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The Excluded Poor

How Targeting Has Left out the Poor
in Peripheral Cities in the Philippines

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Abstract

Constrained by resource limitations and challenged by the increasing incidence of poverty in the country, the Philippine government embarked on an anti-poverty programme that sought to identify where the poorest people were, what were their specific needs, and how government and other stakeholders (e.g., non-government organizations, international development agencies, and the private sector) should respond to their pressing concerns. Despite deficiencies in methodology, poverty statistics in the Philippines have recently become not only as the means of identifying the most deprived regions or provinces, but also as a weather vane that points to where resources and efforts need to be directed and how these are to be spent.

This paper scrutinizes the gains of this approach with particular reference to the urban poor in two cities: Butuan, the capital city of Agusan del Norte, once home to the largest logging operations in Mindanao, and Tagbilaran, the capital of the tourist province of Bohol. .../.

Keywords: urban poverty, poverty targeting, Philippine cities

JEL classification: I32, O18, Q56

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The study concluded that the poor in the cities in the periphery are sidelined by two different trends. On one hand, their needs and concerns are prioritized less because of a poverty targeting framework that dictates how development interventions are to be pursued and how development funds are allocated. On the other hand, their needs and concerns oftentimes are underinvested because of their relative low significance as an urban centre in comparison to other cities. If these trends continue, the future of cities, particularly those located in the peripheries of an archipelagic country like the Philippines, will become increasingly characterized by added poverty and vulnerability.

Acronyms

ADB Asian Development Bank

AIM Asian Institute of Management

CBN cost of basic needs

LGUs local government units

MDGs Millennium Development Goals

NGOs non-government organizations

NSCB National Statistical Coordination Board

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1 Urbanization and poverty

In recent years, several studies linking population and development have indicated that in the near future, the world will witness a phenomenon whereby a greater number of poor people will be living in urban centres, particularly in the developing world. Ravallion (2001) calls this trend the ‘urbanization of poverty’, where the ‘urban sector’s share of the poor population in a developing country will be strictly increasing’ (ibid).

Two separate and distinct realities characterize this trend. At one end, demographic transformation is predicted to occur—‘urban population growth of scale’ (Brockhoff 2000)—where the urban population in the developing world is expected to double to four billion by 2025. At the other end is the shift in the locus of poverty from the rural to urban areas (Haddad, Ruel and Garret 1999) where both the absolute number of poor people in urban areas and the urban’s share of poverty and undernourishment relative to rural areas are projected to increase.

Urban poverty, or more appropriately the poor in urban locations, is brought back into the development agenda because of the recent commitment of governments, non-government organizations (NGOs) and international donors to reduce poverty by half in 2015 as articulated in the Millennium Declaration. Because poverty measurement is largely monetary, the generalization that the majority of the world’s poor in the developing world live in rural areas is inevitable. Country statistics, using for example the dollar-a-day criteria, have shown that, indeed, the majority of the poor live in rural areas and will continue to be so in the next decades (Ravallion, Chen and Sangraula 2007).

This generalization is highly instructive, especially in a context where resources are minimal in comparison to the magnitude and depth of poverty. It influences policy prescriptions of both recipient and donor governments that respond to the problem of destitution using gravity, or urgency as primary criteria. With the popularity of poverty targeting as a function of social policy, there is the expressed concern that the poor in urban areas are left out of the process.

One pervasive argument supporting this claim is the insufficiency of monetary measures to capture the circumstances of the poor in urban areas (Mitlin 2004), notwithstanding the fact that data on this may be inadequate for most countries in the developing world. Monetary measures, for sure, do not capture the multi-dimensionality of poverty (Laderchi, Saith and Stewart 2003) and there are several deprivations that are more pronounced in urban places when compared to rural areas (Beall and Fox 2006). Also, monetary measures ignore the fact that it is more expensive to live in cities than in other places (Satterthwaite 2003), and rural conditions oftentimes provide alternative sources to satisfy basic needs apart from cash income. Thus, it was argued, that the urban poverty count in most countries is grossly understated.

While theorists argue that treating urban poverty as a separate conceptual category is problematic because of the arbitrariness of the classification and its potential to divert discussion to the structural causes of deprivation (Wratten 1995), this paper asserts, along with others, that the experience of deprivation in urban contexts is distinct from the rural, although both realities are invariably linked (Tacoli 1998). While other development authors argue that urban poverty is much less serious than rural poverty

(Sahn and David 2002), this paper takes the stand that poverty, wherever it is located, is a serious concern and demands attention, recognition, and response.

These arguments, amongst others, will be advanced in this paper, particularly in the context of the Philippines, which is considered to be one of the ‘world’ major development puzzles’ (Balisacan and Hill 2003), and whose economic growth performance in the last 20 years earned the description: stray cat amongst East Asian neighbours (Vos and Yap 1996).

2 The Philippine urban landscape

The Philippines is an archipelago of 7,100 islands located in Southeast Asia with a total land area of roughly 300,000 square kilometres. The country consists of three major island groups: Luzon, site of capital city, Manila, and considered to be the political and economic centre of the country; the Visayas where Cebu, known as the Queen City of the south is located and is ranked second in terms of economic significance; and Mindanao, the southern part where Davao, an equally important city and the only metropolis of the Muslim south.

There are a total of 136 cities in the country (see Table 1), 22 per cent of which are considered metropolises, 28 per cent as mid-sized (population exceeding 200,000), and 50 per cent as small cities (with less than 200,000 inhabitants). Thirty-six cities are also considered as highly urbanized. Demography, in addition to local revenue and land area, is the primary determinant for the classification. Metropolitan cities are those that comprise Metro Manila (located on the Luzon island group), Metro Cebu (Visayas island group), and Metro Davao (Mindanao).

This system of classification is not without problems. In the last 20 years, because of the less stringent classification requirements and because of the alleged politicization of the process, several cities have been designated as urban despite being largely rural in character and where only a few of the basic political units (*barangay*) would qualify as urban, even in terms of the population criterion indicated by the National Statistics Office. As such, several cities, especially the small and mid-sized ones, are predominantly rural, and do not reflect the modern, sophisticated environment of urban centres of the developed world.

In most of these areas, the expectation that cities will ‘play a key role in economic growth, contribute a greater share of GDP, and generate economic opportunities for their growing populations’ (Amis and Grant 2001) does not find solid ground. In the recent study of the Philippine Cities Competitiveness Ranking Project of the Asian Institute of Management, for example, dynamism of the local economy (defined as business growth and performance, access to financing, and voice of business sector in local government units or LGUs) is considered the weakest of all the factors evaluated (AIM 2008). Among the 90 cities evaluated, only ten were rated between 5 and 6 on a scale of 10, and most of these cities were either metropolises or mid-sized.

Also, Philippine cities continue to challenge the belief that cities are ‘islands of privileges’ (Harisson 1982) and reinforce the fact that cities no longer hold the promise of lifting people out of poverty. Of the 104 cities where poverty measurements were

done by the National Statistics Office, 42 had poverty incidence rates of more than 30 per cent based on the dollar-a-day norm, despite the fact that using this measurement criterion can lead to an underestimation of urban poverty (Satterthwaite 2004).

Table 1
Comparative number of cities in the Philippines, 1977 and 2007

Regions	Number of cities in:	
	2007	1997
Total	136	61
Luzon	64	24
Visayas	39	20
Mindanao	33	17

Source: NSCB (2007).

3 Understanding, measuring and addressing poverty

Official poverty measurement in the Philippines uses the cost of basic needs (CBN approach), in which poverty lines are calculated to represent the money resources required to meet the basic needs of the household (referred to as the food threshold), including an allowance for non-food consumption (referred to as the poverty threshold) (NSCB 2005). Basic food requirements are defined using area-specific menus comprising of low-cost food items available locally and satisfying minimal nutrition requirements as determined by the Food and Nutrition Research Institute (currently equivalent to 2000 kilocalories per capita).

To determine the poverty line, a food menu which is representative of both the urban and rural areas of the country is constructed and forms the food threshold. The expenditure patterns of households within the ten percentiles in the income distribution are then utilized to determine the poverty threshold, which is the cost of minimum food and non-food requirements of every household (Virola and Encarnacion 2003). The poverty threshold is used to compute the poverty incidence, which refers to the proportion of families with income less than the poverty threshold to the total number of families in the population (NSCB 2005).

This method, however, has some technical deficiencies. For example, food menu is used instead of food basket and is based on a low-cost menu instead of a nutritionally adequate menu. Moreover, the non-food requirements are measured using indirect cost estimation (Virola 2002). Also, the computations are done on a per household basis, thus poverty incidence is computed at the household level and not per capita, thereby ignoring the age and gender of household members as well as the economies of scale (Balisacan 1998).

Nevertheless, results of this exercise are used by the government and other organizations in the design of poverty reduction programmes. In the current discourse on poverty reduction conditioned by the larger context of the Millennium Development Goals (MDGs), poverty statistics, whether dubious or not, realistic or not, have been highlighted in every forum tackling the country's growth and development. It was estimated in 2006 that, given the country's population of 84 million, 32 per cent of the poor exist below the official poverty line, that is, one out of every three Filipinos do not meet the official poverty line (Balisacan 2008).

As a corollary exercise to national poverty estimation, the NSCB occasionally releases poverty maps. These are essentially spatial representations and analyses of indicators of human wellbeing and poverty (Davis 2002) and have become increasingly important tools in the implementation of poverty reduction programmes (Henninger and Snel 2002). In the Philippines, their primary use is to ‘identify where the poor are, analyse their poverty status and needs and determine how poverty assistance can be delivered effectively’ (Domingo 2003) as well as to ‘raise awareness on the extent of poverty and provide a basis for the allocation of scarce resources’ (Virola 2002). Inarguably, poverty mapping is an exercise that subscribes to the targeting paradigm in solving poverty, as opposed to universalism, because of resource constraints (Mkandawire 2005).

As a consequence, poverty statistics in the Philippines have recently become not only the means of gauging the economic circumstances of people on the national scale, but also of identifying the most deprived regions or provinces and strategizing for the needed interventions. Because poverty in some areas is more pronounced than in others and the resources of the government as well as other development players are scarce, the strategy for poverty reduction is targeting, and the target of resources is the identified areas of deprivation.

4 Addressing poverty: the KALAHI programme

The current Philippine government’s poverty reduction programme is lodged with the National Anti-Poverty Commission and this is known as *Kapit Bisig Laban sa Kahirapan* (Linking Arms Against Poverty) or the KALAHI project. While different poverty reduction programmes have existed in the past, these were all implemented under the poverty targeting frame.

The KALAHI project has spent around US\$8 million as of 2004 to implement its different interventions through a pilot-demonstration scaling up model (WB 2005). The programme also has a heavy focus on basic social services, conditioned by the MDGs and the deprivation levels identified: access to water, housing, financial capital and early childhood education. Earlier livelihood projects were significantly rural-focused in nature and urban projects largely concentrated on improving land tenure security and housing, as well as basic social services. Only eight cities benefited from the programme, implying that the project perceives rural poverty more urgent than urban deprivation.

Poverty statistics have influenced this school of thought. As indicated in Table 2, between the years 1985 to 2000, poverty in the rural areas was more severe than in urban localities. Based on official statistics, poverty affected 47 per cent of the rural families in 2000; this has been virtually unchanged since 1988. Although the incidence of poverty among the urban population fell from 30.1 per cent in 1988 to 19.9 per cent in 2000, the absolute number of poor urban families grew by 11 per cent between 1997 and 2000.

This is a serious concern, in view of the fact that urban poverty is highly underestimated because official family income and expenditure surveys exclude those without official or permanent residences, a feature which largely characterizes the poor in urban areas (ADB 2005). This is also accentuated by the fact that in the Philippines spatial income

inequality is relatively high. The ratio of the mean income of those living in Metro Manila and Western Mindanao is 3:1, indicating the presence of income disparities between regions and between provinces (Balisacan and Fuwa 2004).

Table 2
Changes in poverty incidence and in the number of poor families

Period	Rural		Urban		Total	
	Change in poverty incidence (%)	Change in no. of poor families	Change in poverty incidence (%)	Change in no. of poor families	Change in poverty incidence (%)	Change in no. of poor families
1985-88	-4.4	-73,000	-3.5	-51,000	-4.0	-124,000
1988-91	2.3	-99,000	1.0	649,000	-0.3	550,000
1991-94	-1.6	76,000	-7.1	-326,000	-4.4	-250,000
1994-97	-2.6	294,000	-6.1	-314,000	-3.7	-20,000
1997-2000	2.5	343,000	2.0	286,000	1.9	629,000
1985-2000	-3.8	541,000	-13.7	244,000	-10.5	785,000

Source: National Statistics Office figures adapted from ADB (2005).

5 The poor in peripheral cities: lost in aggregation?

It is now apparent that the poor in cities are sidelined in two ways. First, as earlier argued, poverty measurements understate the magnitude of urban poverty because of inadequate income measures as well as the non-inclusion of respondents in the estimation. Second, because poverty statistics influence policy, and as rural poverty is indeed is more pronounced than urban poverty, alleviation programmes seem to miss the city poor.

A recent report of the KALAH I programme indicated that out of the country's 136 cities, the programme was able to assist around 60. Based on this, we can say that the poor in urban centres are not left out of the poverty reduction discourse. A closer scrutiny of available data reveals that most of the implemented projects were on water access, roads, land tenure and basic education.

An interesting fact, however, is the location and the classification of the cities where the project has had an impact on. Table 3 tabulates the city recipients of the KALAH I programme according to region and major island groups. According to the table, 44 per cent of the country's cities were helped, but the variation between island groups and regions is intriguing. Most of the cities receiving support were in Luzon, home to the national capital region, and location of the national seat of political power. This reinforces the argument that development policy in the Philippines has favoured the Luzon islands and discriminated against peripheral islands of Visayas and Mindanao (Balisacan and Fuwa 2004).

Some of the cities selected for the programme were highly urbanized cities, or what the AIM study calls metropolises. In the national capital region alone, all the recipient cities were classified as highly urbanized and first class cities. Out of the 60 assisted by the programmes, 23 cities were, according to country classification, considered fully urbanized. These two realities indicate the fact that while poverty in the cities is sparingly addressed because of underestimation, poverty in the peripheral cities is overlooked by the national poverty targeting programme.

This paper defines peripheral cities as those characterized by three distinct features. First, they are geographically peripheral to Manila, where the executive, legislative, and judicial branches of the national government are located. Second, they are economically less significant, as their contribution to gross national product is relatively low, and third, their institutions are not strong enough to assert their local significance, attract domestic or international attention, and decide their own directions.

Table 3
Cities targeted by KALAH! poverty programme

Regions	Recipient cities	
	Number	% to total no. of cities
Total	60	44
Luzon	38	86
Visayas	12	31
Mindanao	10	30

Source: Author's calculations based on KALAH! Report.

6 The case of two cities: Butuan and Tagbilaran

To advance the arguments made above, this paper examines two peripheral cities, Tagbilaran located in the Visayas region, and Butuan in Mindanao. The selection is not random, as we want to examine two subnational city types: a small or medium sized urban centre as per the NSO classification, and a highly-urbanized one. Second, the paper wants to examine cities with a distinctive urban concern that is underinvested by both local and national governments. Third, the availability of data for purposes of analysis was also a consideration.

Based on these criteria, the city of Butuan in Agusan del Norte and Tagbilaran City in Bohol were chosen as primary research sites. The particular concern of Butuan is its problem of squatting that becomes accentuated by the risk of river floods that occur regularly in the rainy season, also occasionally in disastrous proportions. In the case of Tagbilaran City, the focus of research is on waste disposal system. Both issues have tremendous, but incalculable repercussions not only to people but also to the environment.

6.1 Butuan City

Butuan City is located in the central part of the province of Agusan del Norte in northern Mindanao, and serves as the regional centre of Caraga Administrative Region or Region 13. The City of Butuan comprises a wide coastal plain connecting the Las Nieves-Bayugan-San Luis alluvial plain which is part of the Agusan-Davao rift. A mountain range straddles the southeast boundary, with Mount Mayapay at 675 metres dominating the area. To the east is the biggest river in Agusan and one of Philippines' seven major waterways, the Agusan River, which flows northward into the Butuan Bay. It is moderately deep and is navigable by small vessels as far as Agusan del Sur.

As of 2000, population of the city totalled 267,279, of which 50.47 per cent are male and 49.53 per cent female. Cebuano remains the pre-dominant dialect and is spoken by 72.6 per cent of the people. Also in the same survey year, the labour force of the city accounted for 171,000 workers, while the unemployment rate is 13.7 per cent.

The average annual family income is estimated at about PhP55,317, but 61 per cent of the families live on less than the average. The major sources of income are service-related jobs: driving pedicabs, operating small stores, street vending and others. One of the major problems of the city is squatter settlements, affecting over 13,000 people (Sealza 2006).

In 1995, the registered literacy rate was a high 95.6 per cent, but school drop-out rate is also considerable: 3.1 per cent for elementary and 9.5 per cent for secondary schools. The completion rate for elementary education is 74.1 per cent and 63.1 per cent for the secondary schools.

Health and sanitation facilities in the city are generally poor, with only about 83.3 per cent of the households having sanitary toilets. The leading causes of morbidity in the city are influenza, diarrhoea, pneumonia, bronchitis and malaria, while the leading causes of mortality are pneumonia, cardiovascular diseases, cancer and PTB. Infant mortality is 23 per thousand births, with the common causes of infant mortality being respiratory distress syndrome, bronchopneumonia and diarrhoea. There are also many cases of still births or pre-mature births. About 34 per cent of the children aged six and under suffer from malnutrition (Sealza 2006).

6.2 Tagbilaran City

Tagbilaran City is the capital city of the Bohol province in the Central Visayas region of the country, and home to provincial government offices, non-government organizations, academic institutions, and businesses. It covers a total land area of 32.7 square kilometres, encompassing a total of 15 *barangays*, 11.35 per cent of which comprise the city's urban district.

The city is a resource-poor area in terms of natural endowments. Although the surrounding the province of Bohol is predominantly agricultural and resource-rich, agricultural productivity within the city is minimal, as farming land and fishing grounds are limited. Tagbilaran, however, is home to several service establishments that support the rapidly growing tourism of the province and it has been argued that the tourism industry has fuelled the growth of the city (Acejo, Del Prado and Remolino 2004).

Based on the most recent official census, the city in 2000 had a population of 77,700, with a 48:52 male to female ratio. Tagbilaran, constituting approximately 6 per cent of the total population of the province, has a relatively young population, with more than 65 per cent of its inhabitants aged below 30 years old. Population growth rate since 1948 has been around 3 per cent.

In the same survey year, Tagbilaran's labourforce was 49,512, with an unofficial unemployment rate of 18 per cent. Apart from the government the major employers are the service and trading establishments which account for 95 per cent of the city's total business activity. The presence of manufacturing establishments in Tagbilaran is very limited, only around 4.4 per cent, majority of which are small- to medium-scale enterprises largely in food-related production.

Literacy rate in the city, based on a recent survey in 2004, is high (99 per cent) although school participation rate is estimated to be relatively low: 60.8 per cent at the elementary level, and 59.56 per cent at the secondary level. Recorded drop-out rates

have been below 2.5 per cent since 1994. Noteworthy, Tagbilaran City is the academic capital of the province, having 80 per cent of tertiary educational institutions located within the city.

7 Housing, floods, and poverty: the case of Butuan City

7.1 Magnitude of the problem

Butuan City's problem of informal settlers and squatters is serious. A total of 13,024 families were living in unserviced settlements in 2005, by 2008 the number had increased by 3 per cent, to 13,366. It is argued that this prevalence, as well as the increase in the number of informal settlers in the city, is due to natural increases as well as in-migration (Sealza 2006). The households in the unserviced settlements represent 25 per cent of the city's total household population.

The city is made up 86 *barangays*, 36 of which have problems with informal settlements. Of these, 23 or 64 per cent are located in areas classified as low-lying and disaster prone. While the city area is in general considered low-lying, these *barangays* are located in areas where flooding is a common occurrence on rainy days, affecting more than 7,700 households. Heavy rains normally occur between June to August, and between November to January, although this pattern has drastically changed over the last five years.

The problem of floods in Butuan, known the country's loggers' kitchen, is the outcome of its long history of logging operations over the last few decades of the twentieth century. Massive destruction of the Caraga region's forests (by some estimates, 90 per cent) took place during the dictatorship of Ferdinand Marcos when logging concessions were irresponsibly granted to his cronies and confreres. Logging, however, continues and there are still 23 small and medium-scale logging companies operating in the region. Environmentalists contend that the frequent flooding in Butuan City occurring almost on an annual basis is caused by 'indiscriminate, uncontrolled, and discreet logging of trees' (Serrano 2005).

As indicated in Table 4, the total number of families affected by floods ranges between approximately 500 for small overflows to tens of thousands for bigger catastrophes, causing massive damage to people and their livelihoods. According to the office of civil defence, the 2006 flood alone induced damages valued at 41.2 million pesos in the Caraga region, 50 per cent of which concerned people's livelihoods.

Table 4
Floods and affected families, 2002-07

	2002	2003(a)	2003 (b)	2004	2006	2007
Total no. of <i>barangays</i> affected	51	2	37	29	54	22
No. of families affected	11,149	523	16,623	11,668	22,154	8,218
No. of persons affected	52,264	3,138	69,185	51,555	112,516	34,759
No. of families evacuated	597	0	1067	0	0	0
No. of persons evacuated	2,383	0	4824	0	0	0
No. of evacuation centres	21	0	29	0	0	10

Source: CSWD

7.2 Response to vulnerability

Proactive measures were undertaken by the city government to respond to the problem. Prior to 2002, the city government conducted disaster awareness programme and prevention activities but these were not enough. The major task of the city social welfare and development agency and the disaster prevention and reduction office was focused on rescue and evacuation during a calamity. But in 2002, flood control mechanisms such as the construction of an earth-embanked levee and cut-off channel and a viaduct were undertaken with a loan from the Japanese government through JBIC. These safety measures, completed in 2007, are believed to have reduced the flooding in some areas.

Nevertheless, heavy rains still cause flooding in the city. Even though the number of people affected has been greatly reduced, downpours still cause risk to the residents in at least three *barangays*, where vulnerability to floods has not been alleviated with the construction of control infrastructure. After 2005 these *barangays* were already earmarked for relocation to a rural area within the city: plots had been offered and housing assistance, although not sufficient, was made available. However, most of the residents had been adamant in their refusal not to move from their current location, an area in the proximity of the river banks and the city proper.

Their refusal is founded on two factors: they lack the money and their livelihoods are dependent on the nearby city activities, particularly in the informal economy. While the government offered to provide alternative livelihoods, these did not correspond to their normal earning patterns (which were daily-based) and would have required a longer gestation period (e.g., farming and handicrafts). An estimated 90 per cent of the residents lack steady jobs and usually work as hired labourers on an irregular basis, peddlers, load carriers, household help, construction workers, among others. The relative low growth rate of the business sector has accentuated the city's problem of inadequate labour absorption.

The city administration of Butuan has spent several millions on its economic development programme, allocating during 2002-07, 937 million pesos for economic development such as bridges, farm-to-market roads, irrigation, training, and capital funds largely for farmers. On the other hand, a total of 17 million pesos was spent for labour and employment services, but this was largely allocated to training, assistance to qualified workers to work abroad, among others, and not specifically addressing the employment needs of vulnerable communities.

8 Tagbilaran's waste and its potential impact to the poor

8.1 Where will all the waste go?

In 2004, the provincial planning and development office conducted a poverty monitoring exercise to determine the levels of deprivation of every local government unit in Bohol. Tagbilaran City was part of this exercise which sought to determine the level of poverty of the *barangays*, using a set of indicators including malnutrition, mortality, crime, disability, access to water and electricity, food shortage, health

insurance, income, housing, literacy, sanitary toilets, house and lot ownership, and garbage disposal systems.

Interestingly, in the survey, all households in the city were found to have environmentally-unfriendly garbage disposal practices. In Tagbilaran, until recently, waste sorting is not practised, although trash is regularly collected by a government-commissioned garbage collection system. Burning of trash is still practised in some areas, especially those not proximate to the city, and household and commercial waste are dealt as one.

Tagbilaran has an open dump site, where collected garbage is accumulated regardless of type. Before the enactment of Republic Act (RA) 9003 (Ecological Solid Waste Management Act) by the Philippine legislature in 2000 that prohibits open dumping systems in the country, garbage was burnt in the open in Tagbilaran City. Now, garbage is merely stored in an open area three kilometres from the city centre, left either to rot or for recycling by scavengers.

Liquid waste also is a problem. A construction company hired to upgrade the road and drainage system discovered that there were various illegal tapping of the drainage system; illegal, because untreated water from the septic tanks of several establishments was channelled to the public drainage system which should have been used for grey water only.

The bulk of waste as well as grey water is so enormous that it causes flooding in some parts of the city during heavy rains. The water cannot be disposed in the sea, as it is untreated. As there is no water treatment facility, this creates a major problem. Yet, the city took no action to penalize those with illegal connections and flooding continued until the city government authorized the opening of the drainage water outfall on 9 November 2008, even though the necessary clearance from the Department of Environment and Natural Resources (DENR) was not available. This resolved the problem of flooding but jeopardized the marine resources and the livelihood of several people.

8.2 Probable impact on the city's poor

The government of Tagbilaran has done little to respond to the alarming problem of waste management. An inter-local government unit sanitary landfill was conceptualized and is currently under construction. This could have served Tagbilaran and the eleven adjacent municipalities but the city government opted to construct its own sanitary landfill facility. The announcement was made a year and a half ago, but nothing concrete has been done, and Tagbilaran's solid wastes still go to an open dumpsite.

The captain of Dampas, the *barangay* where the dumpsite is located, voiced his concern that his constituents were greatly affected by the open dumpsite and requested for its closure, citing city ordinance RA 9003 as the basis. The leading cause of morbidity of the city, and particularly in Dampas, is respiratory-related diseases such as acute respiratory infection, bronchitis, pneumonia, and TB. Also, pneumonia is one of the leading causes of death over the last eight years. While this does not imply causation, the issue deserves further interrogation, especially in a city where hospitalization costs are high and a significant number of the poor have no health insurance.

The city government's reaction on the wastewater problem was also slow. Although the order to disconnect the illegal intrusion into the city's drainage system was agreed, it was not implemented. Negotiations for a wastewater treatment stalled until people started to clamour for immediate action. The national government, through DENR Secretary Lito Atienza, proposed flushing the wastewater into the sea, given the appropriate clearance from the agency. The affluent residents of the flooded areas acted on their own initiative to protect their houses with piles of sandbags, thus accentuating the flooding. Those unable to afford this control measure were largely affected.

It should be noted that Tagbilaran City's main business endeavours are tourism and tourism-supporting service provision. Unmanaged solid waste and wastewater will risk tourism-related activities, particularly as one of Bohol's competitive advantages is its white beaches: several hotels and restaurants are also located along the coastline. Furthermore, approximately 4 per cent of the population rely on fishing for livelihood. Polluted waters could consequently have adverse effects on marine resources, and on people's livelihoods.

It is admitted, however, that quantifying the risks that unmanaged waste disposal systems pose on poor city residents is very difficult. What this paper would like to highlight, however, is the possible repercussions of improper waste management on city residents. Eventually, those with meagre resources will be hit the hardest, as their capability to respond to these vulnerabilities will be stifled by their poverty.

9 Poverty targeting and decentralization

Almost simultaneously as the global call to end poverty was echoed in both academic and policy debates, significant steps were being made towards democratization (Mkandawire 2006). As a result, two major trends are affecting the political space of developing countries: the gigantic challenge to reduce poverty and the 'downright decentralization' of governance in line with the democratization discourse (Steiner 2005). This trend has significant implications. At one end, it asserts that poverty is a local phenomenon and the fight against poverty is best waged by local stakeholders who have an 'informational advantage' over national and global governments (Steiner 2005). It also highlights the necessity, as contended by the international community, to strive for 'good governance' with the implicit notion that this is a precondition for combating poverty (DFID 2006).

Some would argue that decentralization should be desired because it potentially 'generates allocative and productive efficiencies in the use of public resources' (Litwack, Ahmad and Bird 1998), results in 'efficient service delivery' (WB 2001), allows a more inclusive development process (Helmsing 2004), and creates space for innovation for solving current problems, particularly poverty (Malhotra 2004).

Conversely, other scholars contend that a weak link exists between decentralization and poverty reduction (Bossuyt and Gould 2000), insufficient decentralization being a principal answer to the problem of local poverty (Johnson 2001; Romeo 2003), and its susceptibility to 'elite capture' thereby perpetuating, not circumventing, the cycle of deprivation in the countryside (Crook 2003). A serious contention is provided by Crook and Sverrisson (2001). After considering the experience of several countries, they

conclude that there are more cases that show the failure of decentralization as serving the interests of the poor. Despite this, however, the developing world has witnessed waves of decentralization reforms alongside efforts in achieving improvements in living condition.

Presently, the call to fight poverty is downloaded to local platforms with banner slogans such as ‘localization of the Millennium Development Goals’ (UNDP 2004). The current drive in development work is fuelled by the assumption that poverty is local as much as it is global, and while solutions may be drafted at a macro-context, these, too, may emanate from below.

The case of the cities of Butuan and Tagbilaran, however, suggests that there are urban concerns far beyond the capacity of local governments to respond to, especially due to demands for technical competence and costs. Butuan LGU, for example, grappled to find an appropriate strategy to relocate city residents, especially in view of the costs involved and the demands of the people for livelihood options. Tagbilaran LGU, on the other hand, could not find the resources to finance two very costly urban projects: the wastewater treatment facility and sanitary landfill.

Small and medium-sized cities are largely dependent on internal revenue allotment (IRA) from the national government for funding public spending, though this can be augmented by minimal local tax collections. Butuan City’s revenue profile, for example, reports that 72 per cent of its gross collection comes from the national IRA. Tagbilaran City, on the other hand, receives around 80 per cent of its revenues from IRA. Allocation of the IRA at the national level, however, is based on population and land area with a percentage for equal sharing, and does not consider the magnitude of poverty or the urgency of some basic infrastructure needs.

This is in addition to the fact that local politics and power mechanisms are at play in urban issues. Relocation efforts in Butuan stalled because they would have resulted in the dissolution of at least two *barangays*, an outcome heavily dissented by the *barangay* captains. The discussions on wastewater treatment and sanitary landfill in Tagbilaran were coloured by the political affiliations that can drive differences in opinion, leading to disagreement on proposed solutions.

10 What future for cities in the periphery?

Poverty lines serve a political role; how and where this line is drawn is crucial (Pogge 2008). In the context of developing countries like the Philippines where resources to respond to the specific vulnerabilities of different poverty groups are scarce, poverty measurements and their subsequent outcomes define how resources for poverty reduction efforts are allocated at the national government level.

However, it is true that poverty measurements in the Philippines are inadequate to capture the true depth of poverty, especially of the urban poor (ADB 2005). Inadequate measurement indicators underestimate the number of the city poor and minimize their magnitude and severity, thus obscuring the urgency needed to respond to their concerns. Poverty measurement has tilted resource spending towards rural areas, because the ‘rurality’ of poverty is widely assumed.

This paper argues that the poverty targeting framework, a national initiative downloaded to local platforms, has unwittingly left out the issue of urban poverty in the effort to achieve gains in poverty reduction in the countryside based on the presumption that the most vulnerable are located in rural areas where access to services is restricted. Second, as urban poor do not show up as an urgent statistical concern, their vulnerability, regardless of how urgent and critical, is overlooked. Third, because urban concerns (e.g., relocation and housing, sewerage and sanitary landfill) require vast amounts of capital investment as well as technical competence, these received insufficient action despite their urgency and high future costs. Finally, because cities in the periphery are of lesser economic significance than the sprawling urban centres (e.g., the cities of Manila, Cebu, and Davao), national government intervention in the peripheral concerns is minimal.

It is important to locate these arguments in the context of a growing internal migration of people from rural municipalities to urban centres. Both cities in this study, for example, have reported increases in population growth over the last five years due to migration, with Tagbilaran City registering an average growth rate of 3.20 per cent and Butuan 1.59 per cent. The 3rd *State of the Philippine Population Report* released by the Population Commission in 2000 indicates that Tagbilaran City is one of the six Philippine cities that will face grave problems because of increasing demands in ‘public sanitation, pollution, transportation, peace and order, and poverty’ because of overpopulation (Commission on Population 2000).

These realities are founded in the context of decentralized governance where local governments are assumed to be in a better position to respond to the different vulnerabilities of their constituents. This assumption is, however, intensely flawed. For example, research has shown that households in small cities are underserved in terms of basic social services, both as a result of the incapacity of the urban poor to pay for services and the inability of the government to provide for their needs (Hewett and Montgomery 2001). The implementation of decentralized governance utilizing different country experiences has shown that cities face significant problems in administrative and fiscal autonomy (Tacoli 1998), dwarfing their capacity to respond to growing urban concerns. The case of Tagbilaran and Butuan exemplifies this.

Urban poverty (especially in the peripheral cities of the Philippines) should be seen as a national rather than a local concern (Lamberte 2004). Baharoglu and Kessides (2001) prescribe that among others, national governments must ‘develop urban poverty reduction measures as a component of national development plans and sectoral policies, develop instruments to help local governments respond to the demands placed on them in alleviating poverty at the local level—for example through fiscal transfers and matching grants, and ensure stability in revenue sharing with local authorities’. As urban poverty is more the outcome of rural-to-urban migration than of rapid urban economic growth and social transformation, ‘solutions to the problems of urban poverty must be developed from a national and regional level/approach’ (Lamberte 2004). National poverty reduction programmes then must be well-appraised of the conditions of poor people, especially in the peripheral cities to divert the current trend of marginalization and peripheralization.

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