

PAVING THE WAY:

# PHILIPPINE ROAD PLANNING BECOMES MORE CONNECTED

Photo by Romar Jan Edosma



The Asia Foundation

The Australian Embassy - The Asia Foundation Partnership in the Philippines

## COALITIONS for CHANGE

PAVING THE WAY:

# PHILIPPINE ROAD PLANNING BECOMES MORE 'CONNECTED'

KING FRANCIS OCAMPO, THE ASIA FOUNDATION

---

Across the globe, many studies have shown how having good road networks contribute significantly to a country's development and economic growth. Roads are crucial in facilitating trade, providing access to basic social services, and enhancing people's mobility.

The Philippines has an extensive road network, comparative to its more developed neighboring countries in south-east Asia. However, the quality of these road networks varies greatly across the country; almost half are poorly maintained, if at all. Improving the quality of local roads is therefore a key building block for development, particularly in poorer parts of the Philippines.

Up until 2018, national government agencies and local government units undertook road planning separately, with each party focused only on the roads under its jurisdiction. Such planning resulted in disjointed and fragmented road projects. In 2018, however, local government road planning took a major step to become more 'connected'. This signaled a significant shift towards a more integrated road and development planning and better collaboration among government agencies.

This story describes the efforts that led to the issuance of the new Department of the Interior and Local Government (DILG) Guidelines in November 2017, which established an integrated approach to road planning through the Local Road Network Development Plan (LRNDP). Compliance with the LRNDP is one of the requirements for local governments to access funding for provincial roads under the DILG program - Conditional Matching Grant to Provinces (CMGP), which is an incentives-based program to encourage provincial governments to invest more on road management. This case also highlights the contributions of the government partners, the private sector, and two Australian government-supported programs, the *Provincial Road Management Facility (PRMF)* and *Coalitions for Change (CfC)*.

*Coalitions for Change (CfC) is a program of the Australian Embassy and The Asia Foundation Partnership in the Philippines. CfC strategically supports the development, introduction, adoption, and implementation of key policies consistent with the government's agenda on economic growth, improved governance, and social development.*

*The program creates spaces for collaboration, strengthening coalitions and networks, civil society, private sector, the government, academia, and others to bring about transformative change.*

*Working with these motivated groups and individuals, and armed with technical and political analysis, CfC helps usher in reforms that lead to sustainable and inclusive development, improving the lives of Filipinos.*

# THE CHALLENGE OF ROADS MANAGEMENT IN THE PHILIPPINES

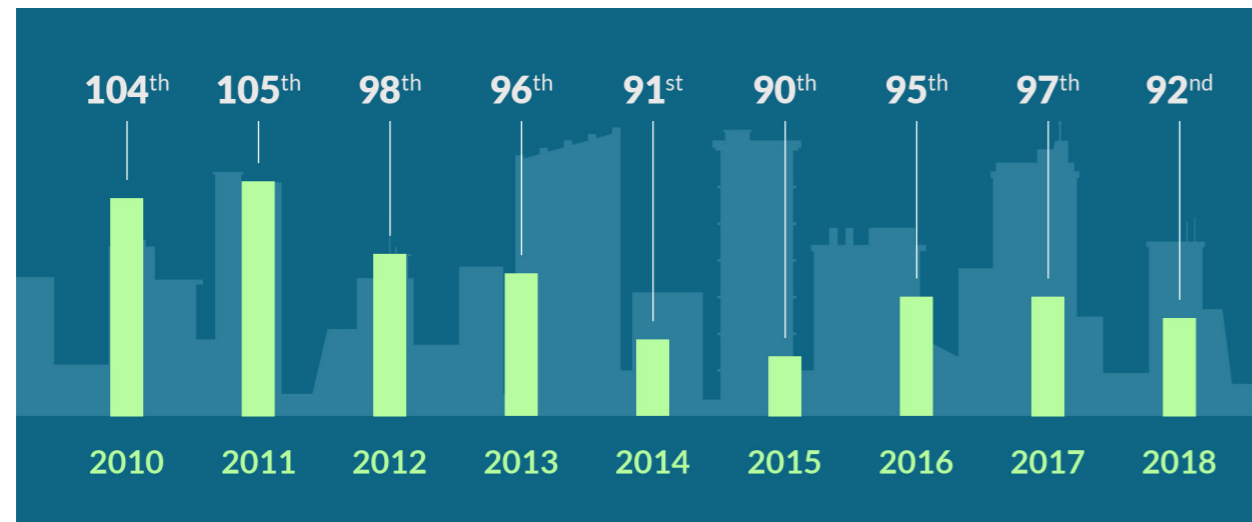


Figure 1. PH Infrastructure Development Ranking in the Global Competitiveness Index 2010-2018

Despite the country's robust economic growth over the last decade, poor infrastructure continues to be one of the most significant barriers to progress and investment<sup>1</sup>. The Philippines consistently ranks poorly in terms of infrastructure development according to the Global Competitive Index (see Figure 1).<sup>2</sup> Aside from inadequate infrastructure supply, problematic factors for doing business in the

Philippines also included inefficient government bureaucracy and corruption.

The poor quality of road infrastructure reflects decades of underinvestment<sup>3</sup>. The current administration seeks to remedy this and aims to spend about PhP 8 trillion (approx. AUD 202 billion)<sup>4</sup> in public infrastructure from 2017 to 2022 and raise infrastructure spending

from about 5 percent in 2017 to 7.2 percent of GDP by 2022. This figure will cover an array of infrastructure projects including transport, water and flood management, social infrastructure, maritime, energy, and information communications technology.

Apart from funding, the Philippines faces the equally important challenge of ensuring that investments result in improved road connectivity and increased trade and investment. Historically, road plans and programs were disjointed, with no alignment across the different government agencies participating in the planning process. Each agency and local government unit developed their respective road investment plans based on their internal guidelines, processes, resources, and objectives. For the national government, many agencies and programs construct roads. These include the Department of Public Works and Highways (DPWH) and Department of Tourism (DOT), Department of Industry and Trade (DTI), and Department of Agriculture (DA) whom all have their respective road programs. Local governments, on the other hand, manage only the roads within their jurisdiction, as mandated under the Local Government Code of 1991. Apart from the disjointed management of the road network, decision-making on road projects also suffers from a lack of information with no accurate inventory of road networks and no integrated roads database.

*Roads and other infrastructure projects are seen as 'legacy investments' that are a source of political capital and publicity mileage during elections.*

Further, the Asian Development Bank in 2014 reports that road investments and planning were driven more by political influence, rather than technical analysis or evidence-based programming. Roads and other infrastructure projects are seen as 'legacy investments' that are a source of political capital and publicity mileage during elections<sup>5</sup>. As such, road investment priorities are often swayed by political patronage and accommodation. This weak governance of road investments exacerbates the lack of timely, reliable, and integrated geographic information for local roads.

<sup>1</sup>The Philippines: Infrastructure Opportunities and Challenges. 24 October 2017. Hong Kong Trade Development Council (HKTDC). Retrieved from: <http://hkmb.hktdc.com/en/1X0ABULX/hktdc-research/The-Philippines-Infrastructure-Opportunities-and-Challenges>

<sup>2</sup>World Economic Forum. Philippines Global Competitiveness Index 2017-2018. Retrieved from: <http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/#economy=PHL>

<sup>3</sup>Navarro, A. and Llanto, G. (2014). Financing Infrastructure in the Philippines" Fiscal Landscape and Resource Mobilization. Discussion Paper Series No. 2014-01. Retrieved from: <https://dirp4.pids.gov.ph/webportal/CDN/PUBLICATIONS/pidsdps1401.pdf>

<sup>4</sup>Lamentillo, A. M. What is 'Build, Build, Build'? Manila Bulletin. Opinions and Editorials. March 23, 2018. Retrieved from: <https://news.mb.com.ph/2018/03/23/what-is-build-build-build/>

<sup>5</sup>Wales, J. and Wild, L. 2012. The Political Economy of Roads: An Overview and Analysis of Existing Literatures. Overseas Development Institute. Retrieved from: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8173.pdf>

# TOWARDS A MORE INTEGRATED APPROACH TO ROAD MANAGEMENT

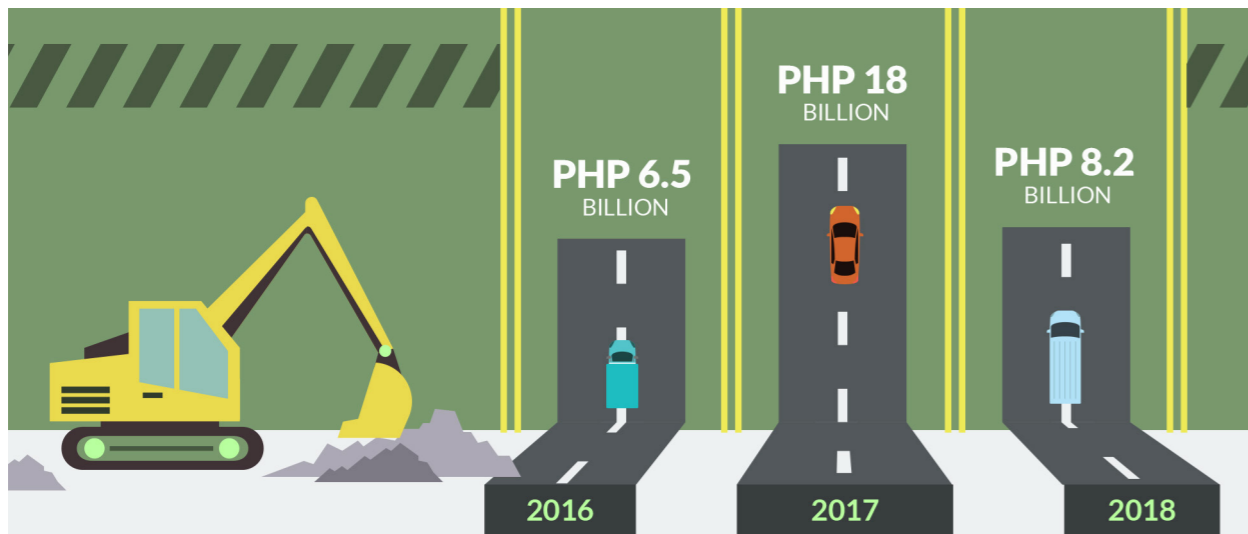


Figure 2. KALSADA/CMGP Budget Allocation 2016-2018

The Aquino administration (2010-2016) saw increased efforts to improve the quality of infrastructure, culminating in the creation of the Konkreto at Ayos na Lansangan at Daan Tungo sa Pangkalahatang Kaunlaran (KALSADA) program. Under the Duterte administration (2016-present), KALSADA was renamed the *Conditional Matching Grant to Provinces (CMGP)*.

The CMGP is an incentives-based program that provides funds – if provincial governments meet a set of criteria (governance, financial) – to

repair, rehabilitate, or improve priority provincial roads, as identified in the Provincial Road Network Development Plan (PRNDP).<sup>6</sup>

In March 2017, DILG made the strategic decision to shift the focus from “provincial” roads and adopted the integrated Local Road Network Development Plan (LRNDP). The new DILG rules required provincial governments to include all types of roads, regardless of classification, into a single plan, thus making road planning more comprehensive.

<sup>6</sup> DILG and DBM Joint Memorandum Circular No. 2017-2. 26 April 2017. Guidelines for the Implementation of CMGP for FY 2017 and Thereafter. Retrieved from: [http://www.dilg.gov.ph/PDF\\_File/issuances/joint\\_circulars/dilg-joincircular-2017525\\_2a7d8a0797.pdf](http://www.dilg.gov.ph/PDF_File/issuances/joint_circulars/dilg-joincircular-2017525_2a7d8a0797.pdf)

# EARLY PROMISING SIGNS

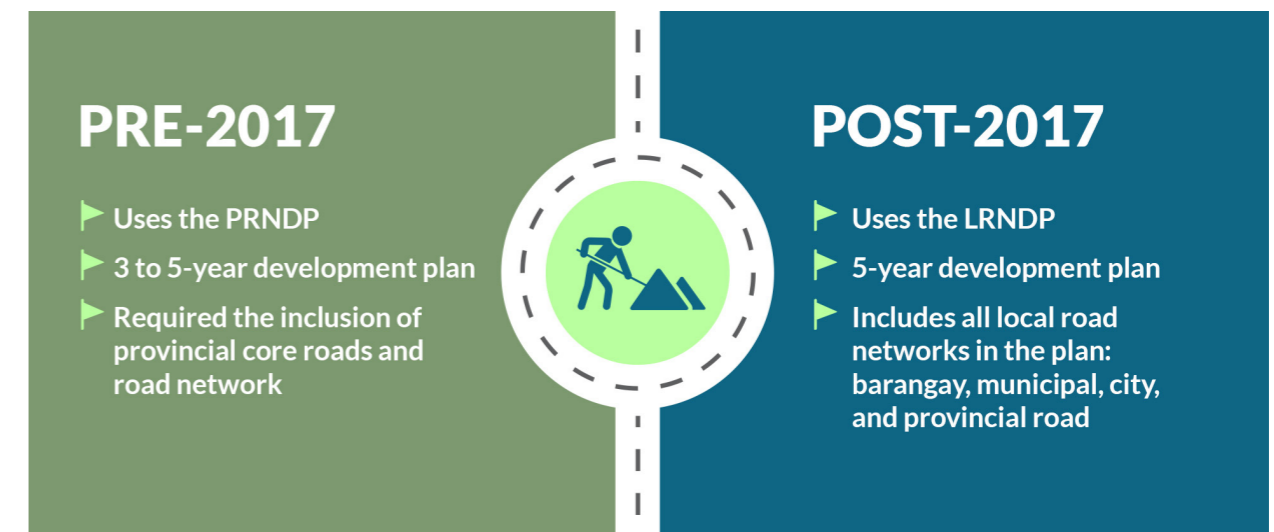


Figure 3. PRNDP and LRNDP Comparison

In 2018, 79 out of the country’s 81 provinces submitted their local road development plans and were accepted for CMGP funding. Figure 3 shows the significant difference between the siloed approach of the PRNDP and the more integrated approach of the LRNDP.<sup>7</sup>

In Kalinga province, for example, while its PRNDP only listed provincial roads for investment, its (2018-2022) LRNDP now have a more detailed and integrated road plan. Other roads within the province, regardless of jurisdiction (national or local government) are reflected in their road investment program. As long as a road meets the criteria of being part of the “core road network” that connects important locations of the economic drivers (agriculture, eco-tourism, business hubs, social services) in

the province, it can receive government support for road building, repair, and rehabilitation. Kalinga’s LRNDP “serves as the main source or reference of projects for funding from inter-local funds and outside sources to include CMGP, DA, and DOT-DPWH and DTI-DPWH convergence program.”

**Core roads are strategic links or chains of road segments, which may fall under different administrative bodies (e.g., municipalities), but connect important locations and components of economic drivers in an area.**

<sup>7</sup> DILG Memorandum Circular No. 2017-159. 21 November 2017. Guidelines on the Development of the Local Roads Network Development Plan (LRNDP). Retrieved from: [http://www.dilg.gov.ph/PDF\\_File/issuances/memo\\_circulars/dilg-memocircular-20171121\\_f0bd02f7e9.pdf](http://www.dilg.gov.ph/PDF_File/issuances/memo_circulars/dilg-memocircular-20171121_f0bd02f7e9.pdf)

# LAYING THE GROUNDWORK FOR CHANGE

Two Australian Government-funded initiatives, *Coalitions for Change* and the *Provincial Road Management Facility (PRMF)*, helped lay the groundwork for these flagship programs that are now improving the quality of the Philippines' road infrastructure. Implemented from 2009 to 2016, PRMF focused on building the capacities of the DILG and 10 provincial governments for the management and maintenance of their road assets, including the preparation of the PRNDP and the maintenance of their provincial roads. PRMF successfully helped establish the KALSADA program fund for provincial road projects in 2016.

Complementing the efforts of PRMF, CfC developed an approach to improve coordination between national and local governments and engage other stakeholders, particularly the local business associations, that have not been traditionally involved in road planning. The *Coordinating Roads and Infrastructure Investments for Development (CR+ID)* project supported evidence-based identification and prioritization of roads for construction, maintenance, upgrading, and rehabilitation.

Through CR+ID, CfC worked with local business associations, and local and regional development

councils as key stakeholders and involved them in the road planning process, capitalizing on their interests, and using their networks to help drive the initiative. CfC also emphasized the importance of having a complete, integrated, and accurate road infrastructure database<sup>8</sup> to help coordinate planning and facilitate road connectivity.

## AT ITS PEAK, CR+ID:

-  Worked with 15 provinces<sup>9</sup>
-  Engaged local business associations
-  Completed road network maps and inventories
-  Leveraged about Php 98 billion (AUD 2.5 billion)
-  Funded 298 roads<sup>10</sup>

# INFORMED PLANNING AND IMPLEMENTATION

After PRMF successfully helped set up KALSADA, DILG and CfC collaborated from October 2016 to February 2017 to develop a new set of guidelines for KALSADA/CMGP. DILG and CfC developed training modules to help build local capacity and improve coordination for road planning and funding. The training also expanded on key concepts introduced by PRMF, such as core roads. Identification of core roads helps improve the coordination among the responsible agencies or government units.

DILG and CfC also emphasized the importance of road investment planning regardless of local road administrative classification.

Between July and November 2017, CfC worked with various offices within DILG to review and enhance the guidelines. On November 21, 2017, DILG issued Memorandum Circular No. 2017-159 on the Guidelines for the LRNDP. A summary of its key provisions is provided in the box below.

## THE LOCAL ROAD NETWORK DEVELOPMENT PLAN: KEY POINTS

- **Promotes road network connectivity.** The plan requires provincial governments to include all road networks within the provinces, regardless of its administrative classification (e.g., national and local roads).
  - **Advocates for evidence-based roads inventory.** Through a Memorandum of Agreement between DILG and National Mapping and Resource Information Authority (NAMRIA), local governments now have access to a standard and national-grade geospatial information which they use in road investment programming and physical framework planning. With Geographic Information System (GIS) technology, it is now possible to classify roads not only on its length, but also the extent of use, connectivity (with other roads), and condition.
  - **Prioritizes key economic drivers.** The guidelines align road identification and prioritization on economic-based criteria and anchors priority projects on the key local economic drivers (province and region), ensuring local development responsiveness.
- Other than potential economic impact, among other factors considered for roads selection include its environment and social impact, and accessibility. It also takes into account the endorsement of a business organization and other local-specific considerations (e.g., legalities).
- **Encourages the inputs of business associations.** The LRNDP encourages the involvement of business organizations in the identification and prioritization of road investments. This is in consideration of the unique perspectives that local businesses can offer on road connectivity and infrastructures that drive economic activity.
  - **A reference for all national and local road funding facilities.** Because it integrates all core roads under one plan, LRNDP ensures evidence-based local road investment programs for all funding facilities.

With the LRNDP, for the first time, provincial governments now work on a more comprehensive road network development plan that could drive the local economy and improve service delivery.

<sup>8</sup> See Proof for Planning: Mapping out Road Investments. CfC Reform Story No. 4. April 2018. Source: <https://asiafoundation.org/publication/proof-for-planning-mapping-road-investments/>

<sup>9</sup> Agusan del Norte, Agusan del Sur, Surigao del Norte, Surigao del Sur, Province of Dinagat Islands in Caraga region; Cebu, Bohol, Siquijor, Negros Oriental in Central Visayas region; and Iloilo, Guimaras, Aklan, Capiz, Antique, and Negros Occidental in Western Visayas.

<sup>10</sup> Sourced from various government documents: Regional Development Investment Program (RDIP), Annual Investment Plan (AIP), National Expenditure Program, General Appropriations Act of 2015 to 2017.

# LESSONS LEARNED

CfC's support for policy development enabling more coordinated road planning took six years and involved many stakeholders and partners. Along the way, there were some lessons and insights realized.

## 1. SEIZE ALL POSSIBLE OPPORTUNITIES

Notably for the government, being informed of various programs and keeping abreast of emerging opportunities to collaborate is an important lesson. DILG and CfC's role in linking the two complementary projects of the Australian Embassy was one of the critical elements to the success of the reform. DILG's implementation of the PRMF project and its familiarity with CfC's work in CR+ID created the opportunity to scale up and sustain the reform. The institutions (e.g., DILG) were ready, and a national program (i.e., CMGP) was in place to support the reform. When the opportunity presented, CfC seized it, took immediate action, and delivered accordingly.

## 2. TEST IDEAS, BUILD NARRATIVE AND EVIDENCE

CfC's experience in piloting and testing the ideas and innovations in 15 provinces was an important source of information to support improved roads planning.

CfC used accomplishments and overcoming initial challenges to develop a compelling story and convince key officials in DILG of the approach, the primary owner and mover of this reform. Because of their experience, the CfC team and its partners were very adept at helping key decision makers in DILG understand which projects to prioritize and how implementation would work.

## 3. UNDERSTAND INCENTIVES

Informed by its experience from working with local governments, CfC was able to maintain the interest of provincial governments because it capitalized on the possible incentives that the reform might bring. The provincial governments who submitted their plans are now able to access the available funding under the CMGP—approximately PhP 8.3 billion (AUD210 million)<sup>11</sup>—for the construction, repair, and rehabilitation of provincial roads. Provincial governments can also refer to their LRNDP to support their bids to other funding facilities, such as the Tourism Road Infrastructure Program (TRIP), Roads Leveraging Linkages for Industry and Trade (ROLL-IT), Farm to Market Roads (FMRs), and Assistance to Municipalities<sup>12</sup> among others.

To date, there is still no assessment of the quality of the plans submitted, or of the overall impact of this initiative. Recognizing the challenge of ensuring quality and capacity of personnel at DILG and in the provincial governments, the United Nations Development Programme (UNDP) began working with DILG and provinces in December 2017 to support reforms in local road and public financial management, and quality assurance components of the LRNDP through the Road to Sustainable Development Goal Framework.

However, CfC's role in shifting provincial governments from a siloed mandate-specific to a more integrated road investment planning is a solid contribution to local governance. The DILG policy will provide local governments opportunities to maximize available resources for more integrated road networks.

<sup>11</sup> General Appropriations Act of 2018. Department of Budget and Management. Official Gazette Vol. 113, No. 1. Source: <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2018/Volumel/ALGU/D.pdf>

<sup>12</sup> DTI implements Roads Leveraging Linkages for Industry and Trade (ROLL-IT) program with DPWH and DOT implements the Tourism Road Infrastructure Program (TRIP) with DPWH. These programs focus on constructing, upgrading, rehabilitating, and improving roads and bridges that support certain industry and tourism sectors. DA implements the Farm-to-Market Roads (FMR) programs. Assistance to Municipalities is a national government program under DILG which seeks to equitably and financially assist all municipalities in the delivery of basic services.

## For More Information

### **Development Section (Governance)**

The Australian Embassy – The Philippines

Tel: +63 (2) 757 8100

Email: [manilagovernance@dfat.gov.au](mailto:manilagovernance@dfat.gov.au)

Website: [www.philippines.embassy.gov.au](http://www.philippines.embassy.gov.au)

### **The Asia Foundation - Philippines**

Tel: +63 (2) 722 9999

Email: [country.philippines.pmt@asiafoundation.org](mailto:country.philippines.pmt@asiafoundation.org)

Website: [www.asiafoundation.org](http://www.asiafoundation.org)