

3rd ANNUAL PUBLIC POLICY CONFERENCE

In observance of the 15th Development Policy Research Month



Critical Perspectives on **FEDERALISM** for Regional Development

ABOUT THE CONFERENCE

The Philippines has a long tradition of centralized governance. Since the Spanish period, Manila has served as the seat of economic and political power. This is considered the main driver of the uneven development in the country for it has resulted in inefficient and inadequate provision of government services at the local level, and worsened inequality among regions.

Through the passage of the Local Government Code in 1991, certain powers were devolved to local governments, which gave them political, administrative, and fiscal autonomy. Yet, inequality in the country has remained high relative to its East Asian neighbors, and the poverty profile has barely changed over the past two decades. Poverty has remained highly concentrated in the rural areas, particularly in Mindanao. Effective decentralization has not been realized, analysts noted, because devolved functions were not complemented by adequate revenue-raising powers, clear division of responsibilities, and bureaucratic capacity building. Thus, local governments continued to face various challenges in the exercise of their devolved service delivery functions.

In view of these issues, the shift to a federal form of government has gained traction both in the public space and within government. Federalism is often framed as representing the “countryside’s revolt against imperial Manila” and a potential solution to weak regional development and inefficient public service delivery. Shortly after assuming office in 2016, President Rodrigo Duterte announced the administration’s intent to adopt a federal form of government. The 2017 national budget reflects rural development as a key expenditure priority. The proposal has likewise roused strong support among members of the supermajority in the House of Representatives, while more critical perspectives have also started to emerge.

However, the discourse on federalism has remained unfocused. Advocacy work began even before substantive analytical work was made at the policy level. This has prompted the Philippine Institute for Development Studies to dedicate this year’s Annual Public Policy Conference (APPC) to critical discussions of federalism perspectives based on independent analyses and insights from the country’s most prominent scholars of political science, public administration, governance, and public finance. This is to provide policymakers with inputs for crafting evidence-based legislation not just on the proposed shift to federalism but encompassing decentralization reforms in general.

Foremost in the discussion will be key issues in choosing the form and fiscal design of a federal government in the Philippine setting. These include the allocation of functional responsibilities, taxing powers and financial

resources, intergovernmental transfers and equalization, subnational government access to credit and bond markets, delineation of territorial boundary of states, treatment of local government units, intergovernmental arrangements, the character of the second chamber, and the features of a parliamentary versus a presidential form of government.

Meanwhile, from the perspective of political economy, the discussion will focus on the political feasibility of the proposed shift to federalism. The analysis will be based on a wide political data set on local government leadership in the country, focusing on political parties and political dynasties, and which political actors are likely to benefit and lose.

Then, using comparative politics, insights will be provided into current debates on federalism in the Philippines. First, the three basic decisions of democratic political reform will be differentiated: unitary versus federal; presidential versus parliamentary, versus a hybrid of the two; and the choice of electoral system/s. Three basic principles of political reform will be proposed, followed by a discussion of a conceptual basis for understanding centralization versus decentralization in both the administrative and the political spheres. A comparison of the Philippines with its neighbors follows, as well as some key lessons from comparative experience, and examples of what it might mean to undertake a problem-driven process of political reform.

Through the lens of political science and public administration, the implications of federalism will also be explored, taking into consideration the country's political, economic, social, and historical context. The analysis posits that the results—or the absence of results—in many reforms introduced in the 1987 Constitution and the subsequent reform legislations passed since emphasize the need to revisit the issue of government systems. It will review the prospects of federalism in view of the division of powers between different levels of government, the functions of different agencies, and the dynamics of political parties and other actors.

As a final consideration, a framework for delineating state boundaries under a federal republic will be examined. The framework recognizes two sets of parameters based on the perspective of regional development. The first set deals with urban-rural classification, while the second is concerned with political and fiscal equity. Three major parameters for regional development will be presented, as well as their concrete implications on determining the optimal number of states in a federal form of government.

The APPC serves as the main and culminating activity of the Development Policy Research Month (DPRM) held every September pursuant to Malacañang Proclamation No. 247. The DPRM is an annual nationwide celebration that aims to promote awareness and appreciation of the importance of policy research in crafting relevant and evidence-based policies and programs. Started in 2015, the APPC aims to convene experts and researchers in the social sciences to flag to policymakers critical issues that must be addressed in the immediate term. It is envisioned to serve as a platform to further bridge research and policymaking, and enhance evidence-informed planning and policy formulation in the Philippines.

PROGRAM

9:00 – 9:30	REGISTRATION
9:30 – 9:50	NATIONAL ANTHEM
	WELCOME REMARKS AND INTRODUCTION Dr. Gilberto Llanto President, PIDS
9:50 – 10:10	KEYNOTE MESSAGE Dr. Rosemarie Edillon Undersecretary for National Development Policy and Planning, National Economic and Development Authority

MORNING SESSION

	Chair/Moderator: Dr. Michael Ralph Abrigo Research Fellow, PIDS
10:10 – 10:30	“Fiscal Federalism – the Alpha and Omega of Federalism” Dr. Herwig Mayer Conflict Sensitive Resource and Asset Management Program, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
10:30 – 10:50	“Federalism in Context: Laying the Foundations for a Problem-Driven Process of Political Reform” Dr. Paul Hutchcroft Professor, Political and Social Change Coral Bell School of Asia Pacific Affairs Australian National University
10:50 – 11:10	“Federalism and the Challenge of Politics and Administration in the Philippines” Prof. Edmund Tayao Executive Director, Local Government Development Foundation, and Assistant Professor, University of Santo Tomas

11:10 – 11:40	<u>Comments:</u> Dr. Francisco Magno Associate Professor, Political Science Director, Jesse M. Robredo Institute of Governance De La Salle University Atty. Salma Pir Rasul Director, Islamic Law Studies University of the Philippines Law Center
11:40 – 12:10	Open Forum
12:10 – 1:00	Lunch

AFTERNOON SESSION

	Chair/Moderator: Dr. Connie Dacuycuy Senior Research Fellow, PIDS
1:00 – 1:20	“Fiscal Design and Subnational Governance: Autonomy and Equity Considerations” Dr. Rosario Manasan Senior Research Fellow, PIDS
1:20 – 1:40	“Regional Development and the Delineation of Philippine Federal States” Dr. Arturo Corpuz Urban-Regional Planner
1:40 – 2:00	“Political Economy of Federalism Reform” Dr. Ronald Mendoza Dean, Ateneo School of Government Ateneo de Manila University
2:00 – 2:30	Coffee Break
2:30 – 3:00	<u>Comments:</u> Dr. Joseph Capuno Professor, School of Economics University of the Philippines Diliman

Dr. Alex Brillantes Jr.

Professor, National College of Public Administration
and Governance, University of the Philippines Diliman

3:00 – 3:30 Open Forum

3:30 – 4:00 CLOSING REMARKS

Dr. Alfredo Pascual

Trustee, PIDS, and Former President, University
of the Philippines