

## 5. 総括討論

モデレーター：鈴木 佑司、河村 能夫

モデレーター（鈴木）：これが今回最後の意見交換のセッションになるかと思います。ですので、まず最初に聴衆の皆さんから質問を出していただければと思います。また、パネリストの方々も質問ができるということにしたいと思います。

参加者： JICAからまいりました江藤と申します。小嶋さんのプレゼンテーションに関連してなのですが、私は1カ月前にJICAに入ったばかりでありますので、まだJICAがどのぐらい貢献しているのかについてよくわかっておりません。私は30年間、フィールドで仕事をしてまいりました。戻ってきたばかりであります。ですから、今回初めてこのようなシンポジウムに参画する機会が与えられたということで、大変貴重な機会と思っております。

ODAの役割について質問したいと思います。小嶋さんのプレゼンテーションの中で、JICAは農村開発において政治的な側面にもかかわっているとおっしゃったわけですが、これはフィールドで働いている人間にとってはジレンマであります。われわれは何かをしなくてはいけないという意識は持っていますけれども、常に政治的な問題に直面してしまうというジレンマがあります。われわれにとってはこのような政治的なことに関与するというのはタブーであります。そこで、JICAがこういった政治的な問題、政治的な側面にこれまで関与しているかどうかについて、もう少しお話しいただければと思います。もしそうであるのであれば、もう少し具体的にどういったかたちでそれをやっているのか、具体的な例を挙げながら、JICAがどのようなことをしてきたかについてお話しください。

参加者： Owadeと申します。ケニア大使館の代理大使です。私のほうからちょっとフォローアップ的なコメントと、それから、先ほどのブルキナファソの大使の質問にちょっと関連して質問したいと思います。鈴木先生への質問だったと思うんですが、NGOの役割についてです。途上国においては、政府はNGOをあまりポジティブには見ていない。ただ、現在は国際的に見ても、NGO、そして、市民団体、こういったところがパートナーとしての重要な役割を果たしているとの認識が政府の中でも芽生えてきているとは思いますが。

私はかつてケニアの外務省の法律顧問をやっていたのですが、その立場でNGOに関する法案をつくりました。それはNGOの調整に関するものです。国内、海外双方のNGOの間で騒動がありましたのでNGO、とくに国際NGOをコントロールするためのものでした。私の質問は、先程のブルキナ・ファソの大使と同じです。彼らの活動や組織が均等に配分されるように調整することが大事だと思います。

そこで質問なんですけれども、いま現在、途上国において政府の果たす役割が少なくなっている。そして、民間セクター、NGO、市民団体、市民社会がますます大きな役割を果たすようになってきている。これに関してはいろいろなコンセンサスが得られている

と思います。その一方で、問題として、とくに政府といいましょうか、民主主義といいま  
すか、ないしは国の制度があまりきちんと発達していない地域、国の場合、このような圧  
力に十分対応することができないという問題もあるのではないですか。その結果、必ずし  
も対立とはいいいませんが、政府対NGOとの間の競合する部分、とくにそれぞれが  
どういった役割を果たすかについて、いろいろな対立があると思いますね。すべてのODA  
というのは政府ではなくNGOに仕向けられるべきといったような議論の中で、そういっ  
たことが出てくるかと思います。そういったことに関して、どうですか、UNDPの立場か  
ら、どなたでもけっこうなんですけれども、これらのことについてどういったご意見をお  
持ちでいらっしゃいますでしょうか。とくにアフリカの場合、海外からの直接投資は入っ  
てきてないんですね。そういった場合、政府がNGOに対してどういった役割を担うべき  
かについてお話しください。

参加者： 八千代国際大学の大内と申します。すばらしい報告者の発表、ありがとうございました。

今日指摘された問題は非常に重要だと思うんですけども、ただ、一つ、私の頭の中では  
はっきりしないのは、今後の新しい見通しとしてどういったことがあるのか、開発援助の  
新しい視点とは何か、地域開発や貧困の撲滅であれ何であれ、政府の果たすべき新しい役  
割とは何なのかということです。私の考える限り、ワークさん、キャラバンさんの2人を  
除いて、参加という点はあまり強調されてなかったと思います。

私の見る限り、ここには一つのパラダイムシフトが必要なのではないかと思います。こ  
れは単にサービスを提供する側だけではなく、同時に受ける側のロジックも重視されるべ  
きではないかと思います。もちろん参加という言葉は出てきたんですけども、政策の実  
施や、よい結果をもたらすという点で参加がより効果的で持続可能であるためには何が必  
要なのか。

私は、政府の果たす役割はかなり限られていると思います。政府の介入であれ、市場の  
介入であれ、十分ではありません。社会、コミュニティの参加が重要です。

ですから、三角形のパラダイムで考えるべきだと思います。私はこれには五つの側面が  
あると思います。

まず、一つは政策の論理、またはプログラムの論理です。いかにそれがある特定の目  
的、目標を達成するために一貫性があるのか。それから、二つ目、政策を実施するための  
強い政治的なコミットメントが必要です。そして、三つ目には実施機関の能力が問われま  
す。その中にはたとえば組織の問題もありますし、人事の問題、予算の配分がふくまれます。  
そして、四番目が潜在的な受益者、住民の持続可能な参加。そして、最後が政策環境  
です。

今日は、概念的な枠組みについていろいろ指摘されましたけれども、しかし、一つ、私  
がはっきりしないのは、どうすれば人々の参加を持続可能にできるのか。政府の役割との  
関係においてなにがそのために必要なファクターなのかということです。

ありがとうございました。

参加者： Thoko Bandaと申します。マラウィからまいりました大使館のものです。先ほどのご質問について、私のほうから2点ほどお話をしたいと思います。

まず一つは多国籍機関、いわゆる国際機関の開発に果たす役割でありますけれども、マラウィには一つ良い例があると思います。今回、インドネシア、中国、フィリピンの例が発表されましたけれども、私たちにもよい例があります。世銀のプロジェクトで、マラウィ・ソーシャル・アクション・ファンド、MASAFと呼んでいるものです。このプロジェクトでは、世銀はまず最初の企画、そして、資金のプールをつくります。しかし、国内における実施はマラウィ人のスタッフがやります。そして、実際の農村におけるプロジェクトの実施は、ほとんど全て村の住民たちがやるのです。

政府の果たす役割というのは、あくまでも資金を出す。そして、たとえばいろいろな受取書、そして技術的な監視に限られています。たとえば橋を建築するプロジェクトの場合には、政府は専門家を呼んで、そして、見直しをするところだけであります。2年やってきましたけれども、あちこちで目に見える成果が出てきています。それがデモンストレーション効果となっていて、また住民たちが当事者意識を持っています。いろんな人たちがどんどん参加するようになってきていますので、今後より持続可能になってくるのではないかと思います。

政府の立場でありますけれども、これは市民社会の開発への参加と同じようなことでありますが、政府は市民が参加できるようにできる限りのことをしたい。政府の財源からNGOにも資金を出しています。そして彼らに計画やコンサルテーションに入ってもらいます。市民もそこに入ってくるということによって、市民もまた、そのプロジェクトの成否は自分たちにも責任があるんだという意識を持てるわけです。逆に市民が計画段階に参加できないということになりますと、自分たちのものではない、自分たちとはまったく関係がないというふうな印象を持ってしまうでしょう。

参加者： ありがとうございます。エチオピア大使館からまいりましたAddisと申します。本日のいろいろな報告を大変興味深く聞かせていただきました。私が非常に印象に残ったのは、キャラバン先生がおっしゃった、ベストのところと組んでやるというお話です。非常におもしろいと思いますが、どのようにそれを具体化し、何を基準とするのでしょうか。最終的に、たとえばこの地域がベストだとか、あの地域は貧しいだとか決めたとして、常にベストと一緒にやらなくてはいけないとしますと、地域間の格差を拡大するのではないのでしょうか。多くの途上国ではそういった格差が実際存在するわけです。

例えば、ある地域が様々な点からみてベストだとすると、彼らはドナーを説得したり他のアクターに働きかけたりもするでしょう。そうなりますと他の地域は周辺に追いやられてしまうかもしれません。不平等な資源の分配は、明らかにアンバランスな開発をもたらすわけで、それはまた社会に不満をもたらすわけです。ですから、ワーキング・ウィズ・ザ・ベスト、最良のところを相手にすることにはもっと留意が払われるべきです。この点について、キャラバンさんにぜひお話したいしたいと思います。

参加者： 国際協力事業団の神田と申します。先ほど小嶋部長からJICAの活動についてのご紹介がありました。直接このテーマには関係ないかもしれませんが私の経験から見まして、地方の発展のためにJICAが実施しております一つのプログラムがございますので、それをご紹介したいと思います。

10年ほど前から始めたプログラムですが、青年招聘といいまして、これは途上国の20代を中心とした若い青年男女を1カ月ほど日本にお呼びしているプログラムです。一回に25人ぐらいのグループで呼ぶんですが、年間で1200人程を呼んでいると思います。これは1カ月のうちだいたい半分ぐらいは中央政府のメカニズムやナショナルレベルの産業について勉強していただいております。そして残りの15日は、必ず地方の一つの県を選びまして、県の中でさらに特定の町とか市を実際の受け入れ機関にいただきまして、そこでその地域の日本の青年男女と交流をする中で、日本の地方の自治がどうなっているか、その経済・社会のメカニズムがどうなっているかということを勉強していただいております。先ほど村松先生のお話の中で、明治のころから日本では地方制度の発展を重視してきたというお話がございましたけれども、そういった歴史的なことを含めて、理論的なかたちではなくて、実際に見ていただくというかたちで勉強してもらっています。そういったプログラムがあるので、ちょっとご紹介いたしました。

次に質問ですが、これはフィリピンのガルシア市長に質問したいと思うんですが、いろいろな地域社会というのはそれぞれ伝統的な統治機構といいますか、メカニズムを自ずから持っているものだと思うんです。先ほどのガルシア市長のお話でも、セブ市はフィピンに新しい地方自治法ができる以前から、自治の歴史があったというお話がありました。新しい自治法ができたのちに、過去のガバナンスのあり方はどうなったか。新しい制度のもとでそれが引き継がれているというか、生かされている点があれば、その点をご紹介いただければありがたいと思います。

参加者： 太田と申します。先ほどJICAの小嶋さんからお話があった点についてちょっとお聞きしたいと思います。先ほどODAの役割とか、JICAの事業実績などについていろいろご報告していただいたんですが、ODAを使うにあたってJICAとしてどのような長期的なビジョンをもっているかというのを聞きたいと思います。

それぞれの途上国は国の事情や文化、歴史も違いますし、そういう各国に対してどういうふうに協力をしていこうとしているのか。それから、JICAというのは国の機関であるので、日本としてこの分野での協力をどうやっていくかという戦略的なビジョンというのがあると思うのです。日本として、今回のシンポジウムの目的である「地域の発展と政府の役割：援助の新しい視点」という点で、5年から10年とか、長期的なスパンで、日本としてどのような協力の企画をされているのか。JICAとしてのビジョンは何かというのを聞きたいのです。これだけJICAとしていろんな、年に何人の専門家を派遣している、研修生を受け入れているという実績があるんですが、これら全ては何のためなのか、これらの経験を将来的にどういうふうに生かしていこうと考えているか、お聞きしたいと思います。

参加者： 龍谷大学の木南と申します。中央と地方の関係ということについて話すときに、ローカルという言葉をごどのように定義しているかを伺いたと思います。地方と申しましてもいろいろなレベルがあると思います。たとえば中国の場合には省があり、カウンティ、ディレクツトリーがあります。ですから、地方分権と申しましても、その状況はどのレベルに焦点を当てるかということにより事情が変わってくると思います。また、それは国によってもいろいろと違います。どなたにお答えいただければいいのかわかりませんが、UNDPの代表の方にお答えいただけるのではないのでしょうか。

参加者： 私はアルビン・ガルシア市長に質問をしたいと思います。ガルシア市長は、唯一ここでプレゼンテーションをなさった地方自治体の首長でいらっしゃいますけれども、このことからJICAはセブでの経験というのをとても重要だと感じているということがわかると思います。私は、さらに、セブではどういうことが起こったのか、セブの成功の特徴は何なのか、そのすばらしい側面というのはどういう部分なのかについてお話を聞きたいと思っています。

それから、二つ目に、政府の役割がどの程度大切なのか。ガルシア市長は、新しいこの法律をうまく活用することができた、それがセブの成功の一因であるというふうにおっしゃいましたが、そのほかにも要因があるのでしょうか。

それから、UNDPのワークさんは三つの要素の相互関連性についてお話しになりました。この二つのプレゼンテーションの間にはちょっとギャップがあると思います。ですから、そのギャップを埋めるようなかたちでもう少しご説明いただけるとうれしいんですけども。

参加者： マンスフィールド・フェローのナカツマと申します。私はインドネシアのパンガビアン先生にうかがいたと思います。もし私の理解が正しければ、地方へのリソースの配分、この配分こそ、中央政府の地方に対するコントロールを強化するための一つのツールとして使われているとおっしゃいましたが、そういうことが現実として起こっているのでしょうか。また、そうであれば、その対策として地方政府はどういうことができるのでしょうか。

参加者： 私は国連地域開発センターのアントニオ・フェルナンデスと申します。地域の発展に関して一つ問題を提起したいと思います。多くの国、とくに「アジアの虎」と呼ばれるアジアの国々では、工業の発展、産業の発展というのはトップダウンで、中央政府主導で起こったものであります。これは弱みなんではないでしょうか。それに対する答えは今後見つけていかなければいけないと思います。なぜなら、地方自治体が産業計画、工業計画などでもどんどんとかかわりを深めています。たとえば経済特区だとか、工業地帯とかです。地方自治体が工業開発のプランニングにかかわっているという現状に関して中国の参加者の方がどう考えていらっしゃるか、うかがいたと思います。

モデレーター（鈴木）： では、質問が出ましたので、私はすべてのパネリストの方に機会を均等に差し上げたいと思います。まず小島さんから、4分程で質問にお答えいただけますか。

小嶋 光昭： 大変活発なご議論をいただきましてありがとうございます。ご質問の趣旨はすべてレリバントではありますが、これにおそらく一つの答えだけということはないんだと思います。いろんな角度からのアプローチが必要で、相手国の状況に合ったかたちで協力を行うということが非常に重要だと思います。いろんな方からご指摘がございましたけれども、国によって政府の体制とか、自治の程度とか、そういうものがそれぞれ違うと思います。その違いを考慮したかたちでの協力をしていくことが重要だと思います。

私のところに二、三ご質問がありましたので、やさしいほうからいきます。私は、地域の発展や政府の役割について、政治的なものと行政的なものの二つの側面があるということを上記しました。私のウエートはどちらかというと行政的な側面にございます。時間があれば、いくつかJICAが行っている研修のコースをご紹介しますけれども、地方行政に特化された研修コースがいくつかございます。それから、政治的な側面でいえば、直接政治ということにはございませんけれども、民主化研究セミナーをエルサルバドルの皆様方に行ったり、また先方政府の要請があれば、民主化といった特定のコースを組みます。

それから、JICAの長期的ビジョンという質問ですが、これを短い時間でいうのは難しい。たしかにご指摘のように、これからJICAも、いろんな国のそれぞれの文化的、伝統的、政治的、経済的な背景に沿った、ダイヤモンドサイドのニーズに沿った、国別、地域別のアプローチを強化していこうと思っております。これはすぐできませんけれども、われわれはそれぞれの地域のニーズや状況に合わせた援助ということアプローチにシフトしていきたいと思っています。ありがとうございました。

ロバートソン・ワーク： パラダイムシフトの問題ですが、これは大変重要であると思います。三つの概念、エンパワーメント、パートナーシップ、パーティシペーションの収斂を考えなければなりません。“エンパワーメント”というのは自立、自信、個人やコミュニティの活力や、また地方組織が持続可能なかたちであること等と関係してきます。“パーティシペーション”というのは、適切なレベルで、また、適切な度合いでローカルのアクターが参加をするということでもあります。そして“パートナーシップ”はアクター同士の共同・協力するということでもあります。エンパワーメント、パーティシペーション、パートナーシップの要素を含んだパラダイム・シフトがどこかにあると思いますが入っているのだと思います。

さて、このアクターの問題。たしかにガバナンスモデルを民間部門、市民社会、政府をアクターとして見てみますと、これらのアクターは、それぞれが強みも弱みも持っているわけです。ですから、それぞれのアクターの強みと弱みを明らかにし、その補完性を考えなければならないわけです。いかにしてそれぞれに違うアクターがお互いに共通の目的のために協力できるかということです。どうもアクターの間の不信がありますので、不信を

克服して協力し、協力から同盟に持っていくことが必要であると思います。これは説明するにはもっと時間がかかりますが。

それからローカルとは何かという質問ですね。それは、立場によって違うと思います。たとえば太陽系から見ますと地球はローカルです。国連から見ますと国がローカルになるでしょう。また、首都から考えますと、国レベル以外の自治体はローカルになるでしょう。ですから、最終的には地元を見なければいけない。ローカルコミュニティ、村とか、スラムとか、近隣社会とか、そういうところを見なければいけないと思います。そこでみんなが暮らし、家族を持ち、学校へ行き、仕事を得るわけですから。ですから、私は、ローカルというのはやはり最も基本的なところにあると考えています。ありがとうございました。

マイケル・キャラバン： 私はこれらの質問に答えるだけでも2日間でも討議をできるというような気持ちを持っています。中央政府の役割対NGOという質問をいただきましたけれども、私は、起業家精神、多元主義、健全な競争などを得るためにはもしかしたら一定の非効率性、それから、重複、アナーキーというようなものを受け入れる必要性和適切性があるのではないかと思います。それは持続可能な開発と変化をもたらすための根源ともなるわけです。それにはトレードオフもあります。

しかし、他の答えもあります。フィリピンでは中央政府はいくつかの調整上の責任を地方自治体に与えようということをやっています。最近では、われわれ自身もそういう話をするのですが、中央政府は、「NGOに調整、協力に関する機能や、資源の分散に関する責任を受け入れさせよう」と言って実験をしています。

それから、ベストと組むということに関してです。ベストと共に活動するのでは格差をなくすことはできないのではないかという点ですね。その可能性はあるでしょう。日本の長期の戦略を見ても、格差の問題に取りくむための地方の自治権と、それから、その自治権を使うための資金、つまり中央からの地方交付金ですか、この両方を見る必要があると思います。しかし、コミュニティや自治体が長期間有効に中央の資源を利用しないときは、それに対して「ごほうび」を渡さないよう留意すべきでしょう。

しかし、もう一つの点で、先ほどの発表で言わなかったことがあるわけですが、ベストと働くということでは、いくつかの地方自治体に不満をもたせるかもしれないわけですが、それによってまたうらやましいという気持ちをおこさせるかもしれません。フィリピンの自治体にどうやって力をつけるかということの答えはパリやニューヨークの専門家がもってくるというような先入観は捨てればいいでしょう。ほとんどの効果的なローカル・ガバナンスの答えは、ほかのフィリピンの自治体から学べるのではないのでしょうか。これが今われわれがやっていることなのです。

それからもう一つ、「アジアの虎」のことについてですけれども、私たちが現在一緒に働いている知事からおもしろいコメントを聞きました。今アジアには経済危機があり、エルニーニョ現象もある。しかしフィリピンは分権化されていたからよかった。すべての答えがそれによって出されるわけではないが、われわれは少なくとも人々の意見に耳を傾けて、一部は解決することができるだろう、そして、違いを生み出すことができるようなレ

ベルでの答えを出すことができる、と。これはフィリピンのポジティブな面だと思います。

それから、政治に関してですけれども、政治を取り込まなければいけないと思います。しかしながら、党派的な政治にまきこまれてはいけません。特定の政党とか、特定の候補者を支持してはいけません。そういうことはきちんと考えていかなければならないと思います。

それから、もう一つ、ワークさんがおっしゃったことなんですけれども、ローカルシステムのいちばん低いレベルのところで、市民がそのシステムに近くなければならないわけです。たとえば市議会に座って全ての討議に参加しなくても、自分の意見をきちんと直面して言うことができるようなシステムが必要だと思います。そして、たとえばバランガイ・キャプテンであれ誰であれ、住民の意見を反映することができなければいけないと思います。

これだと、大きな国にはとてもたくさんのレベルがあるということになります。アメリカではいろいろな所でそれが検討されています。アメリカの大きな都市はあまりにも大きすぎる。個人的な接触が失われています。ですから、隣人会とか、何かによって、自分たちのシステムに息吹を与えるための実験がされています。

アルビン・ガルシア： 二つ質問がありましたね。とてもいい質問をいただいたと思います。

最初は、「新しい制度が入ったときに古い制度はどうなったか」ということです。われわれの法律のもとでは、新しいシステムはすっかり古いシステムと取って替わるのですが、2点お話ししたい点があります。まず第一に、新しいシステムが導入されるときには、古いシステムが考慮されるわけですし、実際そのストラクチャーは残ります。二つ目として、私たちフィリピンでは分権の伝統があるわけですから、新しい自治法にすぐに適応することができました。それから、われわれは、新しい自治法によって付与された権限を使って、住民に課税する法令をつくることができたわけです。

セブの成功は政府の役割によるものか、他の要因かと。なかなか難しい質問です。外因的な要因もあります。セブはフィリピンの中心の位置にありまして、またいい港もあります。そして、新しい地方法が導入される以前にも、相当進歩していました。また、マニラからは遠いということで、必ずしもマニラに依存することはできなかったのも、いわば自助の精神があって、マニラから許可がなくてもなんでもできるという気風がありました。

マルコスが20年間もフィリピンを支配していましたが、これに対して反対した人はセブから出たわけです。ですから、マルコスはセブには何も与えませんでしたから、われわれはできることは独立独歩でやってきたということです。最終的にアキノさんが選出されたときには、私たちはすぐにそのチャンスを活用することができました。

また、国際的なドナーにも恵まれていました。国際的なドナーは、セブ市に何かある、そして、ドナーが考えているプログラムはセブならうまくいくだろうと見ていると思います。OECDだって、JICAだって、我々は彼らをはかりさせたことは一度もありません。

それから、参加と持続可能性ということを質問されましたけれども、私の経験によりまずと、持続可能にする要因は二つあると思います。参加するときには、自分たちが政策に参加しているのだ、自分たちが違いを生み出しているのだということを認識しなければな



りません。形だけであってはいけないということなんですね。それが第一。

第二としては、誰でも自分の国や市に対する忠誠心や愛国心を持っていると思います。忠誠心があって、自分が違いを生み出すことができる、と思えることが大切なのです。

アドリアン・パンガビアン： 難しい質問をどうもありがとうございます。今あるような資金的なシステムによりサブ・ナショナルな政府に対する中央の支配がますます強まるのではないか、という点ですが、これはやはり中央と地方の関係の基本に戻って考えたいと思います。資源と権限の問題です。リソースが中央政府に集まるほど中央政府の権限もどんどんと強くなっていく。それがこの関係の法則であります。これから考えると、答えはイエスであると言えるでしょう。このようなシステムでは、やはり地方自治体に対する中央政府の支配権が強まるわけです。

そういうことで、地方化、分権化を進めていくためには、中央集権化よりも分権化がいいのだという証拠をたくさん突きつけなければいけない。私はそれをしようと努力しているわけです。現在のところでは地方自治体ができることは何もありません。大半のリソース、資金は中央政府から来るわけでありますから。また、中央政府にとっても、地方自治体にこのような方法でお金を渡すときには、いろいろな要因を考えなければ危険であると思うわけです。地方自治体の責任性など、そういうものが十分にあるかどうかということも考えながらやっていかなければいけない。こうした責任、アカウンタビリティというのは、インドネシアではまだまだ弱いものであります。ですから、何らかのかたちでの財政資金を地方自治体に移転する際にも、本当に公金が正しく使われているかということを監視するメカニズムがしっかりとできていなければ、それもまた同様に良くない。そういうこともわれわれは検討していかなければいけません。アカウンタビリティに関してもさらに明確なものを打ち立てるように取り組まねばなりません。今はそういうかたちでしか質問にはお答えできないと思います。

陳 耀： どのようにして中国の産業発展に地方自治体が参加したかということですが、私のこのプレゼンテーションのテキストをお持ちになっていましたら、その中にその答えの一部は書き込まれていると思います。

いま中国では地方自治体がいろいろな責任を持っておりますが、地元の産業を発達させていくための責任も持っております。それこそが地方自治体の収入の主な部分であるからです。ですから、地方自治体のほうでは自分達の企業を設立することに非常に興味を持っています。

中国の国有企業には二つの種類があります。一つは中央政府が経営する国有企業、もう一つは、あるいは市だとか、郡だとか、あるいは村レベルの、地方政府が経営している企業であります。一般的に申しまして、大きな企業、あるいは中堅企業というのは、だいたい中央政府によりつくられ、中央政府が所有しています。もっと小さな企業になっていきますと、これは地方政府が所有し、管理運営をしているという形態であります。ですから、中国の地方政府、地方自治体は重要な役割を中国の産業化、あるいは工業化にも果たして

おります。こういう問題に興味のおありになる方は、あとでもっとくわしく個人的にお話ししたいと思います。ありがとうございました。

村松 岐夫： 龍谷大学の方が「分権化」と言ったときに、単位はどこなのかという質問をされたことにお答えするかたちで、私の考えを述べさせていただきたいと思います。

分権化というのは、私の基調講演のときに申し上げたように、中央から地方への権限の委譲ということで、しばしば憲法的な問題として議論されます。中央政府の内部においても、権限の分散というのは大変難しい問題ですが、地方に権限を委譲する、分権化することとは、それよりももっと難しい、微妙なものだと思います。それで、地方とはいったいどこを言うのかというのは、その場合には本当に根本的な問題なんですね。国によって、また議論しているテーマによって、そこで議論しなければいけない地方というのがたぶん違うと思うんです。また、経済的な問題を考えるのか、政治的な問題を考えるのか、政治的にどこまで何を実現しようとするのかというときに、やはり地方の定義が問題になるということではないかと思っています。

われわれにとって地方とは明らかに、政治的には市・町だろうと思います。そしてまた、オーナーシップという議論がここで何度も出ましたが、オーナーシップということが本当に意識として定着できるのは、大きな単位ではなくたぶん市・町レベルではないかと思っています。しかし、経済発展ということを考えるときに、これは水も必要だし、電力も必要だし、労働力、また、技術も必要だということになると、もっと大きな単位で実際には考えざるをえなくなる。

政治的な発展と経済的な発展というのは密接な関係があるけれども、そのための単位を考えるとときには少し分裂するところがあるんです。私はよその国のことについてあまり申し上げる資格はないと思うんですけれども、日本の戦後の経験の場合で言いますと、経済成長期に地域開発をしたということを、さっき少し申し上げました。これは地域開発政策というのが高度成長期の国の政策だったからです。ちょうどセブ市長さんがおっしゃった、プロジェクト・デベロップメント・オフィスのような役割を国がやるという、そんな感じのことを日本はやったように思います。そのときに対象になっていた地方というのは府県でありました。日本には47府県がありますけれども、そのうちの35ぐらい、あるいは40ぐらいの府県がこの政府のプログラムにアプライしたわけです。しかし、そのような府県の努力を支えていたのは市・町レベルでの政治的な活動であったというように私には観察されました。ですから、なかなか地方とは何か、それと政治・経済発展とはどう関係にたつのかというのは難しい問題だなというように思っております。回答にならないんですけれども、コメントを申し上げました。

## 6. モデレーター総括



## モデレーター総括

モデレーター（河村）：今日のこのシンポジウムの目的であります、われわれの研究成果に基づきつつ、地域の発展における政府の役割とは何かということを明らかにしたいということでありました。われわれは今回、三つのテーマについて話してまいりました。しかし、この三つ、お互い関連し合ってはおりますけれども、三つの問題をどのように統合すればよいかについては、まだよくわかっておりません。

まず最初のテーマでありますけれども、これは地域の発展と政府の役割についてのマクロレベルの課題でした。もちろん地域の発展というテーマではありますけれども、しかし、マクロレベルの話です。そして、二番目は、地域レベルで地域の発展における政府の役割ということについて考えたわけでありまして、先ほどのマクロのレベルとは違っていたと思います。そして、三番目、これは国際機関、ドナー機関がこれらの地方分権化された開発の中で何ができるのかというテーマでありました。

さて、われわれがいま、とくにマクロレベルの話において考えているのは、グローバリゼーションが地方自治体にであれ、中央政府にであれ、いろんな影響を与えている要因だということです。グローバリゼーションの結果、中央政府の機能はますます地域の開発やローカルレベルのコミュニティ開発のために必要なマクロ環境を作ることに重点がおかれてきている。そして、マクロ的な環境が整備されてはじめて、地方自治体を主体とする地域がそれぞれに地元の地域開発のためのアクターとして機能することができる。そして、中央政府は、村松先生がおっしゃっていた地域間のバランスをとるための再配分という意味で、重要な役割を担ってくると思います。なぜなら、地方自治体の機能をもっと重視することによって地域の状況が活性化すれば、それによって地域・コミュニティ間の格差も広がるわけですから。

ですから、われわれは同時に二つの機能に取り組んでいるわけでありまして。一つは地域の活性化であります。しかし、これは結果として地方レベルにおいて格差を広げてしまうわけです。したがって、同時に、われわれは発展の平等化を図らなくてはいけない。公平な機会を提供しなくてはいけないのです。地域開発においても、政府に対して、機会均等ということが求められています。活性化と機会均等化の二つは非常に両立しづらいんですけども、それをやらなくてはいけない。これは、われわれが取りくまなければならない新たな課題でしょう。

そして、二つ目は地域レベルの話です。政府、地方自治体、そして、NGO、地元の地域社会があります。これらをお互いどのようにして関連付けるか、水平的な統合のネットワークをどう構築するかということです。けれども、これもまだ非常に抽象的な概念であります。ですから、もう少し明確にどのようにそれを実現するのかを明らかにする必要があります。もっとダイナミックで現実的な計画を実施するためには、この三つ、つまり、地方自治体、NGO、地域社会の関係をもっと具体的に研究、調査する必要があるでしょう。

以上申し上げた点に加えて、国際ドナー機関として何ができるのかという一連の報告がなされました。この三つの報告ですけれども、これをまとめますに、ワークさんの言葉を借りることができるのではないかと思います。つまり、開発におけるコンセプトとして重要なのはエンパワメント、参加、そして、パートナーシップであるということであります。“エンパワメント”はマクロレベルの開発でも中核となるコンセプトだと思いますし、“参加”というのは地域においてカギになるコンセプトだと思います。そして、“パートナーシップ”というのは国際ドナーにとっての中心的な概念になるのではないかと思います。

このシンポジウムは、こういった国際機関が開発への取り組み方を変える第一歩、マクロ思考的な中央集権型のものから、地方中心で住民中心の開発に変えていく第一歩になるのではないかと期待します。

モデレーター（鈴木）： 最初はこのような基本的な質疑応答ができるとは思っておりませんでした。地域の開発と政府の役割ということをテーマとしたわけですが、このタイトルから見ても、私たちは「ローカリティー」ということを州や県から市町村のレベルまでの行政的な単位として話していると思います。

たとえばインドネシアでは27の省がありまして、そこには大変大きな能力を持っている政府があります。また、1,500以上の第二レベルの地方政府と6万以上の村の政府があるわけですね。フィリピンでは70ぐらいの州およびそれに等しい単位、それから、1,500ぐらいの市町村があり、4万2,000のバランガイ、村がありますね。それがいちばん下の行政単位でありまして、それにも政府がある。それぞれに権限を持っているということであります。

私たちとしては、私たちの目的、つまり持続可能な、そして、公平な開発という目的のため利用することができるこのような政府のシステムを重視したいと考えています。持続可能かつ公平な開発というのは地元の人にとっても、ドナー機関にとっても重要なことです。どのようにすれば地方政府がもっと意味のあるかたちで、持続可能で公平な発展のために関与できるかということで、私たちは中国、インドネシア、フィリピンの具体的な事例を引きながら、意見を交換しました。同様に、ドナー機関からの意見も反映したいと思いましたので、UNDP、USAID、それから、JICAの方たちに発言していただきました。多くの方たちが討議してきた意味のあるパートナーシップ、二国間であれ他国間であれ外国からの協力の下での中央政府、地方政府、そして、市民社会との三角形のパートナーシップをいかに確立するかについてアイデアを得たいと思ったわけです。

そういう意味で、私は、多くの質問が、私たちが当初考えていたような議題を超えて出されたことを大変うれしく思っています。非常に根本的な問題が出されました。ローカリティーとは何でしょうか、中央政府の役割は何であり、ガバナンスとは何でしょうか、NGOの役割は何かというような質問も出ました。これは非常に基本的な質問であり、これは全部私たちが持って帰って、宿題とさせていただきたいと思います。

皆さんにこれほど長い間ご一緒いただきましてありがとうございました。出席していた

皆様方から大変多くの参加をいただきました。また、パネリスト、全世界からはせさんじてくださいました方たち、少ししか発言の時間を差し上げることができませんでしたが、パネリスト、そして、出席の皆様にご心から御礼申し上げます。ありがとうございました。





## 閉会の挨拶

国際協力事業団 国際協力総合研修所 所長  
五十嵐 禎三

本日は長時間にわたり、ありがとうございました。本日のディスカッションの中で提示されたさまざまな意見や助言は、今後JICAのみならず、わが国が地域の開発に関するさまざまな協力を実施する際に大変参考になる、示唆に富むものであったと考えます。

最後に、このシンポジウムの開催にあたり、ご協力をいただきましたご出席の皆様、関係各方面の方々に心より感謝の意を表しまして、ごあいさつとさせていただきます。

これをもちまして本国際シンポジウムを閉会させていただきます。ありがとうございました。



## 付 録

1. 基調講演者、パネリスト略歴
2. 当日配布資料



## 付録 1.

### 基調講演者、パネリスト略歴



## 1. 基調講演者、パネリスト略歴（敬称省略）

### 村松 岐夫 (Dr. Michio Muramatsu)

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## 付録 2.

### 当日配布資料



「地域の発展と政府の役割」国際シンポジウム

「Governanceと発展：地方分権化改革」

1998年3月5日

京都大学 法学部 教授

村松岐夫

国際協力事業団は、平成8年1月に「地域の発展と政府の役割」分野別援助研究会を発足させ、途上国におけるガバナンスとcapacity buildingに関して1年以上をかけて調査研究を行った。その研究成果は、報告書「地域の発展と政府の役割」と題して公表された。委員会への参加者名は、この報告書をごらんいただきたいが、それぞれ各途上国研究の領域でよく知られた専門家よりなっている。研究会の活動を振り返ってみると、最初、国ごとに途上国の中央地方関係の制度に関する情報収集から始め、これに援助の経験の具体例を情報として加えながら、これらの国々のガバナンスの問題点を探り出そうとした。研究会の委員は、研究の過程で、アジア地域に出かけ、現地で最新の統計や資料の収集を行い、また政府のofficialsへのインタビューを行った。その上で、我々自身の新しいガバナンス論に到達しようとした結果が今触れた報告書であるが、これはJICAによるまとまった形での「途上国のガバナンス」研究の第一歩であり、JICAは、今後いっそう調査研究を深め途上国のガバナンスに関してより深い研究に進んでいくことになるだろう。

私自身は、日本の中央地方関係の専門家であって、援助問題についても途上国の中のどの地域の研究にも携わったことはない。しかし、中央地方関係と分権化に関する比較論的な関心からこの研究会に参加し、研究会に何度も出席しているうちに援助問題にも引き込まれていった。研究会の終了後に、インドネシアとフィリピンにおいて現地調査をする機会があり、研究会の知見を確認することができた。さらに今他援助機関の研究動向についても情報収集を始めているところである。今からお話することは、本研究会の成果に基づいているが、主として、私自身の「途上国援助におけるガバナンスと分権化」に関する観察とコメントである。

現在の途上国の主要課題として「政治的・経済的発展」があることはいままでもないが、もう一つ、「地域格差と貧困」が深刻な問題となりつつある。私は分権化改革が、地域の実情に合った開発計画・実施に有効な内容であると同時に貧困と地域格差の解決に貢献すべきものであると考えている。

分権化改革が、途上国のガバナンスに貢献できると考えた理由を述べる前に、現時点で、分権化改革が、諸援助機関によって強い関心が持たれている背景を考えてみたい。

地方分権を促す要因はいくつもあるが、何よりもまず注目すべきは、すでに述べたように国際

環境の変化である。それは1980年代以降に始まるしばしばグローバリゼーションとか国際的相互依存の深化と呼ばれている国際的潮流である。国際的相互依存の深化は国際経済・政治の動向が国境を越えて直接に国内政策に大きな影響を与えると同時に、「国民経済」や「国民国家」といった“national”なものと結びついた単位を揺るがしているのである。このことは先進産業国においても途上国においても同じである。この動きに対応するために、多くの開発途上国の中央政府は、政府規模のダウンサイジングや規制緩和に取り組むと同時に、地方分権化改革も行おうとしている。その結果、現在500万人以上の人口を持つ75の開発途上国および移行国のうちの60を超える国々で何らかの形で中央から地方政府への権力の委譲が行われているとされる。しかし、最近の国際化や規制緩和は、資源やマーケットアクセスなどにおいて首都圏など有利な条件にある少数の地域をいっそう有利にし、大多数の条件不利地域との格差を拡大している。地域格差の拡大は、政治の安定を脅かし一国全体の経済成長に対してもマイナスの影響を及ぼす可能性がある。

学者による地域研究や援助機関のレポートを読むと、分権化改革が途上国に先の議論に対応する望ましい結果をもたらすかどうかについては意見が分かれている。私は、途上国の分権化改革は、以下の理由で、原則的には、望ましく必要であると考えている。ただどのような分権化かどのような形態を採用するかは、慎重に調査の上で行うべきである。

第一は、政策形成の能率のために分権化が必要だと思われる。すなわち集権化体制の下では、地域のニーズに合致した政策を形成することが困難である。地方政府の代表を選挙で選ぶような分権化であるならば、代表は、地域住民の要求により敏感になり、それを政策のなかに吸収するであろう。もちろんこれは楽観的な見解である。地域に続く伝統的な権力構造は、選挙によって選ばれた議員や首長も地域住民の主張も容易に押さえつけてしまうかも知れない。しかし、そこに起こる混乱も分権化システム運営の第一歩である。

第二に、地方分権は住民の自主性に基づいて彼らの望む開発の推進を可能にする。開発が中央の命令によってではなく、地域の目的を実現するという思想のもとに行われることを可能にする。従来の開発が、一部エリートにのみゆだねられた結果、地域住民の必要も支持も十分えられず、地域のリソース動員がうまくいかなかったケースが多いのではないか。

第三に、分権化は、能力開発（capacity building）の方法である。行政能力がない地方政府に権限すなわち政治的裁量や財政的リソースを与えることは無駄であるばかりでなく、危険であるとの主張がある。この主張にも説得力がある。しかしこれは鶏と卵の関係でありどちらが先か分からない。その機会を提供しなければcapacity buildingやmanagement skillの開発はできない。

しかし、わたしは、ここでcapacity buildingのためにはムダをしてもよいと言っているのではない。中央政府は、地方の政策の形成と実施を助けたり牽制したりすることは必要なことである。分権化といっても中央関与をすべて拒否することを意味するわけではない。それどころか中央地方が協力し提携する分権化改革が今途上国で求められている分権化ではないか。

第四に、分権化は政治的な意味を持つことに注意を払わねばならない。たとえば多民族国家

において地域に自治を与えることは特定の社会集団に自治を与えることになる。すなわち、分権化は、中央政府の権限を三つの部門（立法・司法・行政）に配分することと並ぶ重要な division of power の制度である。大部分の国で、立法、司法、行政の諸エリートが基本的価値観とイデオロギーを共有する傾向があるのに対して、地方は、イデオロギー、民族、宗教その他の要因において大きく異なる社会集団である可能性がある。イギリスと北アイルランド、カナダのケベックの例をあげるだけでこのことはすぐにお分かりいただけると思う。

以上から、私が述べたいことは、分権化は単純ではないことである。分権化をデザインし推進していくためには、いろいろの分権化があることを知り、多数の変数に注意を払わねばならない。たとえば、分権化改革と選挙実施の組合せが悪くてもいい結果が出ない。途上国のある国では、分権化実施の直前に市長選挙を行ったために、候補者たちは、cronies を地方公務員に採用するという情実人事をしてしまったのである。このことは、分権化改革には、タイミング等多くの条件をうまく組み合わせて行わなければならないことを意味する。何より重要なことは、地域が単に中央から命令されて行動するのではなく、みずから自発的に開発を目指し具体的な政策事業を形成するようになることである。本報告書では、この住民の自発的な意識を当事者意識（ownership）といっている。そのためには分権化が必要であるし、また地方政府の活動をモニターするための中央による関与や手続きが必要かもしれない。しかし、一挙に結論に行く前に、多くの国で経験している中央地方関係を類型化して理解し、それぞれの利害得失を分析しておかねばならない。世界各国の中央地方関係のもっとも基本的な分類は、統合型中央地方関係と分離型中央地方関係である。

現在途上国の分権化に関しては、fiscal federalism とよばれるような分離型の地方政府と、ヨーロッパ諸国に起源をもち途上国の中では東アジア諸国に代表されるような統合型地方自治の二つが有力なモデルがある。統合型では、中央は地方にかなり大きな関与をするが、分離型では地方政府の自由度は大きい。統合型には decentralization というよりは deconcentration とか呼ばれる中央政府の関与が大きい分権化を含んでいる。deconcentration では、権限のトランスファーがあるが実施に携わる公務員は中央から派遣される場合や、実施権限のトランスファーがあるだけで政策の決定権が委ねられていない場合がある。統合型の極致には地方政府を中央政府の単なる出先機関と扱うケースが考えられる。他方の分離型のバリエーションも多様である。ドイツの連邦制は、州政府に大きな権限があるものの連邦政府と州政府の行政関係も連絡がよい。連邦制の中でもアメリカの州政府の自律性が一番大きいように思われるが、そのアメリカでも、連邦政府の補助金による関与は増大している。つまり二つに類型化してもバリエーションを考えると、それぞれ無数にあるわけである。また統合型でも分離型でも中央地方関係は現代では相互依存的である。そこでそのどれを取るかであるが、採用するに当たって何を考えるべきであろうか。

統合型の長所として、新しく生じる需要や問題に対して、一国が全体としてあるいは全力を挙げて対処することや平等なサービス提供ができることがあげられる。後でその具体例を日本

に関して述べたいが、地方交付税のような方法では、地方の自主性を妨げることなく、地域格差の是正を実行できる。他方、分離型は、立法的に事前に決められた限定的な任務の枠内で地方政府に強い権限がある。この意味で、地域の問題を全国化することなく地域ごとに個別に処理できることになる。分権化の目的の一つは個別地域の新しいプロジェクトの成功失敗を見て他の地域や中央政府が採用するかどうかを決めるという実験を可能にするところにある。しかし、中央の関与は極小化される傾向があることから地方において充実した代表政治がない場合には、有力階層の利益のみによって地方政府がコントロールされる事態が起こる。

分権化がもたらす経済的インパクトも気になるところである。まず財政権限を考えてみよう。たとえば、徴税権を分権化し、中央政府の徴税規模が相対的に小さくなった場合、課税政策によるマクロ経済管理の経路は狭まることになる。このとき地方政府は、中央政府に比べてマクロ経済の安定化を考慮する必要性が小さいために、経済の不安定化が生じやすい。なぜならば、国内における地方政府の開放度は高いため、地方政府がインフレ的な政策を採用しても、その負の影響は他の地域にスピルオーバーするため、地方政府の被るリスクは中央政府のそれよりも小さいからである。また、同様なことは金融政策についても適用できる。たとえば、中国では地方政府が公務員の人事権を持っていた。そこで、地域の中央銀行支店から、返済を考慮せず借り入れ、貨幣供給量、債務負担を急増させる事態が生じた。ブラジルに関して、地方政府が所管する商業銀行からの借入について、同様な問題を引き起こしている。財政面にしても、あるいは金融面にしても、マクロ経済にかかわるラディカルな地方分権化には問題が多い。分権化の対象とする権限はよく吟味しなければならない。

私は報告書の中で、ネットワークの形成が重要だと提言していることについて、説明したい。新しいガバナンスとしての分権化を主張する文献では、パートナーシップとも表現されている。そこでは、民間部門の諸アクターと行政の協力を発展の鍵と考える見解である。私どもの考えている地方政府では、開発政策の実施において、まず中央との連絡を保つ。しかし、これだけでは不十分である。分権化の効用は、種々の国際機関、ドナー、NGO、その他の民間部門からの数々の貢献を一つの政策過程に統合する事が従来より容易にならなければならない。援助国は、途上国のガバナンスの能率を求め、capacity buildingに協力するが、発展の程度や形態をモニターして助言活動を続ける。したがって、開発政策の形成と執行の責任主体は当事者である地域にあるのは当然であるが、capacity buildingに対する協力の手続きと方法を続けて考えていきたいと思う。特に、種々の参加者の協力を保証するパートナーシップの構想を具体化しなければならない。

現在、世界の政治行政改革においては、統合型よりも分離型分権化モデルが人気がある。それは、行政改革に関して、先進産業国家では、市場化を重視するニュージーランドやイギリス・モデルに人気が集まっていることとパラレルな関係にある。日本の行政改革自体もアウトソーシングやプライバタイゼーションなど、これらの国が採用した改革の主要手段を取り入れようとしている。中央地方関係においても、中央からの関与手段を廃止する改革計画が準備さ



れている。この分権化改革は、一見、分離型に近づこうとしているように見えるであろう。日本自体が変わろうとするのに日本の過去のモデルを他国に適用しようとしているのか。そうではない。

①第一に、行政や地方制度は、発展段階に適応したモデルがあると言うことである。戦後から1970年代までは中央からの関与の多い統合型が日本では機能したのである。しかし、1980年代以降の新しい環境の中では、分権化の程度を一步進めることが望ましいというのが、分権化推進委員会の見解である。

②そもそも今日本が行おうとしている改革は、分離型自治に向かうものではない。統合型の中で、地方の自主性と自治を少しだけ拡大しようという趣旨の改革である。このことは、地方分権推進委員会の勧告では、自治事務においても法定受託事務においても、中央政府と地方政府の間では密度の高い事前協議が予定されていることから明らかである。

以上、私が中央地方関係について述べたことは、tentativeである。私は、もうしばらく自分の仮説に従って調査研究をした上で、よりよい結論に向かいたい。本シンポジウムが途上国のガバナンスの向上に資する意見交換の場になれば幸いである。

**Governance and Development: Decentralization Reform**

**JICA, March 5, 1998**

**Presented by Dr. Yuji Suzuki**

**Hosei University**

**Introduction**

- 1, Impacts of Globalization
- 2, Moves towards Localization
- 3, Crises and Reforms

**Participatory Development**

- 1, Success of State-led Development
- 2, Structural Deficiencies
- 3, Quest for Local Development

**Governance**

- 1, Efficiency of Authoritarian Regime
- 2, Structural Reforms
- 3, Quest for Democratization

**Decentralization**

- 1, De-authoritarianization
- 2, Redistribution
- 3, Local Initiatives

**Equitable and Sustainable Development**

- 1, Center- Local interface
- 2, Capacity Building
- 3, Participation of Non Government Sectors

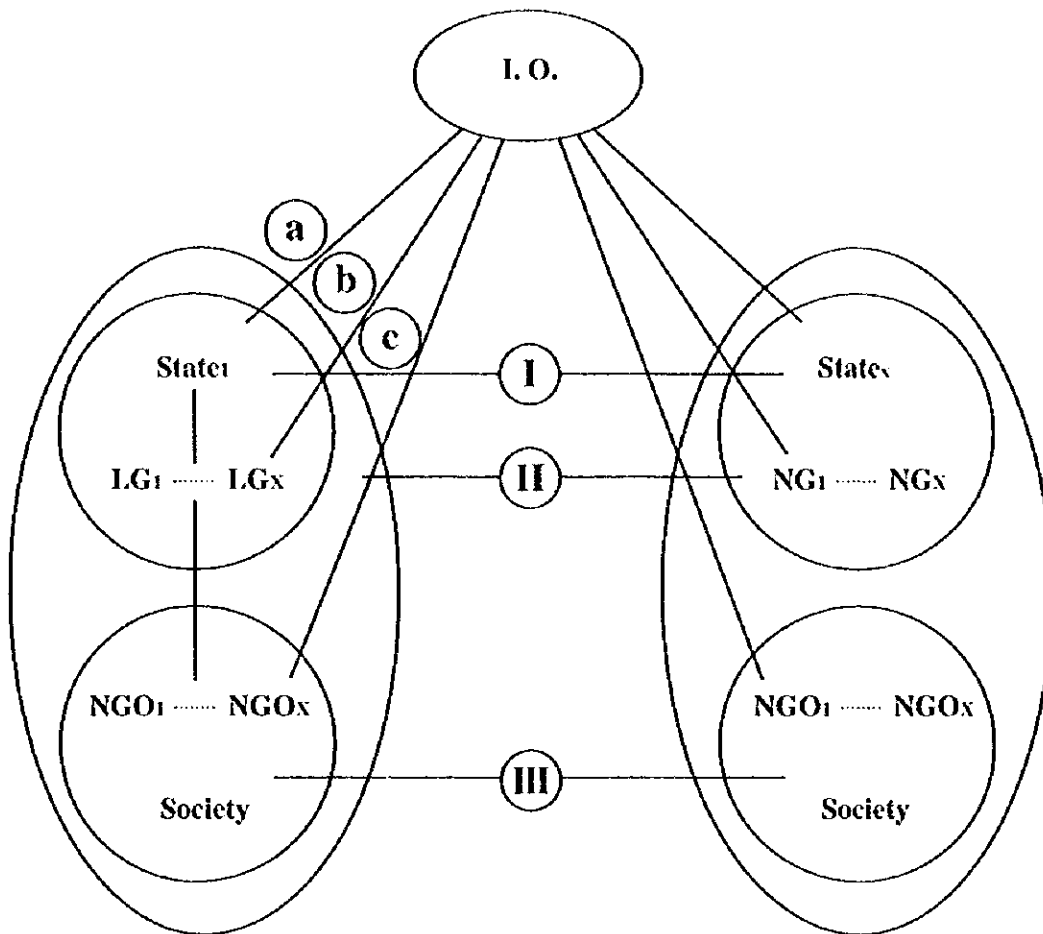
**Multiple Methods for Transnational Cooperation**

- 1, State-to-State
- 2, State to Local Authorities
- 3, State to Local NGOs
- 4, Local Authorities to Local Authorities
- 5, Local NGOs to Local NGOs

**Problems and Prospects**

- 1, Role of Central Government
- 2, Capability of Local Government
- 3, Function of Multilateral Agencies

Fig. 1:Structure



出典) 筆者作成

Fig. 2:Pattern

- ①DS → RS → RLG → RNGO
- ②DS → RS → RLG → RNGO
- ③DS → RS → RLG → RNGO
- ④DLG → DS → RS → RLG → RNGO
- ⑤DNGO → DLG → DS → RS → RLG → RNGO

**D** : Donner  
**S** : State  
**R** : Receipient  
**LG**:Local Government

出典) 筆者作成



## **DECENTRALIZATION IN CHINA: BACKGROUND, CURRENT SITUATION AND INFLUENCE ON ECONOMIC DEVELOPMENT**

**Presented by Dr.CHEN YAO**  
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Ladies and Gentlemen,

I feel greatly honored to have this opportunity to talk to you about decentralization and regional development in China. According to the requirement of this conference, my speech, which consists of four chapters, is entitled "Decentralization in China: Background, Current Situation, and Influence on Economic Growth".

### **Chapter One: Background and Salient Features of Decentralization in the Last Two Decades**

You may have known that in the three decades prior to 1979, China was practicing a highly centralized planned economic system. During this period power had been decentralized to localities on a number of occasions, but decentralization in a broad and profound sense of the term did not really begin until the adoption of the policy of reform and opening up to the rest of the world during the late 1970s.

Decentralization in China over the last two decades is closely associated with the progress made in the market-oriented reform. For a long period of time enterprises in this country were like workshops in a giant factory, and they did not have the right to make their own decisions in business and management. Local governments were also deprived of the right to make their own decisions, so that local economic development depended virtually entirely on the central authorities' investment budget. This high degree of centralization were eventually backfired. Just as a document of the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party pointed out "A major flaw of China's current economic management system is the over-centralization of power. It is imperative to decentralize it under proper leadership, so that localities and industrial and agricultural enterprises can have more say in business and management under the guidance of a central plan". The plenary session also called for "giving full scope to the initiative, enthusiasm and creativity of the four quarters—the central authorities, localities, enterprises, and laborers". The plenary session unveiled China's reform aimed at decentralizing power in two directions, that is, expanding the decision-making power of enterprises, and delegating more power to local governments.

Up until the early 1990s, reform in China had never gone further than the decentralization of power and interests among enterprises and localities and the introduction of the responsibility system, the property right system had never been touched upon in enterprise reform, and there had been no norms for

decentralizing power to localities. It was not until the 14th Party Congress in 1992 that the ultimate goal for the reform was set, that is, to establish the socialist market economic system. And it was not until 1994 that a series of major reform measures were worked out in such fields as finance, monetary affairs, foreign exchange, foreign trade, investment, prices and the circulation system, and major readjustments were made in the economic relationship between the central and local authorities, thereby making a giant step forward in the direction of the market economy. For instance, the overall local financial rationing system was replaced by the classified tax system so as to standardize the relationship of distribution between the central and local authorities; control of financial affairs and the monetary policy is centralized, subsidized banks were established, and subsidized business were separated from commercial business. These were universal practices in market economies around the world.

Decentralization in China in the last two decades has also been inseparable from the regional progress of the open policy. The open policy was first carried out in eastern coastal regions and then made gradual headway towards the hinterland. Close proximity to Hong Kong, Macao and Taiwan as well as Japan and southeast Asian countries, and convenient ocean-going conditions, have enabled coastal regions, those in southeast China in particular, to become the first in China to get in touch with Western industrialization; the local people have maintained extensive ties with the rest of the world thanks to the role played by overseas Chinese, and they know how to deal with foreign business people. The world economy has been shifting to the Asia-Pacific Region, a tendency which first occurred during the two oil crises in the 1970s and became more pronounced in the 1980s. It is only proper for China to seize upon this opportunity to accommodate this global influx of industry, funds, technology and business, and opening up the coastal regions was undoubtedly a wise step. The opening up of the coastal regions also means a great deal for achieving national reunification.

During the opening-up effort which began in the 1980s, the central government granted a good variety of special power and a series of preferential policies to the coastal regions. These included establishing special economic zones; opening port cities to foreign investors; establishing the Pudong New Zone and other development zones; reducing the portion of funds to be delivered by these regions to the central authorities; expanding the power of localities in such matters as approving foreign-invested projects, keeping a portion of foreign-exchange revenues at their own disposals, and granting bank loans; and setting up a number of commercial banks and stock exchanges. In hinterland China, a number of border cities, capital cities, and cities along the Yangtze River have been opened to foreign investors one after another since the beginning of the 1990s, and the central authorities have also expanded the decision-making power of localities in central and west China in approving the incorporation of foreign investment.

## **Chapter Two: Current Situation and Major Policies**

In China's decentralization process the central government delegates part of its power to local governments so as to expand their decision-making power. The Chinese decentralization policy is similar to that of market economies around the world in some ways, but there are many dissimilarities as well.

The following is a brief introduction to these similarities and differences in four aspects - industrial management, finance, investment, and monetary affairs.

### **1. Industrial Management**

Detaching some of the enterprises from the direct administration of central industrial departments and leaving them to localities or central cities is a major decentralization step taken by China since the onset of reform. In 1984, the central authorities abolished the enterprise-running function of various central ministries and commissions and provinces, and placed the enterprises formerly run by them under the care of central cities so as to give full play to these cities' role as economic centers. So far the number of industrial enterprises directly under the central authorities has been reduced tremendously. These are mostly large and medium-sized enterprises mainly in such key economic fields as coal-mining, power, petroleum, chemical, machine-building and electronics industries, and are still playing a leading role in the national economy. According to the Third National Industrial Survey conducted in 1995, of the nation's 87,905 state-owned industrial enterprises, only 4,738, or 5.4 percent, were run by the central authorities, but they accounted for 34.8 percent of the output value, 46.1 percent of the industrial increment value, and 72.3 percent of the profit, of all the state-owned industrial enterprises. (For details see Table I.)

Today, large and medium-sized state enterprises in China are transforming themselves into joint-stock firms according to the requirements of the modern enterprise system, and government functions are being detached from enterprise management. As a result the way the government runs central and local enterprises has become very different from what it was during the days of traditional central planning.

### **2. Finance**

Expanding the financial power of localities is a major result, and salient feature, of decentralization in China. Beginning from 1980, the governmental financial relations in China have broken the pattern of centralized revenue and expenditure, and the introduction of the practice of "each minding his own financial affairs" has fired local governments with great enthusiasm for increasing their revenues and curtailing their expenditures, thereby providing a great impetus to local economic development. In the intervening years, however, the effort of expanding local financial power was dominated by an overall financial rationing system, which not only withheld the growth of the central financial revenue, but also deprived the entire country of unified standards. This was because the form of rationing, the base figures for revenue and expenditure, the amount to be delivered to the central authorities, and the amount of subsidies were all decided through negotiations between central and local authorities. It was not until 1994 that a relatively standardized classified tax reform was introduced all over the country.

Following the principle of adapting administrative power to financial power, taxation in China falls into three categories: first, fixed revenue of the central authorities such as customs duties, consumer tax and income tax of central enterprises; second, fixed revenue of the local authorities such as business tax, land use tax, real estate tax, income tax to be paid by local enterprises, and private income tax; and third, revenues shared by the central and local authorities, such as the added value tax, 75 percent of which belongs to the central authorities, and 25 percent to the local authorities. This classified tax system has increased the central authorities' portion of the total financial revenue. However, with the deduction of the net amount transferred from the central government to localities (such as tax returns to localities, and reductions of the portion of local revenue to be delivered to the central government), the net revenue of the central authorities in 1996 accounted for 20.9 percent of the nation's total revenue, which was significantly lower than the 1990 figure of 30.3 percent. (See Figure 1.)

The current division of administrative power is, generally speaking, well defined, with the central government bearing the responsibility for national defense, foreign affairs, the armed police, key construction projects, repayment of capital and interest of foreign and domestic debts, and funding for administrative departments under the central authorities, while the local governments are accountable for expenditures for local economic and social development. However, so far China is not yet to make a scientific, and concrete legal demarcation of power between the central and local governments over economic and social affairs.

### 3. Investment

As things stand now, inter-governmental investment in construction projects in China is managed at two levels, central and provincial. The construction fund controlled by the central government is mainly used on the infrastructure, basic industries, and mainstay industries, as well as key projects in science and technology, education and national defense. Investment of local governments mainly goes into projects having to do with public interests and local infrastructure. Competitive projects, with the exception of key state projects, depends mainly on market allotment of resources, and are invested by enterprises according to decisions made under the guidance of state policies. In the meantime, positive guidance is provided to divert the funds of society, enterprises and foreign investors to key industrial fields.

Of all the capital construction projects invested by state units across China, the portion of those invested by local governments is growing steadily. In 1990, the projects invested by local units accounted for 46.1 percent and those by central units made up 53.9 percent; in 1996 those by local units accounted for 60.8 percent for local units while those by central units accounted for only 39.2 percent. (For details see Table 2.) Of the nation's 1996 investment in fixed assets, the state sector accounted for 52.9 percent, the collective sector 15.9 percent, the private sector 14 percent, foreign investment (including those from Hong Kong, Macao and Taiwan) 11.8 percent, and the joint-stock sector 4.5 percent.

According to sources at the State Commission for Economic Restructuring, from now on the government will, by transferring shares to society, divert state capital from competitive and basic projects



to those in science and technology, education and other fields of public interests. Moreover, the government will discontinue investment in competitive projects, and projects without government investment will only be registered for the record rather than having to be examined and approved by the government.

#### **4. Monetary Affairs**

The current Chinese monetary system has become a macroeconomic control and regulation system with the central bank playing the leading role, state banks as the mainstay, and multiple forms of monetary organization coexisting and cooperating with each other according to a division of labor. Despite the establishment of such local banks as the Merchants Bank, the Shenzhen Development, the Guangdong Development, the Fujian Xingye Bank, and the City Cooperative Bank, the country's credit and financial management is still highly centralized, and local governments have little power over financing. Over the last few years China has established the State Development Bank, the China Agricultural Development Bank and the China Import and Export Credit Bank to raise funds for key construction projects invested by the central authorities, but there are no corresponding subsidized monetary organizations at the local level.

The central bank of China has since January 1, 1998, abolished its control of loan quotas for state commercial banks, and introduced asset-liability ratio management and venture management. Acting on the state-mandated economic growth rate, price control goals, and other factors which have an impact on currency circulation, the central bank has been using such monetary policy tools as the interest rate, open market business, the reserve against deposits, refinancing, and rediscounts to indirectly control and regulate the issuance of currency, maintain the value of the currency, and promote economic growth.

### **Chapter Three: Influence of Decentralization on Socioeconomic Development**

After nearly two decades of reform and opening to the rest of the world, the planned economy with its high degree of centralization has basically fallen apart, and the role of the central government is diminishing steadily in economic growth. For instance, the portion of government-controlled investment in budget in the total investment in fixed assets dropped from 28.1 percent in 1981 to 2.7 percent in 1996, and the net revenue of the central authorities now accounts for only 20 percent of the nation's total financial revenue.

On the other hand, with the expansion of their management power, local governments are playing an increasingly important role in local economic and social development. The last decades have witnessed remarkable socioeconomic growth in both developed coastal regions and underdeveloped hinterland. The sustained high-speed growth of the national economy is inseparable from the contributions of regional economies which have been thriving in the intervening years.

However, decentralization in the transitional period has also brought some negative impact on

China's socioeconomic development.

Firstly, lopsided local economic development is worsening, with the gap growing steadily between the eastern coastal regions and the central and western regions. Take the per-capita GDP as 1, then the ratio between west, central and east China was 1:1.13:1.94 in 1990, and 1:1.32:2.76 in 1996; during the same period the gap in per-capital GDP between regions with the highest private incomes and those with the lowest incomes expanded from 9.2 times to 10.6 times.

Central and west China is handicapped by low economic growth. The local governments are weak in their financial accumulation abilities, and after decentralization they will be asked to invest in local basic and public-interest projects, and provide a certain portion (about 30 percent) of the ancillary funds for trans-regional key construction projects invested by the central government. In some localities quite a few such projects have failed to get off the ground simply because local governments are unable to provide the ancillary funds. For this reason, underdeveloped regions in central and west China are having great difficulties improving their investment environments and promoting local economic growth.

Secondly, redundant construction has become a serious problem, and local industrial structures tend to be similar to one another. Local governments, whose financial ability has been increased after decentralization, have become major investors. To develop local economy, localities tend to vie with each other for the construction of projects with high costs and high profits, such as those for the production of color television sets, refrigerators, air-conditioners, VCD players and other household electrical appliances, as well as auto, machine-building, electronics, petrochemical and other mainstay industries. China today has more than 100 auto factories, for example, but because of their uneconomical scales, the national auto output in 1996 was no more than 1.5 million. It is reported that more than 900 VCD player manufactures have been set up across the country, whose total production capacity is in serious excess.

Thirdly, regional economic friction is aggravating, and regional protectionism is running rampant. Local governments, now that their role has been strengthened, have resorted to different degrees of protectionism in pursuit of maximum local interests. For instance, when a certain raw material is in short supply, some localities would issue orders to restrict its outflow. To protect a local industry which does not have a competitive edge, a local government tends to ban or restrict the same product from entering the local market. When enterprises belonging to different localities are involved in an economic dispute, an arbitration tribunal tends to be partial to and side with the local enterprise. In a vast country like China with uneven economic growth, it is certainly impossible to establish a so-called unified market free from protectionism. The problem, however, is that regional protectionism in China is more of an administrative type, which is vastly different from legal protectionism in some foreign countries and regions.

Fourthly, contradictions between local economic policies and the state's macroeconomic policies are intensifying. Decentralization entails delegating local governments with the power to formulate their own economic policies. When a state macroeconomic policy has failed to take "regionalization" into consideration, it tends to draw different responses from regions at different levels of development. Some may voice their support, and some may resent it. "Whenever a new policy is formulated from high above, there will be countermeasures below," as the saying goes, and this has become an undeniable fact. Now

that local interests arising from uneven economic development are a solid reality, due attention has to be paid to studying the "regionalization" of macroeconomic policies, especially financial, monetary and investment policies, and it is also necessary to make scientific appraisals of the "regional effects" of such a policy beforehand and afterwards.

Fifthly, localities have unequal opportunities for the development of public utilities in general, and education in particular. Since 1980, the Chinese government has gradually shifted the financial and administrative power on rudimental education to governments at different local levels. Today, the central authorities are mainly responsible for financing institutions of learning run by central departments and providing certain financial supports to the development of education in underdeveloped regions, while the local authorities are responsible mainly for financing institutions of learning run by local governments at various levels.

The development of rudimental education in China is becoming increasingly dependent upon local financial revenues and allocations of non-governmental resources. The vast income gap between regions, rural areas in particular, have resulted in serious inequity in funding for educational undertakings. In developed coastal regions, many townships and towns are making an annual profit of more than 10 million yuan, and it is only too easy for local governments to raise enough funds for education, whereas in the poverty-stricken central and west China, it is rather difficult to provide necessary funding for compulsory education, the schooling rate among school-age children are low, and it is uncommon to see schools in arrears with teachers' salaries.

#### **Chapter four: What Chinese Government Does to Narrow the Regional Disparities**

The gap between east and west China in development is a major issue which has commanded the attention of the Chinese government over the last few years. In his report to the 15th Party Congress held in 1997, General Secretary Jiang Zemin pointed out that the state was to increase its support of the central and western regions and strive in different fields to gradually narrowing the gap in regional development. Following are some of the major policy measures the Chinese government has taken.

First, giving priority to the central and western regions in arranging the tapping of resources and construction of the infrastructure. The state has adopted an investment policy in favour of projects for tapping natural resources in these regions. Major trans-regional projects in energy, transport, telecommunications and other infrastructure will be constructed mainly with government investment. The geographical distribution of the processing industry is being readjusted so that resource-processing and labor-intensive industries can be moved to these regions.

Second, instituting a standardized central financial transfer payment system and gradually increasing financial support for the central and western regions. With the development of the national economy and the central government's financial abilities, appropriations in support of these regions will be gradually increased.

Third, speeding up the pace of the central and western regions in reform and opening up to the

rest of the world. Upward of 60 percent of the loans from international monetary organizations and foreign governments will be spent on the central and western regions. Restrictions imposed to certain foreign-invested projects in the coastal regions may be appropriately loosened in the central and western regions.

Fourth, increasing the support for poverty-stricken regions and aiding the economic development in areas inhabited by ethnic minorities. Central departments, various walks of social life, and coastal regions the east will be organized to render all forms of support to Tibet and other regions inhabited by ethnic minorities, the areas around the Three Gorges reservoir currently under construction, and other underdeveloped regions. By the year 2000 China will have basically solved the problem of feeding and clothing the poor people in rural areas.

Fifth, beefing up the economic ties and technical cooperation between eastern coastal regions and central and western regions. The coastal regions are encouraged to invest in the central and western parts of the country, and a good job will be done to organize the flow of labor and service from central and western regions to coastal regions. Developed areas in the east are encouraged to cooperate in multiple ways with the central and western regions to tap local resources and make use of the abundance of local labor force to develop labor-intensive industries. Training and the exchange of personnel will also be stepped up.

It has gradually dawned on the Chinese that in narrowing the gap in regional development, the support of government policies is limited, and in final analysis, the problem can be fundamentally solved only by relying on the regions' own efforts. The efforts of these regions can be greatly increased with the progress made in decentralizing government power. To achieve substantial progress in decentralization, it is necessary to speed up the reform of the political system. In this regard China still has a long way to go.

Thank you.

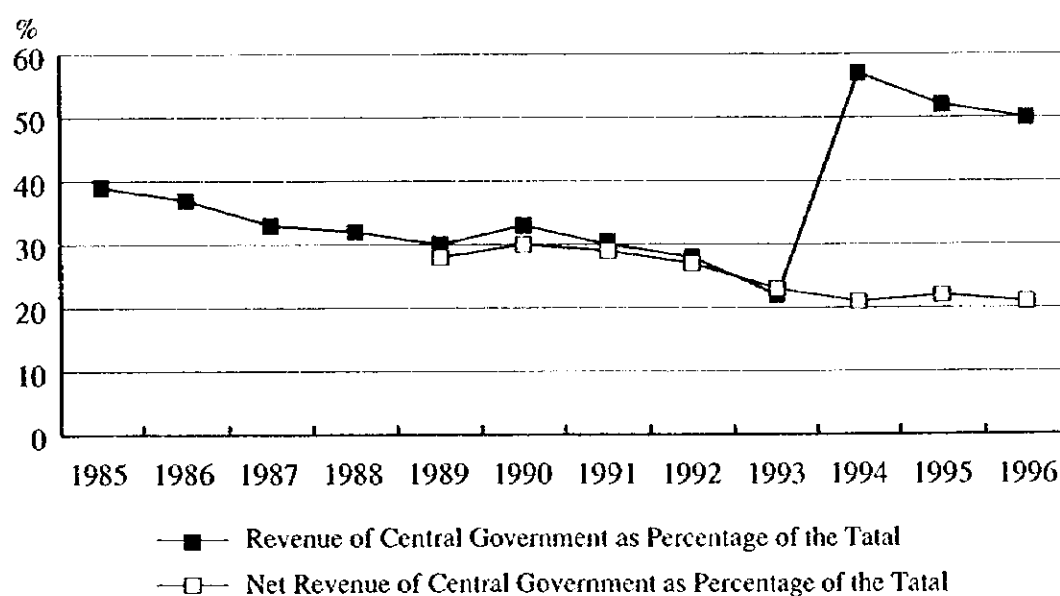
**Table 1: The Central and Local Enterprises of the State-Owned Industry in China**

Unit:100 Million Yuan(RMB)

	Total	Central Enterprises		Local Enterprises	
		Enterprises	Quantity Proportion(%)	Quantity Proportion(%)	
Enterprise Number	87905	4738	05.4	83167	94.6
Gross Output Value	25889.93	9000.77	34.8	16889.16	65.2
Value Added of Industry	8307.19	3831.87	46.1	4475.32	53.9
Value of Exports	2051.58	532.29	25.9	1519.29	74.1
Total Pre-tax Profits	2874.16	1635.05	56.9	1239.11	43.1
Total Profits	665.62	481.51	72.3	184.11	27.7
Original Value of Fixed Assets	30935.69	13423.06	43.4	17512.63	56.6
Net Value of Fixed Assets	17474.11	7315.67	41.9	10158.44	58.1

Source: *The Third National Industrial Census in 1995*, China Statistical Publishing House, 1997.

**Figure 1: Changing Net Revenue of Central Governments as Percentage of Total Revenue**



Note: Net Revenue of Central Government = Revenue of Central Government-Transfer Payment including a returning of local tax and subsidies + the Revenue delivered by Local Governments.

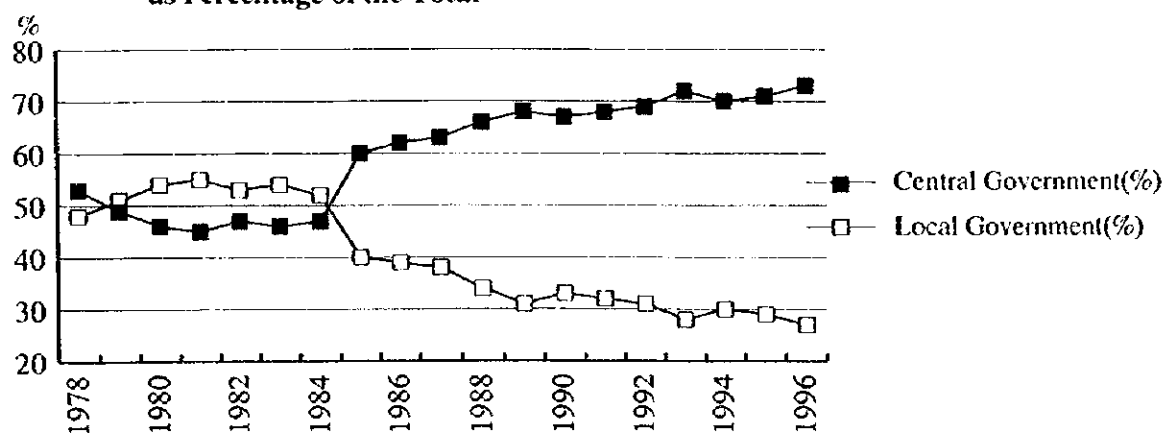
**Table 2: Investment in Capital Construction and Innovation of State-Owned Units in China**

Year	Capital Construction			Innovation		
	Total 100mil. Yuan (RMB)	Share of Central Projects (%)	Share of Local Projects (%)	Total 100mil. Yuan (RMB)	Share of Central Projects (%)	Share of Local Projects (%)
1978	500.99	53.2	46.8	167.73	na	na
1979	523.48	52.2	47.8	175.88	na	na
1980	558.89	52.4	47.6	187.01	39.3	60.7
1981	442.91	54.4	45.6	195.30	31.2	68.8
1982	555.53	53.4	46.6	250.37	26.1	73.9
1983	594.13	59.8	40.2	291.13	25.7	74.3
1984	743.15	59.4	40.6	309.28	24.5	75.5
1985	1074.37	53.5	46.5	449.14	23.3	76.7
1986	1176.11	53.8	46.2	619.21	24.0	76.0
1987	1343.10	56.7	43.3	758.59	23.3	76.7
1988	1574.31	55.5	44.5	980.55	21.6	78.4
1989	1551.74	54.0	46.0	788.78	26.1	73.9
1990	1703.82	53.9	46.1	830.19	27.5	72.5
1991	2115.81	50.1	49.9	1023.23	27.3	72.7
1992	3012.65	44.5	55.5	1461.11	25.4	74.6
1993	4615.50	39.8	60.2	2195.85	28.8	71.2
1994	6436.74	37.8	62.2	2918.61	31.2	68.8
1995	7403.62	40.1	59.9	3299.35	32.8	67.2
1996	8610.83	39.2	60.8	3622.74	34.5	65.5

Source: *China Statistical Yearbook(1997); China Regional Economies: A Profile of 17 Years of Reform and Opening-up*, China Statistical Publishing House 1996.

**Table 5: Expenditures of Central and Local Governments in China  
as Percentage of the Total**

Year	Total Expenditures (100mil. Yuan)	Central Government (%)	Local Government (%)
1978	1122.09	47.42	52.58
1979	1281.79	51.11	48.89
1980	1228.83	54.26	45.74
1981	1138.41	54.96	45.04
1982	1229.98	52.99	47.01
1983	1409.52	53.89	46.11
1984	1701.02	52.52	47.48
1985	2004.25	39.68	60.32
1986	2204.91	37.93	62.07
1987	2262.18	37.38	62.62
1988	2491.21	33.92	66.08
1989	2823.78	31.47	68.53
1990	3083.59	32.57	67.43
1991	3386.62	32.21	67.79
1992	3742.20	31.28	68.72
1993	4642.30	28.26	71.74
1994	5792.62	30.29	69.71
1995	6823.72	29.24	70.76
1996	7937.55	27.10	72.90

Source: *China Statistics Yearbook* (1997).**Figure 2: Expenditures of Central and Local Governments in China  
as Percentage of the Total**

**Table 3: Chinese Government Revenue and its Proportion to Gross Domestic Product**

Year	Revenue (100mil. Yuan)	GDP (100mil. Yuan)	Proportion of Revenue to GDP (%)
1979	1146.38	4038.20	28.40
1980	1159.93	4517.80	25.70
1981	1175.79	4862.40	24.20
1982	1212.33	5294.70	22.90
1983	1366.95	5934.50	23.00
1984	1642.86	7171.00	22.90
1985	2004.82	8964.40	22.40
1986	2122.01	10202.20	20.80
1987	2199.35	11962.50	18.40
1988	2357.24	14928.30	15.80
1989	2664.90	16909.20	15.80
1990	2937.10	18547.90	15.80
1991	3149.48	21617.80	14.60
1992	3483.37	26638.10	13.10
1993	4348.95	34634.40	12.60
1994	5218.10	46622.30	11.20
1995	6242.20	58260.50	10.70
1996	7407.99	68593.80	10.80
1997		74772.00	

Source: *China Statistical Yearbook (1997)*.**Table 4: Government Revenue as Percentage of Gross Domestic Product in Some States**

Year	1979	1985	1992	1993
United States	32.00	33.70	34.50	34.30
France	41.40	46.70	47.10	48.30
Germany	43.80	47.10	55.10	54.80
United Kingdom	38.10	43.40	39.80	39.50
Australia	31.00	35.60	36.70	36.90
Sweden	54.00	57.80	61.00	58.40
China	28.40	22.40	13.10	12.60
Singapore	23.90	38.10	32.60	35.10
Malaysia	28.40	35.00	31.50	31.40
Tailand	14.90	17.30	20.10	20.10

Source: *Local Government Finance (Beijing), No. 5, 1997*.



JICA International Symposium on "Local Development and the Role of Government"  
Session 2: "Local Development and the Role of Government"

## **"Capacity Building and Local Government"**

Presented by Dr. Michio Muramatsu  
Professor, Faculty of Law,  
Kyoto University

In this section I would like to explain how the Japanese local governments and the central-local relationship work. In my opinion, local government is one of the two major subjects in the issue of capacity building with which we are concerned in this symposium. The second is training of civil servant or competence in government. Problems of competence and capacity building center on attracting and retaining able youth for the civil service. In many developing countries where there are not so many jobs to meet the demand, it would not be difficult to recruit a cadre of well-motivated individuals for careers in the civil service. However, training them to develop their capabilities to adapt to changing environments is not easy. Competence involves ensuring that personal gain, based on corruption dose not become the driving ambition behind a civil servant's career. Clearly civil service is in my mind as an interest subject. Here, however, I will be concerned with discussion on the functions and shape of local government desirable for development and democracy. I would like to present the case of Japan.

### **1. History**

Looking back over the history of the Japanese local governmental system, we can see the relationship between two issues, that is democratization and capacity building, was rather simple. Clearly, capacity building came first. State institutions such as the civil service and the central-local relationship were established before introducing the constitutional law and parliamentary system. Chronologically, in 1884, the cabinet system and central ministries were organized. In the next year the University system and curriculum for entry for the civil service was established. Then came the civil service law. Just one year before the constitution went into effect and the parliament began to function, decentralization of the government was made and operations of municipalities started in 1890. Universal suffrage was introduced some 20 years after the constitution was introduced and Japan was still under the emperor's rule. Then the real era of democratization was introduced after the Second World War during the occupation period.

When we look at the developing countries at present, we can see they are facing the two issues of capability building and democratization, at the same time. Achieving these two goals, both of which are

indispensable to modernization, is a much more difficult job. One message that can come from the experience of Japan is that, for a good strategy of governance, state institutions should be introduced in sequence, one after another.

Next, I would like to go into some of the details of the local government in Japan. First I would like to explain the formal relationship between the central and local governments, which is not so strictly adhered to reality in several ways. In Articles 92 to 95 of our Constitution, autonomy of the local government is stipulated. However, we can not know the details of the powers and responsibilities of the municipalities and prefectural governments until we study the Local Government Act and other specific laws concerning the local governments including local finance. (By local government I mean here both prefectural and municipal governments.)

## 2. Legal Framework

The Occupation reforms introduced American elements into Japan. First, both the governors and mayors were to be publicly elected, thereby making prefectures and municipalities completely self-governing bodies with a dual representation (quasi-presidential) system of mayors/governors based on the direct election of officials and newly empowered local councils. Second, the Ministry of the Interior was abolished. Third, many direct democratic methods, such as the recall, initiative and referendum were introduced.

Many characteristics of the prewar integration model remained, however. First, the legal formula for the central - local linkage, called agency delegation, was carried over in practice. Agency delegation, which was used vis-à-vis municipalities was even extended to the governors, who had become local public servants rather than national bureaucrats. Second, the Ministry of Home Affairs, successor of the prewar Ministry of Interior, gradually became a stronger ministry, though its character was not quite the same as that of the Ministry of the Interior of the prewar period.

In this way, Japan mixed the prewar integration Model and the American presidential system in a unique way. However, this combination was not a stable one. Since 1945, there have been various attempts to stabilize the system. For example, Dr. Shoupc was dispatched from the United States in 1949 to examine the central-local relations and local finances, and he made several recommendations. He and other Americans rugged to clearly define the functions of governments (principle of making administrative responsibility clearer) and assign them according to the principle of giving priority to municipalities. This recommendation, which was obviously based on Separationist Model, was not implemented, however. Japan rather took advantage of the other principle that he advocated, which is a principle of efficiency. Many amalgamations of municipalities followed as a result of the recommendation. As the municipalities began to take over functions hitherto national government

functions, the central government had a strong interest in enhancing the capacities of local governments. It therefore encouraged amalgamation for this purpose by giving these local governments various financial and political opportunities.

I will explain the way the Japanese local governmental system operates by showing some charts.

### 3. Financial Framework

First, I would like to explain the revenues and expenditures of prefectural and municipal governments.

- Kinds of Taxes
- Other Revenue Categories of Expenditures

Then, I wish to emphasize the importance of the Local Allocation Tax, which functions to equalize the unbalances between and among the municipalities and prefectures.

As to this topic, I would like to explain how regional disparities can be corrected by the use of a reallocation formula of national tax revenue as follows.

First there is large-scale reallocation of revenue through earmarked and general subsidies in Japan. Table I shows the situation concerning tax share and fiscal transfer between the central and local governments from the historical perspective. In 1989 total tax revenues were 84,891 billion, which were divided into national and local taxes. Before fiscal transfers, local taxes account for only 35.7% of total revenue. However a substantial portion of national taxes is transferred to the local government.

Major fiscal transfers are of two broad types: transfer on the basis of conditions attached and tax-sharing grants on a lump-sum basis financed by the local allocation tax. Conditional grants are categorical grants transferred to subnational governments on the basis of a specific purpose. After reallocating the tax sources among different levels of the government, the final share of total tax revenues accruing to local government increased to 52.2 per cent. The ratio has been increased steadily for a nearly three decades. This means that one-third of national tax revenue is used at the local level. Table I shows the data concerning the central-local fiscal imbalances in industrial economies. Japan is the largest both in terms of imbalance and also the rate and amount of transfer from central to subnational governments.

The Second aspect is its equalization effects on financial resources. A comparison between per capita local tax revenue from general fiscal sources (i.e. local taxes, local allocation tax) of prefecture in 1993, shows the disparity in the financial resources among rich and poor regions is considerably reduced. In

Table 2, the richer and poorer local bodies are grouped into classes, according to per capital income in 1993. A marked difference is observed in per capital tax revenues among localities, the largest being Tokyo, the smallest being Okinawa, Aomori and a few others, and they correspond closely to the difference in those areas' economic resources and per capita income of inhabitants. In contrast to this, per capital revenues from general sources differ little among different prefectures. It may be assumed that the Japanese equalization system operates well, in general, to reduce territorial inequalities.

#### 4. Economic Development

Secondly, I would like to present an example of a case when the government promoted local economic development, in order to understand how the various actors are mobilized to establish a partnership in economic development. This is the case of the 1960s when Japan was in the midst of high economic growth period with the regained independence of the Japanese state from the US occupation, the Japanese government was very much interested in economic development in that period. In my analysis, both the conservative administration that is the Liberal Democratic Party, and the administrative linkage between the central and local governments played an important role in intermediating the national interests and local interests to produce efficient development policies. The national development plan of 1962 (Zenkoku sogo kaihatsu keikaku) was the plan that gave effective guidance to the developmental plans of local governments in the 1960s. Initially, the government-bureaucracy-advisory commission complex—the most important institutional policy-making arrangement in Japan—attempted to follow an economic approach to the location of new industries, which required investments to be concentrated in the Pacific coast area in about 7 to 10 places. However, Parliamentarians from the rural areas responded quickly and opposed these recommendations. They insisted on the political importance of the underdeveloped areas, and were deeply concerned over the disparity of income distribution among regions. As a result, the general development plan eventually emphasized not the concentration of investment, but the correction of the regional gap in income distribution. In the early policy stage several economic areas were to be selected for developmental targets. However, tremendous pressures' coming from the localities initially raised the targeted areas from several to thirteen, and they were eventually raised to nineteen.

Local governments contributed to economic development by inviting new industries to local areas. By the early 1950s four major industrial areas—Tokyo-Yokohama, Osaka-Kobe, Nagoya, and Northern Kyushu were already so congested that expanding industries could not find enough room to construct new factories. For this reason industrial dispersion plans are justified as they were in Japan in the 1960s. In Japan one of the roles of the national government in the plans for economic development was to encourage local governments to invite new industries and to persuade private industry to locate locally. In case of Japan, the national government created a special national aid policy by which it offered grants-in-aid to local governments that invested matching funds to pay for public facilities such as piers for sea ports, industrial roads, etc. (In developing countries of today, traffic jam in capital cities could be

comparable to the urban congestion.)

On the local governments' side, there were reasons to attract new industries to their areas in the 1950s and in the early 1960s. In this period, local communities suffered from financial deficits caused by increasing post-war demands for welfare and by expenses for recovery from disasters such as damages caused by typhoons. Another factor is the taxation system in Japan, which encouraged local communities to invite industries offering tax incentives regarding property taxes, enterprise taxes, and corporation resident taxes. Thus, in 1966 about 70% of all Japanese cities had created local ordinances giving incentives to new industries. These incentives typically included the following provisions: 1) the incoming industries would be exempt from paying local property taxes for 3 to 5 years; 2) the industries would receive land for industrial sites as a gift; and 3) the local government would promise to construct public facilities in support of business activities.

Local communities not only enacted ordinances to lure industries, but they were also active in establishing direct contacts with the big industries in Tokyo and Osaka. In addition, local officials would go to Tokyo to persuade the officials of the national government to grant special national support to their cause. Locally elected parliamentarians and local politicians along with local public officials went to the LDP headquarters and to the economic ministries of the national government. During this process, the New Industrial Cities Construction Act of 1962, based on the National Development Plan of 1961, played an extremely important role in mobilizing local energies. The new law promised to give special national aid and borrowing privileges to the designated areas to help them realize their plans for regional development. The national bureaucracy played an important role in guiding the local governments in defining the terms upon which industries were invited to locate in designated areas.

The participants in the making of decisions on economic development were conservative politicians, central ministries, business groups and citizens from local areas. There were many political consequences of the spread of industries in the new regions.

## 5. Environmental Issues

In the early 1970s Japan experienced cases of political conflict between the central and local governments. The early 70s, was the period when opinion was divided on various political and policy issues such as pollution and environmental disruption and Japan was searching for solutions to these problems. However, even before the 70s, in reality, there were many such conflicts concerning central and local governments, which were related to economic problems. Local communities sought to preserve their own business interests and their own way of life, while the national bureaucracy was trying to nationalize the economy and the standards of public services. In the 1970s the inherent nature of central-local conflicts took concrete form when the great emphasis on economic growth by the Japanese national

government was rejected or at least criticized by local communities with differing policy priorities. Furthermore, the reverse impact of local policy initiatives on the national policy outcomes was witnessed. That is, the opposition parties' local governments were successful in the late 1960s and early 1970s in criticizing the growth-centered policies of the national government. Crucial here were the so-called "residents' movements" and the increase of leftist local governments. In this period, responding to the above problems Japanese local governments expanded their role as policy makers in environment, city planning, welfare or many other policy areas on their own as well as agents of the central government. The 1970s was the transitional period for local governments.

## History

1868 Meiji Restoration (Modernization Efforts Started)

1888 Municipal Governments  
(Councilors Elected, Mayors Indirectly Elected)

1889 Meiji Constitution

1890 Prefectural Governments (Governors appointed)

1945 War (WWII ) Ended and Occupation Reform

1952 Independence Recovered

- \* Economic Growth
- \* Environment and Pollutions
- \* Welfare Programs and Financial Problems

1995 Decentralization Reform Commission Established

1997 Recommendations from the Commission

1998

# Local Revenue and Expenditures in Japan (FY 1996)

consumer tax and other (75.1 trillion yen)		Local Revenue (85.3 trillion yen)	Local Expenditures (85.3 trillion yen)
n a t i o n a l  t a x	Local Distribution Tax	local taxes (33.8%)	salaries (22.9%)
	grants to localities	additional local tax(2.0)	general administration (17.5)
		local distribution tax (16.8)	investment expenditures (31.5)
	national expenditures	grants from central government (13.1)	
		borrowing (13.0)	borrowing
	borrowing	others (6.6)	public enterprises (3.2)
			others (1.8)

## LOCAL ALLOCATION TAX

Sources : Income Tax + Corporate Tax + Liquor Tax×0.32 + A Part of Consumer Tax

### Estimation Formula

(For Each Local Government)

Sum of Allocated Money

= Basic Needs - Local Tax Revenue

### Equalization Effects Estimated From Allocation Per Capita

12 Large Cities      ¥ 25,083

Other Cities      ¥ 30,970

Town and Villages      ¥ 154,304



**Table 1: Vertical Fiscal Imbalance in ten countries (FY 1992) (%)**

Country		(a) expenditure share of subnational govt.	(b) revenue share of subnational govt.	vertical fiscal imbalance	
				surplus/deficit (b) - (a)	dependence on central transfer grants as % of current receipts
Federal Countries	United States	51.4 (40.7)	45.9 (34.4)	-5.5 (-6.3)	20.9
	Canada	65.3 (62.5)	53.2 (47.8)	-12.1 (-14.7)	35.4
	Australia	48.6 (45.9)	23.0 (24.6)	-25.6 (-21.3)	40.3
	Germany	58.6 (39.8)	47.2 (29.6)	-11.4 (-10.2)	18.5
Northern Europe	Denmark	57.3 (52.0)	32.3 (31.1)	-25.0 (-20.9)	45.5
	Sweden	47.6 (39.4)	38.7 (33.7)	-8.9 (-5.7)	22.2
United kingdom		31.9 (27.9)	0.07 (0.06)	-31.2 (-27.3)	79.8
Southern Europe	France	31.1 (17.9)	18.0 (9.7)	-13.1 (-8.2)	38.6
	Spain	43.6 (27.5)	19.7 (12.6)	-23.9 (-14.9)	46.6
<b>Japan</b>		<b>69.2 (49.3)</b>	<b>36.5 (25.1)</b>	<b>-32.7 (-24.2)</b>	<b>39.6</b>
average		47.3 (40.2)	27.0 (24.8)	-20.3 (-15.4)	36.0

(source) OECD, *National Accounts*, 1996., IMF, *Government Finance Statistics*, 1996.

note: 1. Account of social security fund is excluded.

2. In parentheses, account of social security fund is included.

3. Tax sharing arrangements calculated as "tax revenue".

4. In federal countries, subnational govt. includes both states and local level.

Table 3: Fiscal Equalization by local allocation tax (47 prefecture, FY 1993)

classification		prefectural tax revenue (hundred million)	local allocation tax (hundred million)	general revenue (hundred million)	per capita (thousand of yen)		
					prefectural tax	local allocation tax	general revenue
B	aichi	9,552	69	10,017	143	1	150
	osaka	11,369	272	12,232	130	3	140
	kanagawa	9,210	124	9,765	115	2	122
	shizuoka	4,495	927	5,853	122	25	159
	saitama	6,286	1,563	8,145	98	24	127
	chiba	5,652	1,448	7,408	102	26	133
	hyogo	5,738	2,286	8,400	106	42	155
	kyoto	2,800	1,213	4,221	108	47	162
	tochigi	2,188	1,240	3,621	113	64	187
	ibaragi	3,122	1,742	5,049	110	61	177
	fukuoka	4,363	2,394	7,039	91	50	146
	gunma	2,121	1,203	3,513	108	61	179
	hiroshima	2,930	1,837	4,971	103	64	174
	gifu	2,201	1,546	3,927	107	75	190
	shiga	1,398	1,079	2,574	114	88	211
	mie	1,949	1,469	3,586	109	82	200
	miyagi	2,342	1,661	4,183	104	74	186
C	okayama	1,925	1,752	3,830	100	91	199
	ishikawa	1,290	1,217	2,688	111	105	231
	nagano	2,266	2,116	4,606	105	98	214
	kagawa	1,064	1,072	2,220	104	105	217
	toyama	1,261	1,388	2,750	113	124	246
	fukushima	2,120	2,222	4,549	101	106	216
	nara	1,150	1,348	2,580	84	98	288
	fukui	1,082	1,152	2,317	131	140	281
	yamaguchi	1,505	1,757	3,394	96	112	216
	niigata	2,539	2,828	5,607	103	114	227
	yamanashi	879	1,228	2,202	103	144	258
D	hokkaido	5,205	7,114	12,837	92	126	227
	ehime	1,253	1,854	3,224	83	122	213
	wakayama	941	1,560	2,600	88	145	242
	kumamoto	1,364	2,306	3,816	74	125	207
	oita	1,003	1,865	2,984	81	151	241
E	yamagata	1,007	1,938	3,068	80	154	244
	saga	740	1,476	2,288	84	168	261
	nagasaki	1,095	2,320	3,528	70	148	226
	iwate	1,093	2,489	2,714	77	176	262
	kagoshima	1,200	2,743	4,085	67	153	227
	tokushima	688	1,565	2,319	83	188	279
	miyazaki	815	1,958	2,862	70	167	245
	okinawa	735	1,800	2,605	60	147	213
	akita	919	2,198	3,218	75	179	262
	aomori	1,041	2,471	2,626	70	167	245
	tottori	486	1,356	1,914	79	220	311
	shimane	615	1,848	2,546	79	237	326
	kochi	590	1,863	2,531	71	226	307
F	tokyo	23,191	—	24,447	196	—	206
average		138,779	80,878	229,456	112	65	186

Source: MOHA's data.

Note 1: general revenue means the sum of prefectural tax, local allocation tax, and local transfer tax.

Note 2: 47 prefectures are grouped into 5 categories based on the index of fiscal capacity.

A 1.0~, B 0.5~1.0, C 0.4~0.5, D 0.3~0.4, E ~0.3

**INSTITUTIONAL AND TECHNICAL CONSTRAINTS IN NARROWING  
REGIONAL DISPARITIES IN INDONESIA  
(THE CASE OF THE INTERGOVERNMENTAL GRANTS POLICY)<sup>1</sup>.**

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*Summary*

*The objective of this handout is three-fold. First, to summarise the salient features of the broad patterns of regional development in Indonesia. In here, the handout documents the great interregional disparities as judged from several indicators such as: economic activities, income, social, and production structure. Findings from the most recent studies on the issue of regional convergence is also reported. They confirm the non-convergence trends in Indonesia. Second, this handout surveys the most important government's policy approach in dealing with the issue of regional disparities. Here, the nature of the grants system (as the most important government's policy instrument), as well as the underlying institutional feature within which this policy operates, will be outlined. Finally, this handout examines, in a more detailed manner, the performance of this policy in trying to narrow the regional disparities. Then, it will summarise findings from various studies as to how the underlying institutional setup dilutes the potential effectiveness of this policy in narrowing regional disparities.*

***1. Patterns of Regional Disparities: A Non Convergence Tendency.***

Thanks to the improved database collected by the Central Bureau of Statistics (BPS), the stock of studies on the patterns of regional development in Indonesia has increased (see for examples: Panggabean: 1997; Garcia-Garcia and Soelistianingsih, 1997; Hill, 1997; Akita and Lukman, 1995; Azis, 1995, 1992; Barlow and Hardjono, 1995; Kim, Knaap, and Azis, 1992; Hill, 1992, 1989; Devas, 1989; Ravallion, 1988; Kameo and Rietveld, 1987; Uppal and Sri-Handoko, 1986; Giarratani and Soeroso, 1985; Ibrahim and Fisher, 1979; Esmara, 1975). All of these studies examine, from various angle and using different sets of data, the pattern of regional development in Indonesia over the last 25 years.

Having surveyed all of those literatures, It is interesting to conclude that interregional disparity is still wide. Some even come down to one common conclusion: that the interregional disparity in Indonesia is neither closing nor widening. In other words, the broad pattern of interregional disparities in Indonesia has been characterised by a non-convergence tendency. Five salient features of this survey is worth reporting. Each feature (i.e., interregional disparity in: (1) economic activity; (2) income; (3) social indicators; (4) production structures, as well as; (5) trends in regional disparities), is summarised below.

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1. Handout presented in JICA's international symposium on "Local Development and the Role of Government", Tokyo, 5 March 1998.

The first feature is regarding the interregional variations in economic activity. The distribution of activities between regions in Indonesia is highly uneven. Roughly two-third of the Indonesian economic activity (measured in terms of non-oil GDP) takes place in Java. The rest one-third is shared by regions in the islands of Sumatra, Bali, Kalimantan, Sulawesi, Maluku, and Irian Jaya (we call it non-Java, for simplicity purpose). Within the non-Java groupings, in only four provinces (North Sumatra, South Sumatra, South Sulawesi, and East Kalimantan) do economic activities appear to be relatively significant. Such a picture has been similar over the last twenty-five years.

Second, is regarding the interregional income disparities. Using non-oil GRP as a measure of income, Hill (1997: 8) noted that the province of Jakarta is the only really high income province. Only a small number of other provinces are marginally above the national average: North and South Sumatra, East Java, Bali, Central Kalimantan, and South Kalimantan. Further, Hill (1997) also noted that nine provinces of Eastern Indonesia, and all three provinces in Nusa Tenggara areas are poor. Using household expenditures data as a measure of income, interregional disparities appear to be less uneven. However, the conclusion reached from using this data set is not very different from the one reached by using the non-oil GRP data. More importantly, ten years ago the conclusion reached was the same with this.

Third, is regarding the interregional disparities in social indicators. Here, the record has been rather different than what income and economic activity suggests. According to standard education and health indicators, interregional disparities in Indonesia are low and declining. Provinces in Nusa Tenggara areas are, once again, stand out as the least developed regions in Indonesia. Again, such a picture has been the same for the last ten years or so (see: Hill, 1997, 1992, 1989; Kim, Knaap, and Azis, 1992; Hill and Williams, 1989).

Fourth, is regarding the interregional disparities in production structures. Java and Bali are regions where almost all footlose export-oriented and import-substituting industrial activities located. Outside Java, location of such industrial activities is found in Batam and North Sumatra. Natural resource based industries, on the other hand, are concentrated more in outside Java. Production of cash crops are also located in off-Java, especially in Sumatra, West Kalimantan, and parts of Sulawesi. With regard to service economy, Java (especially Jakarta) stands out as the most developed region. This conclusion is of no different with what it was ten years ago.

Finally is regarding the trends in regional disparities. This is a comparison of interregional relativities over a period of time. Studies by Panggabean (1997), Garcia-Garcia and Soelistianingsih (1997), Akita and Lukman (1995), and Amiruddin (1992), suggest that no significant changes has occurred in interregional disparities. Their findings reinforce the previous assertions.

## ***2. The Role of Government in Narrowing Regional Disparities in Indonesia.***

In dealing with the problem of regional disparities, I could not mention another policy, more important and larger in scale, than the intergovernmental grants policy. The scale of this policy is large. In average, over the last 15 years, this fiscal instrument takes about 8 to 9 per cent of the Indonesian GDP per year.

In principle, this grants system is to finance decentralization. However, in Indonesia, this single policy has another objectives: to stimulate local economies as well as to create a more balanced development. That's why this policy has always been at the very centre of the central government's economic strategy. Using this fiscal instrument, the central government pools all financial resources before being distributed to regions. Through this policy, regional socio-economic performance was kept relatively stable even when the national economy (i.e., between 1978 and 1989) was subject to large external shocks.

This strategy, however, is not without costs. First, while the flow of funds may be favourable from regional economies' viewpoint, such a system has created chronic fiscal dependency on central government transfers. Two thirds of subnational governments' revenue derived from this source. Second, the success by which a balanced development can be achieved has become very sensitive to the design of this fiscal instrument. Just when the design of this instrument is unintendedly biased against equity and efficiency principles, fiscal disequalisation and inefficiency occurs; and, as will be shown later, that affects the potential achievement that this policy's objective is supposed to achieve (i.e., a balanced regional development).

I limit my policy observations only on this grants policy instrument. This handout will describe the performance of this system. Simultaneously, I will try to show how technical and institutional aspects of this policy have affected this policy's effectiveness. Subsections below will describe several salient features of this policy.

### ***2.1. Decentralization Format in Indonesia: A Brief Description.***

To begin with, it is necessary to outline the decentralization format in Indonesia. This is important since grants system exists within the context of decentralization.

There are three principles of governance in Indonesia. The first is called decentralization principle. This term is broadly defined as the devolution of functions to subnational levels of government. Though the definition seems clear, in practice the functions devolved represents a small fractions of the real functions. The second principle is deconcentration, meaning field administration of central government. The third principle is called co-administration, which essentially is a combination between deconcentration and devolution whereby local government as an autonomous entity can be instructed by the higher government level to execute a particular function or authority on its behalf (i.e., delegation of functions). While the definition seems clear enough, in practice it is not.

More importantly than just definition, perhaps, is the implementation practice of these three principles. First, in practice the deconcentration and co-administration principles have been the two most important principles in shaping the centralization of authority in Indonesian system of subnational governance. Both principles reinforce the already unclear division of functional responsibilities. Second, within this approach, not only that the decentralization of allocation power through the local tax is very limited, but also that the decentralization of managerial power is low. Even in the areas where functions have been officially devolved to subnational governments, the central government still retains its role in decision making. Third, along with this centralized approach plus a relatively weak accountability character of the

local bureaucracy, the limited character of decentralization has created numerous implications for the nature of local budgetary choices regarding spending and spending efficiency. Finally, this institutional setup is uniformly applied across the whole country. This is the institutional environment within which the intergovernmental grants policy operates.

## ***2.2. Nature of the Grants System: A Brief Description.***

Now we talk about the grants system itself. The grants system in Indonesia comprises of two main components: the INPRES development grants, and the SDO routine grants.

The INPRES development grants consists of seven separate components and each launched in different years starting 1969. They all have different administrative features, formulae, and weighting. Hence, the total amount of grants received by each region becomes the sum of various individual grants, each of which is assessed and allocated separately by the relevant ministries. The effect of such a design has been on the fluctuation of the effective (as in contrast to nominal) weighting over time. An unsystematic and inconsistent approach to interregional equalisation, has, therefore, resulted.

From administrative side, there are also conflicting perceptions with regard to INPRES grants. BAPPENAS (National Planning Agency) argues that grants intended to finance decentralization principle since the grant effectively finance decentralised functions. Meanwhile, the Ministry of Home Affairs claims that this is the financial implication of the co-administration principle (i.e., the third principle of local governance in Indonesia) since the INPRES funds are the central government's money. This conflicting interpretation has its effects, i.e., on the extent of control and discretion over the funds. While BAPPENAS interpretation would mean a movement towards a more decentralised use of funds (and thus towards a block-type of grant), the Ministry of Home Affairs' interpretation would mean continued close scrutiny and specification over the use of monies (and thus towards a specific-type of grant). The prevalence of such a conflicting interpretation is mainly attributed to the failure in clarifying the three principles of governance adopted.

The same story happens with the SDO component of the grants system. SDO comprises of around ten individual grants (by 1996). Each of it has its own objectives. Not all of the elements has an allocation formulae. The per capita amount of each individual grant is also small. Most of them raise a number of issues in relation to equity and efficiency. For examples, some elements of this grant are being distributed without a clearly defined allocation criteria (in the sense that allocations do not take into account differences in spending needs, cost variations, and revenue capacity factors); some others do have allocation criteria, but the way they are calculated upsets the principle of equity in allocation (see: Panggabean, 1997). The question, then, is: with such a design, how does the system perform?

## ***3. The Role of the Grants System in Narrowing Regional Disparities.***

### ***3.1. The Effects of Grants on Interregional Equalisation.***

Let us first talk about the good story of this grants policy. While it is true that the subnational

governments are chronically underfinanced, intergovernmental grants system has apparently helped adjusted the fiscal deficiencies at subnational level by financing a major part of the local expenditure responsibilities. This, has enabled the subnational governments to participate in the provision of merit goods and thus in the redistribution of opportunities, access and hence income. However, certain vertical fiscal imbalances remain.

It is argued before that the way the intergovernmental grants are distributed means that they have not been able to neutralize the fiscal imbalances between the three levels of government. Hence, the following results occur. First, equalisation of horizontal fiscal imbalances is rather weak. The analysis done by a number of studies suggest that the distribution of grants only mildly compensates for interregional differences in expenditure needs and costs. Equalisation of fiscal capacity between regions is even weaker. This result leads me to assert that intergovernmental grants bring about interregional equalisation only in a limited sense. This means that differentials in fiscal opportunity and access between regions remain, which in turn reduces the contribution of the grant system in bringing about interregional equity. Econometric analysis presented by Panggabean (1997), Garcia-Garcia and Soelistianingsih (1997), and Azis (1992) confirm the above assertion: that the equalisation in income per capita between regions tends to be very slow, even after including grants within the estimation process. However, It may be fair to also comment that the interregional variations in growth rates are generally the result of private or sectoral investment pursuing the greatest returns. The grants system, at least by design, has the role as an antidote to this tendency. We could plausibly speculate that in the absence of this grants, disparity would have been worse. Some specific findings pointing at the suboptimal performance of the grants system are worth reporting and summarised below.

First, the intergovernmental grant system has addressed the issue of vertical equity by financing the subnational governments' expenditure responsibilities, enabling them to provide merit goods and thus contribute to the redistribution of opportunities, access and income. However, the vertical fiscal imbalance has not not been fully eliminated.

Second, the evidence suggests that the role of grants in bringing about equalisation of horizontal fiscal imbalances is rather weak. Statistical assessments indicate that the grants system scores low with respect to equalisation in fiscal capacity, and moderate in relation to equalisation of both spending needs and costs of service provision. Hence, the grants system only mildly compensates for interregional differences in expenditure needs and costs of service provision, while having barely any effect on equalisation of fiscal capacity between regions. As a result, differences in fiscal opportunity and access between regions remain, thereby reducing the grant system's contribution to interregional equity.

### ***3.2. The Effects of Grants on Interregional Growth.***

Not many studies, apparently, focus on this issue. From some studies which are available, a common conclusion may be reached. Using an econometric analysis, there is an evidence to suggest that incremental changes in a region's total stock of capital accounted for by INPRES grants appear to play little or no role in regional per capita income growth. In other words, INPRES investment appears not to

be productive. By comparison, there is some evidence, albeit not much, to suggest that sectoral investment (made by the government) is productive and that it contributes to interregional growth in per capita income. In contrast to INPRES, private sector investment is invariably productive. This result, however, does not rule out the possibility that the infra-marginal productivity of INPRES investment may still be substantial even when its net additions to the total capital stock make very little or no contribution to growth. Explanations for this relate to the structure and the institutional environment within which this grant operates.

To add, the existing studies on this issue also suggest that the design and the structure of the grants system does not provide adequate incentives for efficiency improvements. Panggabean (1997) demonstrates that the underlying institutional environment has severely constrained the beneficial effects of grant on regional economic growth stimulation, through its negative effects on resource mobilization, on stimulation of capital spending, on investment productivity, and on allocation and productive efficiencies.

With regard to So, no resource mobilization incentive is incorporated into its design. Evidence from the field suggests that in its policy process, the centralize system of personnel, coupled with inadequate arrangements in personnel administration, has led to misforecasting of the level of So required. As a result, there has been some opportunity loss in terms of the number of development projects which could have been undertaken within that fiscal year had resources been more accurately allocated. Organizational and personnel structures themselves are inefficient so that the efficiency of So, which is directly linked with them, is distorted. A Link is also established between the centralize authority and local budgetary choice. It is suggested that pressures from rigid and centralize organisational and personnel structures prevent the subnational governments from providing sufficient funds for capital spending and for operation and maintenance purposes. While the former would mean a slower rate of capital formation in regions, the latter would affect the long term productivity of grants-generated assets.

Next, the design of the development grants includes virtually no element to promote local revenue effort. This prevents the development grants from being effective in stimulating local resource mobilisation. Field evidence suggests that the link between grants and other sources of investment is weak within the planning cycle. In other words, the planning and budgeting processes do not ensure a complementarity between public and private investment. Hence, the potential effects of grants on the savings rate locally is reduced.

Finally, regarding the nature of the assignment of functional responsibilities which inhibits an efficient allocation of resources. Evidence was put forward to claim that the distortion in the choice of investment is also the result of an overly detailed specification. Some more field evidence also suggests that policy fragmentation, weak administrative capacity, and delays in disbursement all reduce the productivity of the assets which are generated and contribute to inflation in the costs of investment.

All of the above field findings helps to explain why development grants appear to have little impact on regional economic growth. In addition, the unclear division of functional responsibilities may inhibit the adoption of a least cost combination of inputs for production of goods and services (i.e. production



efficiency).

### ***3.3. How Institutional Factors Affect the Effectiveness of Grants System.***

Finally, the analysis on the benefit incidence of grants-funded programmes shows that institutional arrangements can weaken the redistributive effects of the grants (see: Panggabean, 1997; Shah, et al., 1994).

The field examples presented by some studies suggest that the way programmes are planned or implemented can potentially dilute the effectiveness of intergovernmental grants in reaching the poor. Unclear definitions of functional responsibilities are shown to have diluted the potential effectiveness of grant-funded programmes. Limited discretion given to local authorities, lack of accountability on the part of executive branch of local government, and lack of co-ordination between government agencies, are also factors which can displace the incidence of benefits from grant-funded programmes, and so reduce the impact of these grants on interregional and interpersonal equity. Finally, field evidence presented in many studies shows that institutional arrangements can weaken the redistributive and allocative efficiency effects of the grants. It was shown that the way programmes are planned and implemented can potentially dilute the effectiveness of grant-funded programmes in reaching the poor. Unclear definitions of functional responsibilities, limited discretion, and the lack of co-ordination between government agencies, are all institutional factors which can dilute the potential efficiency effects of grants policy in narrowing regional disparities.



**INSTITUTIONAL AND TECHINICAL CONSTRAINTS  
IN NARROWING REGIONAL DISPARITIES IN  
INDONESIA:  
THE CASE OF THE  
INTERGOVERNMENTAL GRANTS POLICY**

Presented by Dr. Adrian Panggabean  
Faculty of Economics  
University of Indonesia

**Indonesia: Some Facts...**

- ◆17,000 islands
- ◆2 million square kilometres of land (or 5 million square kilometres-incl. waters)
- ◆5,000 kilometres in distance (East-West)
- ◆200 million population
- ◆More than 200 different ethnic groups and languages

**Administrative Structure...**

- ◆Unitary state in the form of a Republic
- ◆27 Provinces
- ◆303 Local Governments
- ◆3,840 Sub-districts
- ◆5,000 Urban Kampongs
- ◆63,721 Rural Villages
- ◆4 Million civil servants (1 million of which is subnational governments' employees)

**Broad Patterns of Regional Development...**

- ◆Disparities in economic activities (2/3 of Indonesian economic activity is in Java). The same for the last 25 years.
- ◆Disparities in Income, Using non-oil GRP-income is uneven (Jakarta is very high, Eastern Provinces and Nusa Tenggara are poor, small number of regions are marginally above national average). Using household expenditures data-income is less uneven.

**...Patterns of Development (Cont'd)**

- ◆Disparities in social indicators. The same story and magnitude as ten years ago.
- ◆Disparities in production structures (interregional differences in production basis). No change over 10 years or so.

◆Trends in disparities confirm the non-convergence tendency:

- The speed of convergence is low.
- Weak tendency towards convergence.

**Such a Pattern Exists...**

- ◆Despite the government's continuous effort to balance the development using the grants system...
- ...which has been in place since 1969
- ...and very large in scale (8-9% of GDP)
- ...targeted to all lower levels of government
- ...which is relatively reliable, even during bad economic times

**Econometric Tests Suggests That...**

- ◆Grants as an economic instrument only affect regions' production structure marginally.
- ◆Investments made through grants appear to play little or no role in regional percapita income growth.
- ◆In other words: productivity of grants-funded investments is marginal.
- ◆The effect of grants on interregional income equalisation is also marginal.

**Two Types of Constraints:**

- ◆The Ability of this fiscal instrument to achieve the objective is constrained by two factors:
- ◆Technical constraints (i.e., the design of this fiscal instrument)
- ◆Institutional constraints (i.e., the underlying institutional framework within which this policy operates)

**Technical Constraints...**

- ◆Originated from the failure to put in place rational design in the fiscal system:
- ◆First, the grants are prescribed in too much detail. Hence introduce distortions into the system.
- ◆Second, the system does not provide adequate incentives for efficiency and equalization.

**To be specific...**

- ◆Virtually no fiscal capacity equalization element is included
- ◆The element of fiscal effort is only marginally represented
- ◆Fragmented nature of the system. Hence, produces unsystematic approach to equalization
- ◆In a number of the grants' elements, objective allocation criteria are missing

**What's more...?**

- ◆The grants system scores low with respect to equalization in fiscal capacity

◆The grants system only scores moderate in relation to equalization of both spending needs and costs of service provision

◆In effect, the grants' contribution to interregional equalization is reduced.

#### **Institutional Constraints...**

◆Functional boundaries overlap. The way grants-funded public programmes is thus being affected.

◆Administrative arrangements for the various elements of the grants are cumbersome.

◆The link between grants-funded investments and other source of investment is weak within the planning cycle.

#### **What's More...?**

◆Policy fragmentation, weak administrative capacity, and delays in disbursement contribute to inflation in costs of investments. Reducing potential efficiency.

◆Lack of accountability to electorates inhibits the promotion of an optimal choice of spending of the grant's funds.

#### **Recent Developments...**

◆IDT—Grants to Poor Villages with strong Eastern Indonesia Focus.

◆PP No.8/1995—Experimental Programme of Decentralization (Pilot Regions).

◆Enactment of Law No.18/1997—Law on Local Tax and Charges (Effective on 23 May 1998).



## **JICA International Symposium on Local Development and the Role of Government "Local Governance - Cebu Experience"**

**Presented by Hon.Mayor Alvin. B. Garcia,  
Cebu City Mayor,  
the Philippines**

Ladies and gentlemen,

A pleasant good afternoon!

I will talk about Local Development and Governance in the context of decentralization. But first, allow me to give a little background and history of the city where I sit as Mayor. Cebu City is the biggest city outside Metro Manila. It has a population of about 800,000 people occupying approximately 33,000 hectares of land, 15% of which is a densely populated coastal plain.

Cebu was discovered by Spanish explorer, Ferdinand Magellan in 1521. At that time, it was already a thriving port city. He planted a cross therein which today still exists. He moved on to nearby Mactan Island whose inhabitants distrusted him. He waged war against them and in the heat of battle, Magellan was mortally wounded. At present, an old monument marks the spot where he died.

Magellan's men fled in their boats and eventually returned to Spain through the Southeast Asian seas, the Indian Ocean and Cape of Good Hope. This is the first recorded circumnavigation of the world since they started their trip from the Spain through the Atlantic Ocean, then to the Pacific Ocean passing Cape Cod.

In 1565, another Spain explorer, Miguel Lopez de Legaspi landed in Cebu. He moved to other parts of the Philippines and eventually colonized the entire country. He introduced the first rudiments of a formal government when he organized the numerous settlements he visited and subdued, into a colony of Spain.

The early form of Colonial government was highly autonomous. Local tribal Chieftains had full control over their areas, exacted tributes (taxes) from them and defended them from external threats. In turn, these chieftains share part of the tributes to Spain through the Colonial government in Manila. As the local communities grew and governing them from afar became more complex, the central government established administrative bodies in the local communities and this was the beginning of local governments as we understand it today.

When the Americans took over the Philippines at the turn of the century, local governments as previously described, were already in existence. They were highly decentralized and autonomous. In order to fulfill the America's self-proclaimed mission to educate the Filipinos and develop the Philippines prior to granting it independence, they moved to centralize power in the National government headed by an American Governor-General (such title is similar to General MacArthur in Japan after the Pacific War). Even the title evokes vast powers and resources at his disposal.

By the time, the Philippines was granted independence, it inherited a highly centralized National government based in Manila. When the Congress of the newly independent Republic convened, it realized the importance of decentralization to spur local development. They passed laws on decentralization and

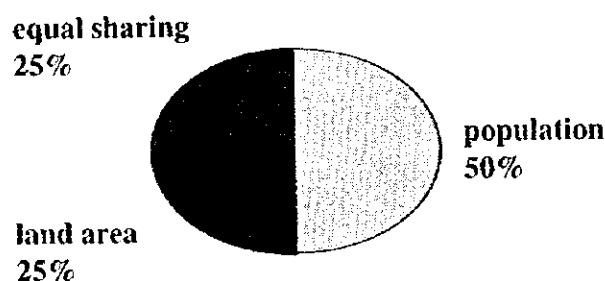
local autonomy only to be derailed once again in 1972 when President Marcos declared Martial Law. He arrogated all powers into himself so that all local governments had to literally beg on their knees to get favors from him.

## LOCAL GOVERNMENT CODE OF 1991

It took another 5 years, after the overthrow of President Marcos, for a responsive Local Government Code to be enacted. Although acknowledged locally and internationally as a very progressive piece of legislation for local development, it has attained some successes and suffered some drawbacks in its implementation.

### REVENUE GENERATING POWER

Cebu city has taken advantage of this power granted by the Code. It now has a broader tax base than before. The Code, however, prohibits the Local Government Units (LGUs) from assessing taxes on Internal Revenue, such as income taxes, excise taxes, turnover taxes, sales taxes, customs duties, etc. These taxes are lumped together in a pie and distributed back to the LGUs on a formula based on : population 50%, land area 25%, and equal sharing 25%. This is called IRA (Internal Revenue Allotment).



#### · Drawback

The formula does not take into consideration the amount of contribution the local government has placed in the pie. Usually, big income-generating local governments need bigger infrastructure and other support than others in order to sustain its growth and progress. Hence, the need for a bigger share.

#### · Advantage

The formula acts as an equalizer to the poorer regions who do not generate much income, they will still get their share on the basis of the Formula without regard to income contributed therein. A good cure for regional disparities.

The broader tax base of LGUs enumerated by the Code include Real Property taxes, Mayor's License and Permit Fees, Amusement Taxes and other minor taxes. The big and progressive LGUs take advantage, while the smaller LGUs cannot.



**Advantage:**

Cebu city and other progressive LGUs are developed enough and the values of their real properties are sufficiently high to mean considerable assessments and the concentration of businesses are sufficiently dense to make collection activities cost-effective.

**Drawback:**

In smaller LGUs where property values are low and businesses are few, small and dispersed, it costs more to collect than the revenue intended to be raised, this taxing power is ineffective.

## **PEOPLE EMPOWERMENT**

Another window of opportunity opened by the Code is for people and private sector participation in local democratic processes. The Code mandates the creation of many special local bodies, the biggest of which is the City Development Council. Recently this body met and decided to have a master plan created for the development of Cebu City and bid it out to interested consulting firms.

Cebu City Local School Board and People's Law Enforcement Board (PLEB) are also very active. The former is now undertaking a massive school-building program under its own budget and is also implementing an Intranet/Internet connectivity program; while the latter has been meting out disciplinary actions against erring policemen.

How come some bodies are more effective than others? It boils down to the know-how of the people who lead and comprise these boards. These who have the initiative and experience can take advantage of the Code. These who don't, just hold meetings.

## **OTHER FORMS OF LOCAL FINANCE**

The Code enumerates other development finance options and some LGUs have taken advantage of them. Mandaluyong City built a market through the BOT scheme (Built-Operate-Transfer), the Province of Cebu issued bonds backed by real estate, Legaspi City and San Carlos City floated bonds for its socialized housing projects, Cebu City has a pending socialized housing bond flotation, BOT for a housing condominium, a market and a City Hall annex.

Given the demand for capital for development projects in local governments, it seems surprising that these forms of development financing are still the exception rather than the rule. I know of only less than 10 LGUs of the over 1600 LGUs in the Philippines using these innovative schemes. Why aren't there more of them? My guess is that only a few LGUs can access the know-how to take advantage of the opportunity. Those who can, do it. Those who cannot, use traditional means of financing.

## **THE LOCAL GOVERNMENT CODE: CONCLUSION**

Six years has passed after the Code has taken effect, many LGUs have indeed benefited from its provisions. But progress has also been hindered because it has often been defined in the context of the

Code, when progress should be defined on its own terms.

For example, a highly-respected award for local government programs is given partly on the basis of how the program is taking advantage of the Code. It's almost saying that other beneficial programs are not successful if these did not take advantage of a Codal provision.

The tragedy of the Code is that many people have come to think of it as the end-all and be-all of decentralization. Many of us labor under the illusion that we have decentralization because of the Code. We have forgotten that the Code is there, because of decentralization, to foster the inherent autonomy that has been the birthright of local communities since time immemorial.

The Code provides opportunities, but there are other opportunities outside of it. And where it provides limitations, alternative means may be provided through other legislation.

In other words, our attitude towards the Code should be : take advantage of its opportunities, but do not be limited by it. Otherwise, from being a window for the empowerment of local governments, the Code becomes the wall that hems them in.

## **ACCESSING OFFICIAL DONOR ASSISTANCE**

Donors look for places that are most likely to produce results for their investment. For its Governance in Local Democracy (GOLD) Program, for example, USAID chose LGUs where the local chief executive is noted for his leadership, accomplishment and innovativeness. Donors also want to put in their money where the local government has demonstrated a capability to implement previous projects. I would like to think this is part of the reason why there is much OECF/JICA assistance to Metro Cebu.

Why are some LGUs more capable than others in implementing ODA-assisted projects, and therefore more capable of exploiting Codal provisions for direct ODA interaction? The principle applicable on revenue generation, is also applicable to accessing Official Donor Assistance. Provisions in the Code that allow LGUs to benefit from direct contact with donor agencies are only good for those LGUs which are ready for such contact.

These are LGUs which are ready with their own development and infrastructure plans because they have appropriate technology such as GIS (Geographic Information System), or maybe CADD (Computer-Aided Drafting and Design). They have state-of-the-art communications and networks, Intranets and Internet connectivity. In short, they have strong project development capabilities.

LGUs which are not ready and are caught napping on the side of the road have little chance of getting on the ODA gravy train.

## **Regional Disparity**

This dynamics of growth leading to further growth has created disparities in regional development. Leaders from the provinces and cities outside Metro Manila complain about "Imperial Manila" for the disproportionate amount of public and foreign funds expended in the capital. At the same time, because Metro Cebu has attracted so many grants and loans, neighboring provinces and regions have started complaining about "Imperial Cebu" .

It is clear that the level of development is different between regions. When this difference increases because of the disparity between the regions' capability to attract more investment or to access ODA, maybe it's time for some kind of attempt to level the playing field.

### **Project Development Offices**

What I hoped to underline in the previous discussion is that opportunities do not actualize themselves. What matters most is whether a city has the capability to take advantage of an opportunity. May I therefore propose that Official Donor Agencies or the National Government be directed first towards helping LGUs or regions attain a minimum level of capability that allows them to take advantage of opportunities - inside and outside the Code. Such assistance could be specifically directed to those LGUs or regions which so far have not availed the subject of any official donor assistance or project. In particular, I would propose helping LGUs Or the regions set up their own Project Development Offices. Donor agencies can provide training, capital outlay, or equipment/software. The project to be developed may be for revenue generation, human resource development, planning, etc.

### **PERIODIC LGU-ODA FAIR**

I would like to propose a two-part event. The first part is an introductory meeting between City Mayors, Development and Planning Officers, Finance Officers and Development Agencies. During this meeting, the Donor Agencies explain what kind of projects they can support, and present guidelines for proposal. The LGU officials then go home to consider their needs and opportunities. Using their new Project Development Office they start working on their proposals. At this point it may be necessary for them to contact a specific Donor Agency for clarifications.

The second part takes place after a sufficient period of time for proposal preparation, a month or two thereafter. In this latter event, the LGUs take their proposals to various ODA tables, or ODA representatives, who receive and browse the proposals in booths set up by the LGUs for this yearly event. The arrangement is supposed to work like a fair or a market, give the sellers an opportunity to meet the buyers.

### **Looking beyond the elections**

After the coming elections in May, the new Congress will have to review the Local Government Code. I am confident that we can improve and fine tune the Code further based on our experiences with it in the past 6 years.

In the end, after the amendments shall have been proposed, discarded or accepted, we will still end up with a document that will not be perfect. It will still contain opportunities, as well as limitations.

My advice then would be the same - let's take advantage of the opportunities, but seek not to be hemmed in by the limitations. After all, our quest is not for an perfect document, but for the promotion of local autonomy for effective local governance.



**The Role of ODA in Advancing Regional Development  
and the Capacity Building of Local Governments  
March 5, 1998**

**Presented by Mr.M. Kojima  
Managing Director, Planning Department , JICA**

**1. The Importance of Regional Development and the Capacity Building of Local Governments**

- (1) Mega-City problems and the widening gap between big cities and rural areas.
- (2) The increasing importance of the role of local governments in the process of decentralization and increasing autonomy.
- (3) Self-determination of political and administrative system in each country including the relations between the central government and local governments.

**2. JICA's Activities**

**(1) Technical Cooperation**

- ・ Receiving trainees and specialists
- ・ Sending experts
- ・ Providing necessary equipments
- ・ Project-type technical cooperation
- ・ Development Studies ( F/S, M/P )

**(2) JOCV (Japan Overseas Cooperation Volunteers)**

**(3) Emergency Disaster Relief**

**(4) Implementation of Grant Aid Program**

**3. The Role of ODA in Rural Development and the Capacity Building of Local Governments**

- (1) Economic and social aspects--Rural developments and developments ← of local communities, which also serve for the capacity-building of local governments together with narrowing gaps.
- (2) Political and administrative aspects--local administration, local autonomy and decentralization
- (3) Mode of project - type cooperation
  - ・ Center type cooperation
  - ・ Local development type cooperation
  - Increasing importance of close coordination between the central government and the local governments, and the clear identification of budget allocation and responsibilities

4. Coordination between JICA and the Japanese Local Governments and the Active Utilization of Their Expertise in Carrying out JICA's Activities

(1)Receiving trainees(573 persons in 32 prefectural governments in FY1996)

(2)Sending prefectural experts(157 local officials from 31 prefectural governments in FY1996)

- Direct contribution of the Japanese local governments and local autonomy.

5. Process of Decentralization and increasing Local Autonomy in the World and the Emerging Aspects in Carrying out ODA

(1)Shifting authorities and budget allocation from a central government to local governments

- Increasing importance of the role of local governments, in particular, in carrying out cooperation in rural development and their capacity building.

(2)The role of the central government in G-G base cooperation

- Confirmation of the intention and priorities of the central government

- Importance of respecting initiatives and ownership of local governments in carrying out cooperation

## **THE ROLE OF DEVELOPMENT ASSISTANCE IN LOCAL GOVERNANCE PROGRAMMING —WHAT WE THINK WE'VE LEARNED IN THE PHILIPPINES**

**Presented by Dr. Michael M. Calavan  
Chief, Office of Governance and Participation  
U.S. Agency for International Development, Manila**

I've been asking myself why I was invited here. My best guess is because USAID is doing cutting-edge programming (in place well before I arrived) and because I said some fairly provocative things in recent meetings with JICA teams in Manila. I'm not here to convey official USAID policy, but to talk about what we've learned about supporting democratic local governance in the Philippines. I hope I can do that in a way that provokes discussion without seeming arrogant.

First, a little background information:

- The Philippines passed a far-reaching Local Government Code in 1991. (The only law we know of that is even roughly equivalent is Bolivia's.)
- Significant new financial resources were made available under the "Internal Revenue Allotment", a share of national revenues.
- Local governments also have significant authorities to make and enforce laws, raise revenues, and hire local full-time staff.
- In USAID/Philippines, work in this area is a governance and democracy activity.
- Our project in this area is GOLD—"governance and local democracy". (There is a handout.)

Now for some tentative lessons learned:

### **I. Optimism, not pessimism is called for**

- Surveys about problems and shortcomings of local government bring predictable, traditional, not-very-useful answers. It's more useful to ask about broad, positive trends.
- Our field observations and periodic Rapid Field Appraisals give ample reasons for optimism. (RFA#7 is available as a handout.)
- Of course, we're working with "the best", but if we want to support fundamental change, what other course is reasonable?

### **II. It's okay to (carefully) embrace open politics**

- We don't do this in an over-enthusiastic, young lover's way, but more like mature Latins.
- But we work directly with governors, city and municipal mayors, local legislators, even barangay (village-level) officials.

- We won't support any candidate or party in the coming local elections, but hope ongoing activities under the GOLD project will be discussed and debated during the campaigns.
- We're very pleased the (non-partisan) local government leagues are becoming potent political actors. (For example, by shaping debate on revision of the Local Government Code.)
- Some project Technical Working Groups are headed by elected leaders, others by local government employees, NGO leaders, or private business leaders.

### **III. The obvious way to strengthen local governance is to work with local governments**

- We don't attempt to strengthen local governments by working through a national government agency, and now that we don't, find it ironic we did so in the past.
- We do work directly with 9 provinces, 2 independent cities, and their constituent municipalities and barangays.
- We also work closely with 3 local government "leagues" (for provinces, cities, and municipalities) and a new "league of leagues".
- Most expertise under the project is provided by Filipino consultants. We're optimistic they will sell their services to local governments after the project ends.

### **IV. Demand-driven programming can really work**

- We began by "advertising" for partners, and chose the most promising. (Not the richest, but the most creative, energetic, and transparent.)
- Project staff really don't enter a situation with a ready-made program hidden in their brief cases.
- Project activities were identified at large (70-175), participatory workshops where the governor's vote weighed no more than other participants'.
- Demand-driven programs have predictable similarities, but also some striking differences.
- Project activities are directed and pushed hard by Technical Working Groups and "Protocols".
- Project inputs are limited to facilitation/coordination services, and short-term technical assistance.
- There is extensive cost-sharing. Local governments pay some of the costs of workshops, cross-visits, etc. and are regularly creating new budget line items to ensure long-term support of activities initiated under the project.

### **V. It's time to move participation from rhetoric to reality**

- The GOLD project brought a particular package of facilitation skills (called the "Technologies of Participation") to the Philippines. Filipinos love it.
- ToP is simple and teachable, but highly adaptable, and has been used in dozens of ways in about 1000 events.
- Over 900 people have been trained in ToP, and use is spreading well beyond the project.
- Impressive uses of ToP include a large participatory 5-year planning in Bohol Province, 250 Barangay Planning and Budgeting workshops in several provinces, and in our work with politicians and revenue



officials on improving local property tax collections.

—Perhaps 30,000 people have participated in one or more participatory workshops/  
dialogues/planning sessions.

• Cost-sharing is a potent participation technique.

Perhaps I've confused you enough. I'll gladly answer questions in this session, talk to you informally later.