regional differentials are now observed at its impact degree.

Due to the difference in the accumulated knowledge to implement the devolved power among local government units, it is indispensable to transfer administrative, technical and financial skills to the necessary local government units in order to attain the better performance of decentralization. Moreover, the support of the national government agency, especially DPWH, would be crucial until local government units acquire enough techniques, skill and knowledge to execute the infrastructure programs of building and maintenance by themselves.

The influence of the decentralization and devolution to the local areas was examined in this study. The author clarified that quick implementation of road management projects that are highly required by the residents can improve people's lives through the increase of income that benefits from the expansion of market area. However, if the fundamental goals of the code, which are to promote the growth of the regional economy and attain the local autonomy as well as to seek the balanced national economic growth through rectifying regional imbalance, are to be evaluated, the system to execute road management projects should be re-examined.

The results of this study indicates that the decentralization and devolution should be processed carefully or it may cause the confusion of local sites as well as the creation of new disparity among local areas depending on the capability to operate and enforce new competence. Many of the developing countries had to start their nation-building under centralized systems after won the independency from suzerain due to keep their power by accumulating to some certain people, organization and place. In this context, most of the local areas were put behind in terms of priority of the development that its quite difficult to expect them to earn enough skills immediately to manage their place by themselves. In order to materialize the local development through decentralization, proper support of national government would be indispensable until they can reach to the stage of stand alone.

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Footnotes

- 1) Barangay is a small territorial and administrative district forming the most local level of government in the Philippines. Municipalities and cities in the Philippines are subdivided into barangays.
- 2) Based on the information offered by the staffs of DPWH and local governments.

開発途上国における地方分権化政策により形成された地域格差 —フィリピンにおける1991年地方政府法の施行による道路管理を事例として—

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Abstract:

本稿は、フィリピン共和国（以下フィリピン）で制定された1991年地方政府法の施行により形成された新たな地域格差を道路管理を通じて検討し、開発途上国において地方分権化政策を導入するうえでの課題を考察するものである。

フィリピンでは1960年代半ばから20年以上にわたり、マルコス政権下において開発独裁体制が採られていた。しかし、その後の政権を担ったアキノ大統領は民衆の強い要望もあり、民主化の促進および地域格差是正の一環としての地方分権化政策を推進し、地方道の整備は、それぞれの管轄行政体に任されることとなった。そこでルソン島北部に位置するベンゲット州とイフガオ州の地方自治体や住民に対するアンケートおよび聞き取り調査を通じて、道路管理の分権化による評価可能な点と課題を整理した。

その結果、それ以前と異なり地域の要望に対する対応が早くなったことが評価された反面、自治体レベルにおける道路整備の知識や理解度、財政の管理能力の差異に基づく新たな地域格差が創出されたことが明らかになった。このことはナショナルミニマムが満たされていない国における地域開発の在り方と課題を示唆するものと考えられる。

キーワード：地方分権化、地方自治、道路管理、社会資本、フィリピン共和国