



Property rights and health/tax reforms in the Philippines

David Booth

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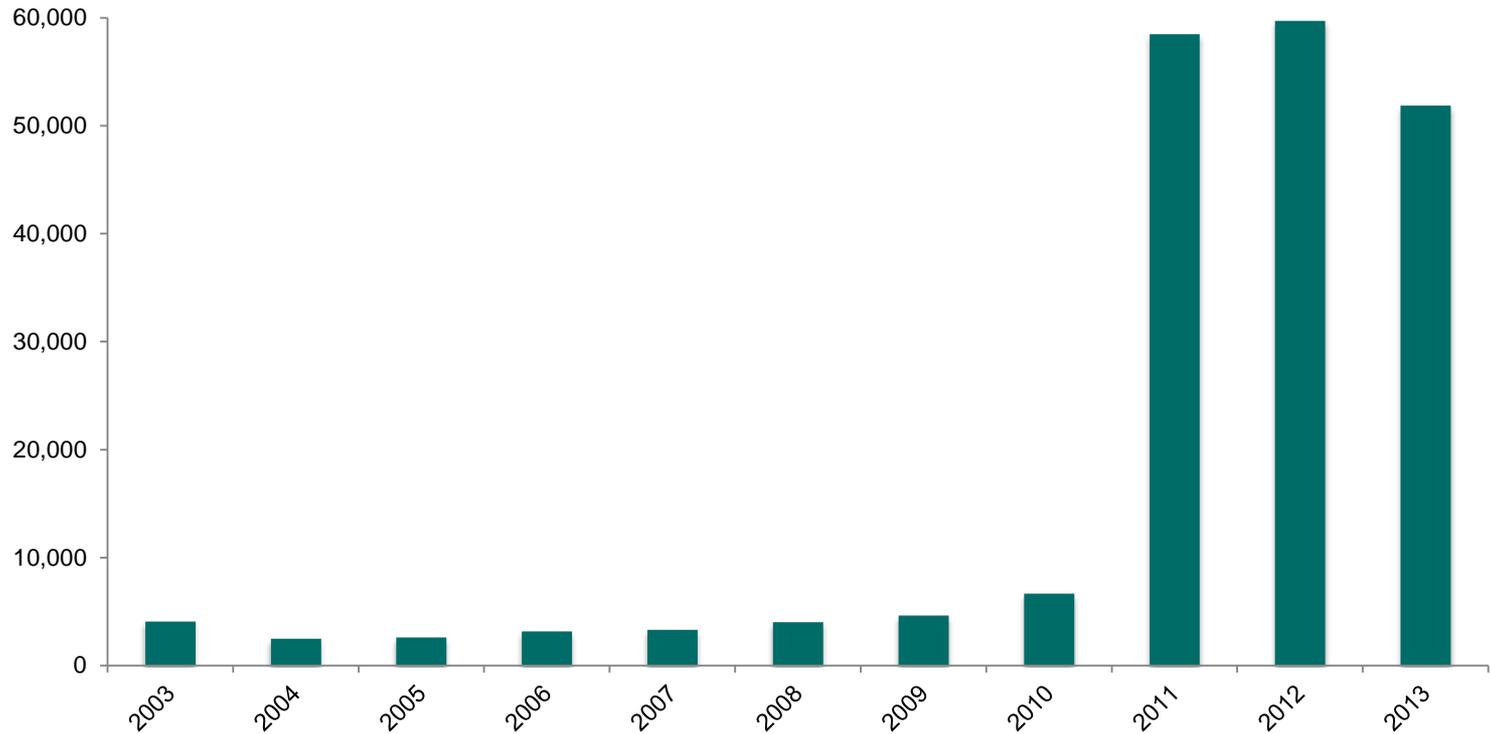


Summary

- What was achieved
- How it was not achieved – the counterfactual
- What it adds to Grindle, Andrews and Ramalingam
- Common elements: 'external' story
- Common elements: 'internal' story
- Wider relevance



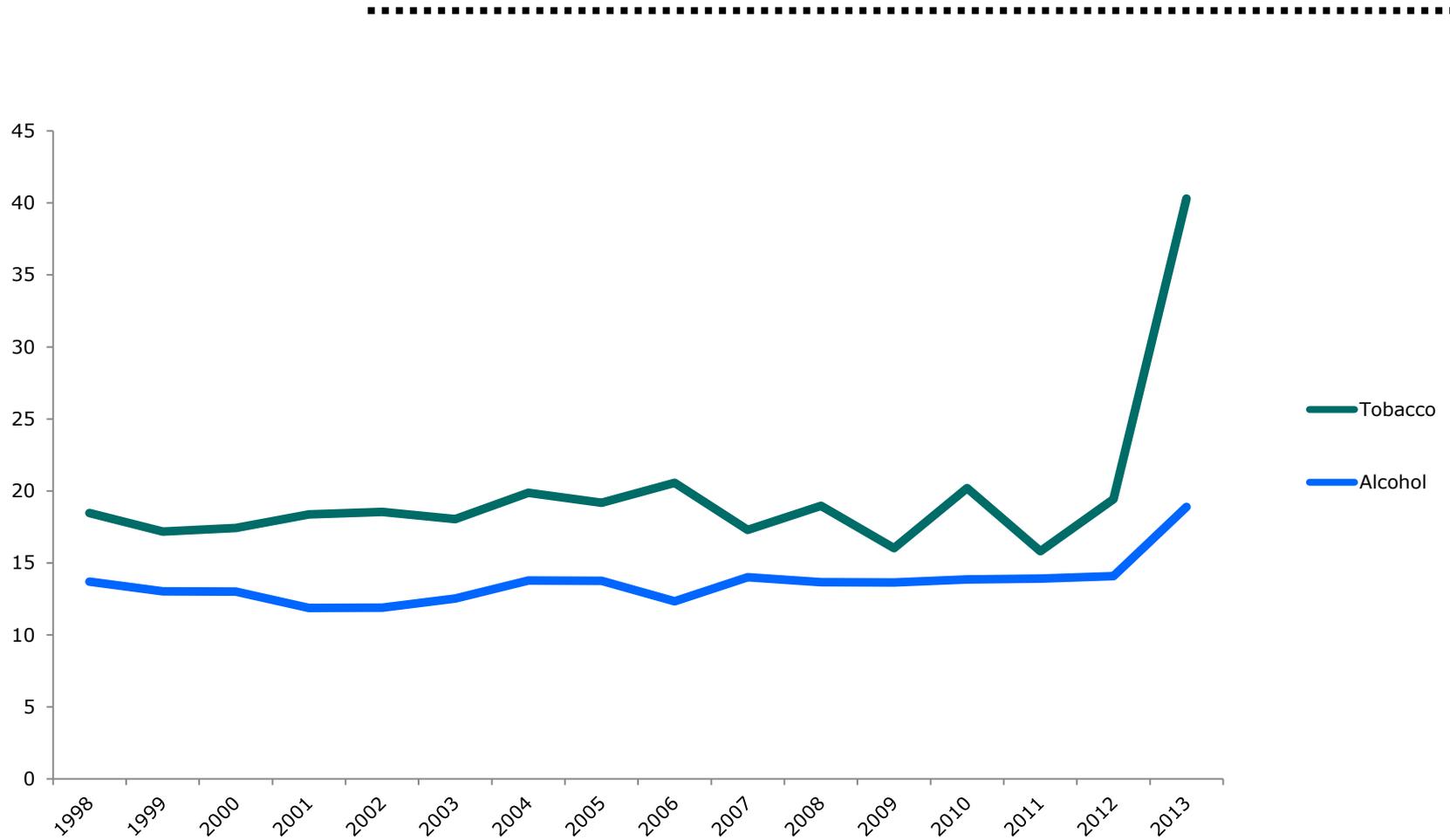
Residential land titles issued per year





Excise tax revenue from alcohol and tobacco

(billions of 2000 pesos)





A measurable impact, with profound effects

- Insecurity of residential property rights has supported highly unequal political power relations as well as underinvestment and weak social integration
- The lion's share of the new revenue is earmarked to subsidising health insurance contributions by the very poor, in a context of huge disparities and very poor public health provision



How it was not achieved

- With a large donor/government reform project to sort out the whole land rights sector
 - There was such a project, which spent a lot of money and achieved almost nothing (LAMP)
- With a comprehensive reform of the tax regime
 - There had been such a reform, under a previous reforming president (Ramos), which failed on tobacco and alcohol
- With a large civil-society coalition campaigning with full transparency against the tobacco companies
 - This existed but had had little previous impact on the law



- As Grindle on Latin America
 - The frontal-attack approach empowers reform opponents and encourages bureaucratic foot-dragging to the maximum
 - Reforms that succeed 'against the odds' do so by being politically smart
- As Andrews and associates on PDIA and Ramalingam on complexity
 - The frontal assault calls for a blueprint, but (given complexity and uncertainty) successful reforms come from iterative learning about a problem



What it adds

- To Grindle
 - This is not just about empowered technocrats in presidents' offices
 - And not just about Latin America
- To Andrews
 - Who are the actors who can make PDIA work?



The formula that worked: the 'external story'

- A core of activists, combining technical knowledge, elite convening power and networking and brokering skills
 - Approaching reform as a learning process and a guerrilla operation
 - Eventually producing a broad but largely tacit coalition of support
 - And weakening opposition by either going around them (by refining the reform objective) or coopting them (including 'working with the grain')
 - NB: the differences between the two experiences suggest it is applicable both with and without a reformist in the presidency
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The formula that worked: the 'internal story'

- These were aid-funded interventions, contradicting the belief that aid cannot help with complex reforms
 - But they were not aid-driven, in the sense that the donor specified the objective and the means, and hired an implementing organisation
 - Both USAID and later AusAID decided (not consistently but sufficiently) to give freedom to The Asia Foundation to search out and support 'development entrepreneurs'
 - The funding modalities, at both levels, attracted people with the desired motivation and skills
 - The donors remained engaged but were willing to 'let go' for long enough
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Is it relevant in other settings?

- The Philippines
 - Specific features but not special, in terms of either the nature of the obstacles or the feasibility of the approach
- The Asia Foundation
 - A good organisation but not exceptional or even fully committed to this approach
- Jaime Faustino
 - A dynamic and original thinker, but such people emerge when the incentives are right



- 'Politically smart, locally led' is a good summary of the Philippines experience
 - Aspects of the story suggest that it is not the case that this can only be done on a small scale
 - The suggestion that this is a way of addressing narrow, technical issues in development, but not the necessary transformative change, is misconceived:
 - The donor-led frontal assault on the quality of governance in developing countries has not succeeded anywhere
 - In the real world, transformative change comes from the accumulation of small victories that weaken the defences of the old order at strategic points
 - This is the development entrepreneurship message!
 - THANK YOU
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Overseas Development Institute
203 Blackfriars Road, London, SE1 8NJ
T: +44 207 9220 300

www.odi.org.uk

d.booth@odi.org.uk