

# Losing the war on poverty

## The Other MDG10 Report

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If you see a baby drowning you jump in to save it; and if you see a second and a third, you do the same. Soon you are so busy saving drowning babies you never look up to see there is someone there throwing these babies in the river.

— Wayne Ellwood

### Summary

*The Philippines is in a worse poverty situation in 2010 than when it started on the MDGs in 2000. Many of the quantitative indicators on key goals (MDGs 1, 2, 5) are still between low and medium probability of achievement when they should all be on the high side going into the last five years. Beyond the poverty numbers, the inequality picture looks even grimmer. As in 2000 the poor and excluded in 2010 live in rural communities far from Manila—in Bicol, Visayas, and Mindanao. They are the landless, homeless, jobless, underemployed, uneducated, sick, malnourished, discriminated Filipinos many of whom are women, Muslims, Indigenous Peoples and tribal Filipinos. The government lost the war on poverty in the past decade, not for lack of rhetoric and trying. The policy declarations and national development*



*plans bannered the MDGs, and so did the strategies, programs, activities and projects derived from them. The policy-action gap was obvious: government did not spend enough for the MDGs. But there might have been other less obvious reasons which may be rooted in the flaws of the anti-poverty plans and strategies themselves. Notwithstanding the MDG rhetoric, the Medium Term Philippine Development Plan (MTPDP) was an economic growth strategy blueprint which failed to reduce, or may have even reproduced, poverty after ten years. The programs, activities, and projects (PAPs) that tried to catch the fallout and targeted the poorest among them could only provide temporary relief at best. This needs deeper review. The review called for entails an explanation as to why till now we have failed to deal squarely with high inequality, deep-seated corruption, population growth, mounting indebtedness, and other structural causes hindering our efforts for justice and sustainable development. The different articles in this alternative report, each in their own ways, try to dig into the more basic reasons why we are progressing in some and failing in other MDG targets. Keeping the minimalist MDG promises by 2015, or sooner, is an essential step before we can even proceed to aspire for higher standards of well-being for all Filipinos.*

## **Introduction**

With five years remaining and so much left to do, the Philippine government will have to exert extra efforts and quickly find better ways to keep its MDG promises by 2015.

It's been 10 years now since the UN Millennium Summit of 2000. In that once in a lifetime event 189 nations, the Philippines among them, signed on to the summit's Millennium Declaration (MD) aimed at making poverty history.<sup>1</sup> The MD promises to eradicate world poverty and hunger, reduce inequality, promote human rights and enlarge our basic freedoms. These promises were synthesized in the Millennium Development Goals (MDGs), a set of measurable targets to be achieved by 2015, using 1990 as the baseline.

Note also that 2015 marks 15 years since the Copenhagen Social Summit and the Beijing Women's Conference. These two UN summits, predecessors to the Millennium Summit, committed to end poverty, create full employment, improve social cohesion, reduce gender inequities, and advance women empowerment.

Like the rest of the pledgers, the Philippine government has the obligation to report periodically on how it's doing. Since 2000 three such reports have been submitted to the UN and a fourth one is coming out in time for the September 2010 world summit in New York.

In parallel, Social Watch Philippines (SWP) has been producing its own shadow reports. Three such reports have been produced so far—in 2003, 2005 and 2007. These reports echo the voices of the 'voiceless' who are living in poverty at the margins of social protection. These reports represent alternative perspectives and views of non-state actors, including recommendations on how to move forward.

This fourth shadow report intends to feed into the annual planning and budgeting processes, from top to bottom or from the ground up, and the new regime's six-year blueprint.

Our hope is to see a Medium-Term Development Plan (MTPDP) and local development plans that are truly MDG-sensitive and committed to deliver on the minimalist MDG promises. That MTPDP should be able to build our country's adaptive capacity and resilience to worst-case scenarios arising from multiple crises of food, fuel, finance/economy, and climate change.

## **Reviewing progress and prospects**

### ***At a glance***

Where the Philippines stands on quantitative indicators is summarized in Table 1: Philippines' MDG progress and prospects at a glance. The table is adopted from the official report and modified to include trend data from the earliest to the latest available values.

### ***What these numbers mean to us***

The medium to high probability on MDG 1 indicators cannot be taken at face value. Poverty stopped declining in 2003 and from that point on started to rise steadily. The impact of 2008-09 crises are yet to be known fully but poverty will most likely exceed the 2000 and 2006 levels. The numbers cannot capture the depth of trauma and agony of those affected, especially the poor.

If the numbers for MDG 2 are bad enough, the quality of our education is even worse. Failure in such a basic thing as universal primary education indicates an education in crisis. The low score on net enrolment rate

<sup>1</sup> 'Making poverty history' was a banner slogan of the UN Millennium Campaign (UNMC) and Global Call to Action Against Poverty (GCAP).

**Table 1. Philippines' MDG progress at a glance<sup>2</sup>**

MDG goals, targets and indicators	Earliest Value %	Value in % 2000	Latest Value %	Pace of progress (%)	Probability of attaining the target
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day					
Proportion of population below poverty threshold	45.3 (1991)	33	32.9 (2006)	0.82	MEDIUM
Proportion of population below food threshold	24.3 (1991)	15.8		1.20	HIGH
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger					
Prevalence of underweight children under-five years of age		24.6 (2005)	26.2 (2008)	0.63	MEDIUM
Proportion of households with per capita intake below 100% dietary energy requirement	69.4 (1993)	56		0.72	MEDIUM
<b>Goal 2: Achieve universal primary education</b>					
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling					
Elementary education net enrolment rate	85.1 (1991)	96.8	83.2 (06-07)	0.00	LOW
Elementary education gross enrolment rate	111.2 (1991)	113.5	99.9 (06-07)		LOW
Elementary education cohort survival rate	68.7 (1991)	63.5 (99-00)	75.4 (08-09)	0.63	MEDIUM
Elementary education completion rate	66.5 (1991)	65.3 (99-00)	73.3 (08-09)	0.54	MEDIUM
<b>Goal 3: Promote gender equality and empower women</b>					
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015					
Ratio of girls to boys in elementary education participation rate					HIGH
Ratio of girls to boys in secondary education participation rate					HIGH
Ratio of girls to boys in elementary education cohort survival rate					HIGH
Ratio of girls to boys in secondary education cohort survival rate					HIGH
Ratio of girls to boys in elementary education completion rate					HIGH
Ratio of girls to boys in secondary education completion rate					HIGH

<sup>2</sup> Table adopted and modified by the author from the Philippines Fourth Progress Report on the MDGs, Third Draft, 07/12/2010

**Table 1. Philippines' MDG progress at a glance** (continuation)

MDG goals, targets and indicators	Earliest Value %	Value in % 2000	Latest Value %	Pace of progress (%)	Probability of attaining the target
<b>Goal 4: Reduce child mortality</b>					
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate					
Infant mortality rate	57 (1990)	29 (2003)	25 (2008)	1.11	HIGH
Under-five mortality rate	80	40 (2003)	34 (2008)	1.13	HIGH
<b>Goal 5: Improve maternal health</b>					
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio					
Maternal mortality ratio	209 (1993)	172 (1998)	162 (2006)	0.47	LOW
Target 5.B: Achieve, by 2015, universal access to reproductive health					
Contraceptive prevalence rate	40 (1993)	49 (2003)	51 (2008)	0.25	LOW
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>					
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS					
Number of new HIV/AIDS reported cases	4424 (2009)			-14.56	LOW
Number of population aged 15-24 with HIV	311	44 (2006)	218 (2009)	0.60	MEDIUM
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases					
Malaria mortality rate	1.5	0.8 (1998)	0.02 (2009)	1.23	HIGH
Tuberculosis treatment success rate		88 (2003)	90 (2007)	43.75	HIGH
<b>Goal 7: Ensure environmental sustainability</b>					
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation					
Proportion of population with access to safe water	73.8 (1991)	78.7 (2000)	81.5 (2007)	3.20	HIGH
Proportion of population with access to sanitary toilet facilities	71.8 (1991)	82.9 (2000)	87.9 (2007)	3.87	HIGH

Notes:

MEDIUM-pace of progress is between 0.5 and 0.9; HIGH-pace of progress is greater than 0.9.

Probability of attaining the target: LOW - pace progress is less than 0.5.

All basic education indicators showed favorable trends for girls

(NER) and medium on both cohort survival rate (CSR) and completion rate (CompR) are unacceptable for a country that started off in 1990 as an early achiever.

The apparently high performance in MDG 3 on gender parity for all education indicators is tricky and deceptive. Yes, there's a girl for every boy in school but there are far fewer girls and boys in school now than in 1990 or 2000. Filipino women may rank high in most empowerment measures but they still suffer discrimination and oppression, both crude and subtle, at home, in school, in the workplace, in the community.

The country is a high achiever for MDG 4 on reducing child mortality—both for infant and under-5 deaths. The government's health policies and programs seem to have improved a lot despite declining health spending. Perhaps, the science and art of caring for the child have also improved. However, the worsening hunger situation could threaten a slowdown or reversal anytime.

In contrast, MDG 5 on reducing maternal mortality rate (MMR) is at great risk. Low probability on both indicators of mothers dying at child birth and access to reproductive health, specifically contraceptive prevalence rate; tell enough about the quality of maternal care in the country.

MDG 6 on combating HIV/AIDS, malaria and other diseases is on the whole positive. But documentation of HIV/AIDS cases is still problematic. We also need to know more about the impact of climate change and extreme weather events on our health situation.

MDG 7 on ensuring environmental sustainability is high on all counts, including those not shown on the table, such as increase in forest cover of about 700,000 hectares and expansion of protected areas. The increase in forest cover made the Philippines a 'net carbon sink', based on the latest greenhouse gas (GHG) inventory of the Philippines' Second National Communication to the UN Framework Convention on Climate Change (UNFCCC). However, the decline in biodiversity and forest quality has yet to be arrested and reversed. The increase in protected area coverage was mainly expansion by proclamation, not actual progress in forest conservation. The remaining natural growth forest continues to be threatened and harmed by logging and mining operations.

MDG 8 which includes global cooperation, enabling policies, trade-debt-aid links, and MDG financing has no quantitative indicators but are essential to meeting all other targets. Progress in this

goal was no less disappointing, as: trade liberalization hurt the domestic industries and agriculture, official development assistance (ODA) is declining whilst debt is increasing.

### *Where we should be*

We should be at the high probability level for all indicators. Or at least at high to medium probability where we're lagging behind (NER, MMR, CPR, HIV/AIDS). That's where we should be with only five years remaining, and for good reasons.

One, the MDGs are a low bar, to begin with. The Philippines cannot be any different from its middle-income ASEAN neighbors who have reduced their poverty significantly.

Two, continuity of political leadership. We have been under one and the same presidency since the start of the MDGs. Although the legitimacy of the now former PGMA remained in question, there had never been any break in government operations since 2001.

Three, economic growth for all those nine or ten years has been consistently positive, despite the effects of the 2008-2009 global crises in finance and economy, food and feed, fuel and energy. The impact of the crises on the country was comparatively mild, as the OFW remittances continued to stream in.

Four, the previous regime considered its 2004-2010 Medium Term Philippine Development Plan as its MDG strategy blueprint. This means that the MDGs were not a marginal issue in planning and budgeting. In fact, the MDGs were hyped as providing coherence to all poverty-targeted programs, activities, and projects (PAPs) and the entire operations of government.

Five, improvement in statistics made for better government targeting. This enabled government to know better who the poor were, how many there were, and where to find them. Official data has been disaggregated at sub-national levels, by gender, by age group, though not yet by ethnicity which in any case might be derived from available data. The Community Based Monitoring System (CBMS) had been implemented throughout the country. Trend data on inequality was especially noteworthy. Poverty strategies, programs, projects and activities could therefore be more focused and tracking progress was made easier and more concrete.

Six, rising public awareness of the MDGs made for broader public support. More local governments got on board and actually had their local development plans oriented to the MDGs. People's organizations, NGOs,

businesses, churches, academe, media, and other sectors got involved in MDG-related advocacies and projects.

### ***Too many still left behind***

What if the Philippines achieved all the MDG targets?

Many would still be left behind, and their numbers are simply staggering by any count. These millions of Filipinos are probably angry but still hopeful that some real change in their lives will happen soon.

In actual numbers poverty incidence translates to 28.1 million people in 1991, 25.2 million in 2000, and 27.6 million in 2006. Our population was about 62.1 million in 1991, 68.6 million in 1995, 76.5 million in 2000 and 88.5 million in 2007, and now growing at an average 2.04 percent annually (see Table 2).

The extremely poor or those living below subsistence may be less but they are many. From 24.3 percent or 15.1 million people in 1991 it decreased to 14.6 percent or 12.2 million individuals in 2006. Note that it had gone down to 13.5 percent in 2003 and climbed back up in 2006. The subsistence incidence of families also declined, from 20.4 percent in 1991 to 11 percent in 2006, a reduction of 24 percent from 2.5 million families to 1.9 million families. As with poverty incidence, these trends for both the individual and family will most likely be reversed post-2006 and exceed the 2000 reference levels. The old poverty analysis methodology that generated the 1991 data included special rice as part of the menu, referred to regional prices, and assumed a six-member family.

The official report says that the Philippines, starting from 69.4 percent in 1993, is now halfway to meeting its hunger reduction target of 34.7 percent of households with per capita intake below 100 percent dietary requirement. But this also means that only four out of every ten Filipino households are having the recommended energy intake per person.

### ***Faces of poverty and inequality***

Poverty in the Philippines has many faces. It shows in location (more rural than urban, far from and south of Manila), in assets (landless, moneyless), in gender (woman or more female than male), by region (Muslim Mindanao), and in ethnicity (IPs, minorities).

Of the country's 16 regions, the National Capital Region has always had the lowest poverty incidence: 16.7 percent in 1991, 7.8 percent in 2000, and 10.4 percent in 2010. Wealth and power continue to be unequally biased in Manila's favor. A recent World Bank study on Mindanao graphically showed the extreme inequality in gross regional domestic product (GRDP) between the National Capital Region and the rest of the country's regions.<sup>5</sup>

The poorest region in 1991 was Region XII SOCCSKSARGEN in Mindanao with 63.1 percent poverty incidence. In 2000 and 2006, the poorest region was the Autonomous Region in Muslim Mindanao (ARMM) with poverty incidence of 60.0 percent in 2000 and 61.8 percent in 2006. Most of the regions north of Metro Manila had less poor people than those in the south (MIMAROPA and Bicol), and in the Visayas and Mindanao regions. In fact, these regions (including NCR, Regions I to III, and CALABARZON) had poverty incidence lower than the national average.

More than 50 percent of the top 20 poorest provinces in 2003 and 2006 were from Mindanao. The poorest among the poorest in 2003 was Zamboanga del Norte with a poverty incidence of 64.6 percent. In 2006 Tawi-Tawi ranked first with a much higher poverty incidence of 78.9 percent. On the 20th rank in 2003 was Zamboanga Sibugay with a poverty incidence of 40.7 percent. In 2006, Negros Oriental was the 20th poorest with a poverty incidence of 43.7 percent.

Eighty (80) percent of the 20 poorest municipalities in 2003 were in Mindanao. The poorest of these was Siayan in Zamboanga del Norte with a poverty

**Table 2. How many are there<sup>3</sup>**

	<b>1991</b>	<b>2000</b>	<b>2006</b>	<b>2010</b>	<b>2015</b>
Population (million)	62.1	76.5	88.5 (2007)	94.0 (projected)	102.9 (projected)
Poverty rate (%) <sup>4</sup>	45.3	33.0	32.9		
Number of poor (millions)	28.1	25.2	27.6		

<sup>3</sup> National Statistics Office

<sup>4</sup> NSCB data

<sup>5</sup> In Figure 1 showing economic density in the Philippines in *Behind the veil of conflict: moving towards economic integration for sustained development in Mindanao, Philippines*. May 2010. World Bank and AusAID.

incidence of 97.46 percent. The last in the list was Talaingod, Davao with a poverty incidence of 78.56 percent.

The government report attributed this situation to the conflicts and peace and order problem. What is not said is that several of these poorest regions, provinces and towns are also host to large plantations and mining enclaves.

### *Losing the war on poverty*

The top economic adviser of former PGMA, Albay Governor Joey Salceda<sup>6</sup> had this to say about what President Noynoy Aquino is inheriting from his predecessor: “My biggest frustration as a presidential adviser is that 34 quarters of uninterrupted expansion in the past nine years did little to reduce poverty and the numbers of poor people.” As to the statistics that tell a different story, the governor was not convinced. “These rosy figures cannot hide the fact that there are more poor people now than when the President started her term.”

The new regime is in fact starting from a baseline of reconstruction not development, if we consider the Php 206 billion pesos worth of damage from just two storms and associated floods that occurred in 2009.

From 45.3 percent in 1991, poverty incidence in the Philippines stopped declining at 30 percent in 2003 and from that point on proceeded to rise steadily up to 32.9 percent in 2006. Considering the impacts of global crises in 2008-2009 and the natural disasters of 2009 the poverty situation could only have gotten worse.

It’s not for lack of rhetoric or strategy that we find our country still with so much poverty and inequality. The results as indicated by the numbers at least should already warrant a questioning of the roadmap (MTPDP) itself. Such a review should cover the strategies, policies, activities, and programs (PAPs) derived from it.

The official report was impressive in its goal-by-goal trends and inequality analysis, identification of gaps and key bottlenecks, and in suggesting possible solutions. But after all is said and done, we are still left wondering why numbers don’t seem to add up and reflect the deterioration of the national situation.

There was no in-depth review of the roadmap and strategy framework (MTPDP 2004-2010 and the

Updated MTPDP of 2008) and the specific policies, activities and projects (PAPs) beyond an inventory of accomplishments and identification of gaps and bottlenecks. The government report assumed that the plans and strategies were correct and would lead us to delivery of the MDG commitments.

The reversal in poverty reduction was explained as being caused by inflation. The projected further rise post-2006 was attributed to the impact of the global crises of 2008-2009 and the devastation brought about by natural disasters. Persistence of poverty in the poorest areas was on account of social conflicts and rebellions.

The official report admits that the country has done relatively poorly over the last 15 years. Its slow rate of poverty reduction is even surpassed by Indonesia, Cambodia, Lao PDR, Thailand and Vietnam.<sup>7</sup> Moreover, it is only in the Philippines where the absolute number of poor people increased during the period 1990 to 2005, suggesting that a significant proportion of the population have been chronically poor and economic growth scarcely dented the poverty and inequality situation.

On assumption to office in 2001 President Gloria Macapagal Arroyo laid out her framework of governance to achieve her vision of winning the war against poverty within the decade and set specific targets to attain this vision: an economic philosophy of free enterprise appropriate to the 21st century, a modernized agricultural sector founded on social equity, a social bias toward the disadvantaged to balance economic development, and good governance to build confidence in the nation and channel resources to the poor.

The previous GMA regime referred to its Medium-Term Philippine Development Plan (MTPDP) 2004-2010 as the country’s anti-poverty plan. Its theme was “fight poverty by building prosperity for the greatest number of the Filipino people.” Its five major thematic components covered economic growth and job creation, energy, social justice and basic needs, education and youth opportunity, and anti-corruption and good governance. It consisted of a Ten-Point Agenda and Legacy hyped as ‘Beat the Odds’: Balanced Budget; Education for All; Automated Elections; Terminate conflict with the MILF; Healing the wounds of EDSA; Electricity

<sup>6</sup> Interview by Philippine Daily Inquirer appearing in its Monday March 8, 2010 headline story More Pinoys poor, GMA adviser admits, Salceda: rich also became richer.

<sup>7</sup> Basic Statistics 2008, ADB (as cited in: Pernia, Ernesto. 2010. Population and the future of Children. Discussion paper prepared for the UNICEF Reflection Session

and Water for all; Opportunities to Create 6 to 10 Million Jobs; Decongesting Metro Manila; Developing Clark; and Subic as Logistics Hub.

From the MDG perspective the MTPDP was a failure. It failed on its promise to reduce the poverty incidence of families by 20 percent come 2010. The Plan's promised asset reform, delivery of essential services, employment and livelihood, community empowerment—long-standing advocacies of non-state actors—fell short of expectations.

So what happened to the strategies and programs intended to reach the poor and provide for their needs?

The *Kapit-Bisig Laban sa Kahirapan* (KALAHI) was the overarching strategy and program. It was supposed to provide coherence to all other poverty-targeted programs, activities, and projects (PAPs).

The *Pantawid Pamilyang Pilipino Program* (4Ps) was launched in 2008 as a poverty reduction program through conditional cash transfers (CCTs) for the one million poorest families to improve health, nutrition, and education outcomes of their children. The 4Ps entitled beneficiary households an average monthly cash subsidy of PHP 1,400 for a period of five years. The health package provided Php 500 per household per month. The education package granted Php 300 monthly per child for ten months (corresponding to one school year) for a maximum of three children per household.

In 2008, the 4Ps had been implemented nationwide providing cash grants to a total of 337,416 poor households for the period January to December 2008 or 105 percent of the targeted 321,000 poor households for the year.

The 4Ps directly addressed the MDGs 2 and 5 on achieving universal primary education and on reducing maternal mortality ratio. Since MDGs 2 and 5 remain at great risk the 4Ps claim to success must be in question. Anecdotal accounts speak of certain moral hazards arising out of this direct cash subsidy. CCTs seemed to foster dependency.

The *Accelerated Hunger Mitigation Program* (AHMP) was launched in 2007 as a strategy to address hunger in 42 priority provinces identified through the Social Weather Stations (SWS) surveys. The AHMP sought to reduce the hungry households by fifty percent from 1.2 million to 600,000 households.

The AHMP was a framework that included both supply side and demand side interventions. The supply side strategy included increasing food production

and enhancing the efficiency of logistics and food delivery involving seed subsidies, technical assistance on intercropping corn with coconut, rehabilitation of irrigation facilities, among others. The programs included the Barangay Bagsakan (formerly Barangay Food Terminals) and the Tindahan Natin (TN), community stores selling cheap basic food items in poor communities. Also included were the construction of roll-on roll-off (RORO) ports and farm-to-market roads, the Food-for-School Program of the DSWD and the Department of Education (DepEd).

The so-called demand side strategy entailed putting more money in poor people's pockets through livelihood skills training, microfinance, upland land distribution for cultivation of rubber, jathropa and other cash crops, and the promotion of good nutrition education and population management.

The government claimed that from 2004 to September 2008, a total of 570,360 hectares were distributed by the Department of Agrarian Reform (DAR). This accounted for 90.5 percent of the revised land distribution target of 630,046 hectares for 2004-2008. When the Comprehensive Agrarian Reform Program (CARP) ended in 2008 the Department of Agrarian Reform (DAR) was still grappling with a huge land distribution balance of 1,337,538 hectares.

Following the Indigenous Peoples Rights Act (IPRA) of 1997, the government awarded 85 Certificates of Ancestral Domain Titles (CADTs) and 145 Certificates of Ancestral Land Titles (CALTs) from 2004 to December 2008. This represented only 28 and 36 percent of the 2010 Plan targets of 306 CADTs and 405 CALTs, respectively. To pursue development within ancestral domains, 48 Ancestral Domain Sustainable Development and Protection Plans (ADSDPPs) were formulated during the period 2004 to 2007.

Policies and laws were put in place for the welfare, development and empowerment of the vulnerable groups. Major legislations included the Expanded Senior Citizens Act of 2010, Anti-Violence Against Women and Their Children Act of 2004, Amendment to the Magna Carta for Disabled Persons, the Juvenile Justice and Welfare Act of 2006, the Magna Carta for Women, and the adoption of Children and Anti Pornography Act.

Poor and vulnerable groups were continuously provided with community-based services. By September 2008, groups assisted included (a) 380,145 children in need of special protection; (b) 21,761 youth with



special needs; (c) 228,928 women in especially difficult circumstances; (d) 34,238 persons with disabilities; and (e) 11,197 older persons. Relief and rehabilitation to disaster victims reportedly benefited 3,982,168 families.

The *Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services* (KALAHI-CIDSS) project aimed to empower communities, improve local governance, and reduce poverty through capability building and skills training in development planning, resource allocation, and management. KALAHI-CIDSS enabled community participation in situation analysis, project planning and implementation, and financial and project management.

By end of 2009, the KALAHI-CIDSS project was reported to have been institutionalized and implemented in 42 provinces (100%), 184 municipalities (100%) and 4,229 barangays (100%). Under this program, 2,826 subprojects were completed covering mainly construction and rehabilitation of: roads (742), potable water sources (682), health stations (240), schools (281) and day care centers (206). Increase in KALAHI-CIDSS coverage was attributed to operational improvement and timely release of funds.

The Community-Based Monitoring System (CBMS) aided the nationwide adoption and implementation of the enhanced Core Local Poverty Indicators Monitoring System (CLPIMS) for local empowerment. By February 2010, CBMS had been adopted and implemented in 59 provinces (31 of which were province-wide), 51 cities, 679 municipalities, and 17,521 barangays.

Because government continued to be in deficit, most of these programs ran on borrowed money, including loans from multilateral development banks and bilateral aid agencies. As such, the reported accomplishments of the MTPDP and the PAPs fell short of the mark.

### ***Targeted social protection***

Social protection in the Philippines is not universal; it is simply a bundle of safety net measures targeted at the poorest of the poor. It is not a rights-based entitlement

for all citizens. It does not address the structural causes of poverty but only vulnerabilities associated with being poor and risks of falling into poverty.

Whereas the MTPDP worried about economic growth by any means, the KALAHI and its associated programs took care of the fallouts.

Since KALAHI targeted only the 'poorest of the poor' many poor remained excluded from the government's anti-poverty programs.

### ***Growth without development***

In May 2010 the outgoing regime announced a 7.3-percent first quarter GDP growth, the highest in three decades. Shortly after, the Department of Finance (DOF) announced its projection of a 4-5 percent quarterly increase in 2010, with GDP expected to reach 8.53 trillion pesos.<sup>8</sup> GDP refers to total value of products and services generated within the country at any given time.

In 2008, the Philippines registered the third highest, after India and China, in remittances among Asia-Pacific migrant-sending countries.<sup>9</sup> It posted US\$18.643 B, equivalent to 11.3 percent of 2007 GDP in comparison to India's 3.3 percent (US\$51.974B) and China's 1.0 percent (US\$40.641B).

Growth in the economy has been held up as the crowning legacy of the previous regime. What is this exactly? Obviously, our economy registered consistent positive growth since 2000.<sup>10</sup> But it's growing in the wrong places, and its growth regardless of social and environmental costs. Debt stocks and debt service are growing or remain at high levels. Remittances by overseas Filipinos have grown most remarkably in recent years. So have shopping malls and other icons of consumerism. Taxes have grown. Ordinary citizens and fixed-income earners get taxed heavily even as a select group of big taxpayers get all sorts of tax breaks and deductions, not to mention tax evasion.

According to Balisacan and Pernia (2002) and Balisacan and Hill (2003, 2007),<sup>11</sup> income growth does not necessarily translate into welfare improvement for the poor. Indeed a one percent growth in GNP or

<sup>8</sup> Philippine Daily Inquirer Thursday June 17, 2010. RP to grow by 4-5 % a quarter in '10, DOF says.

<sup>9</sup> Asia-Pacific Regional Report 2009/10. Achieving the Millennium Development Goals in an Era of Global Uncertainty. UNESCAP, ADB & UNDP.

<sup>10</sup> This was noted in the MDG Midterm Shadow Report 2007 of Social Watch Philippines, Serrano, I.R. Can the Philippines deliver, and how?

<sup>11</sup> The Philippines Fourth Progress Report on the Millennium Development Goals (MDGs) 2010 referred to these studies in its discussion of "growth elasticity of poverty reduction", an indicator showing the effect of economic growth on poverty reduction.

GDP does not automatically convert to a one percent reduction in poverty. Otherwise, we would have done away with poverty way before 2015.

Former NEDA chief Cielito Habito<sup>12</sup> calls it narrow, shallow and hollow growth or poverty-raising growth that benefits few industries, few regions, few sectors of society. The kind of growth we're seeing is so far removed from the so-called 'inclusive growth' of the multilateral development banks.

If anything, what we have is growth without development. Or more precisely, plain economic growth, and certainly not sustainable development. A strategic goal of development policy set as early as the 1990s, sustainable development means that environment cannot be treated as mere input into economic development which has been the case ever since.

### ***Too many people***

Population continues to be a challenging concern. Failure to reduce poverty and inequality underlies the problem. Those with more money and more secure futures tend to have fewer children. The poor have bigger families and rely on numbers as productive assets and as their old-fashioned social security fallback for old-age.

Our population was 62.1 million in 1990, 68.6 million in 1995, 76.5 million in 2000, 81.1 million by 2003 and 88.5 million in 2007. Although the population growth rate (PGR) has decreased from a high of 2.36 percent a year in 2000 to 2.04 percent in the 2007 census, it is still considered to be one of the highest in Asia.<sup>13</sup>

Poverty in the Philippines may be explained in part by population growth. It seems that the government is in a state of denial or plain indecisiveness in meeting the policy challenge. As in the past, population has been a very contentious issue that continues to divide the nation.

Carrying capacity is a real serious problem in a largely mountainous archipelago inhabited by over 90 million and projected to grow to over 100 million by 2015. The high population growth rate makes the country vulnerable. For sustainable development and

quality of life one study<sup>14</sup> on carrying capacity recommended that for each person a total of 0.004 sq. km or 0.4 hectares would be needed to satisfy the optimum Filipino food requirement/capacity. The study suggested that the country had long ago exceeded its carrying capacity.

### ***So much inequality***

The high inequality baseline has hardly changed in over fifteen years. It has slightly improved from 0.4680 in 1991 to 0.4580 in 2006.<sup>15</sup>

The Philippines has a relatively high inequality compared with most of its Asian neighbors. It is only slightly better-off than most Latin American countries.

Income distribution in the country remains largely unequal. The gap between the richest 20 percent and the bottom poorest is widening in spite of the reform measures, including land reform and local autonomy, thus far put in place and implemented.

The regions with the most inequitable income distribution are Central Visayas, Eastern Visayas, Zamboanga Peninsula, Northern Mindanao and CARAGA. These regions have Gini coefficients higher than 0.44.

There is wide inequality among the country's regions, provinces and municipalities. More than 50 percent of the top 20 poorest provinces were from Mindanao in the years 2003 and 2006, with Tawi-Tawi having the highest poverty incidence in 2006.

The situation in Mindanao may be due in part to the seemingly endless conflict and peace and order problems but its roots go much deeper. Mindanao is such a rich area it could be a country by itself if it were to be autonomous or totally independent. How could it even fail to make progress on so basic a goal as the MDGs?

The poverty and inequality that continues to hound Mindanao, especially the Moro and lumad areas, are rooted in historical injustices and discrimination dating back to our colonial past and perpetrated by a succession of post-colonial regimes. They are imbedded in unjust economic, political, and socio-

<sup>12</sup> Habito, Cielito F. 'Narrow, shallow and hollow growth' No Free Lunch, Philippine Daily Inquirer Tuesday, June 22, 2010.

<sup>13</sup> UNESCAP Statistical Yearbook for Asia and the Pacific, 2007.

<sup>14</sup> Prof. Ted Mendoza of the University of the Philippines at Los Banos estimated the area requirement of six key food items (rice, fruits, vegetables, meat, egg, fish) consumed by each person at a minimum level annually (Journal of Crop Science).

<sup>15</sup> Income inequality, or disparity, is commonly measured through the Gini coefficient ratio. A Gini ratio of zero means perfect equality while a ratio of one (1) implies perfect inequality.

cultural structures urgently needing to be changed. The government itself had long ago realized that war is not the answer.

### ***Too much corruption***

Corruption in government is seen by many as a major cause of poverty in the Philippines.

No study has yet come out to say exactly how much has been lost and continues to be lost to corruption. Some guesses put it at 25 percent of the annual budget, at least.

In 2004 PGMA said that corruption was strangling the Philippines, and called on its citizens to “join hands to root out this evil.” In 2010, corruption is widely believed to have worsened under her regime.

Corruption may be a big problem and curbing it is a big part of the solution. But note that our country’s corruption level<sup>16</sup> is just as much as China’s, thus suggesting it can only explain in part why we are where we are now.

### ***Unsustainable debt***

Government borrows a lot to reduce poverty. Its major anti-poverty programs, like conditional cash transfer, ran on borrowed money.

About a third of the budget every year is taken away from the national budget to pay for the interest and principal of the country’s mounting debt stock. That’s a third of the pie sliced off from poverty reduction activities.

The National Government’s debt stock stood at Php 4.436 trillion as of end-April 2010. Of the total outstanding debt, Php 1.888 trillion is owed to foreign creditors, accounting for 43 percent of the debt pie. Php 2.548 trillion or 57 percent is owed to domestic creditors.

The contingent debt of the National Government rose to Php 603.8 billion composed mainly of guarantees.

The government is in a tight fiscal fix due to the widening budget deficit, poor tax collection, and rampant corruption. The budget gap is expected to reach up to about Php 325 billion in 2010.

### ***Not enough financing for MDGs***

The MDGs has been more honoured in word

than in action. The best proof of that is shown in financing.

MDGs are mostly reflected in the government expenditures for social and economic services. Based on the Department of Budget and Management (DBM) Budget of Expenditures and Sources of Financing, national government expenditures for social and economic services decreased from the late 1990s until 2005. Social services expenditures as a percentage of GDP steadily decreased from 1999 (6.48%) down to 2005 (4.69%). Also, expenditures for economic services as percentage of GDP were in a downward trend from 1990 (5.01%) to 2005 (3.19%).

Spending for social and economic services as a percentage of total national government expenditures has been declining.

Historically, education, culture and manpower development received the largest share from the budget, averaging about 17 percent of the National Government (NG) total expenditures for the period 1990-2009. However, this is below the international standard of allocating 20 percent of total budget expenditures for education. Over the years, the share of education to total NG expenditures has been shrinking: 19.88 percent in 1998; 19.06 percent in 1999; and 13.80 percent in 2006. As a percentage of the GDP, NG expenditure on education was highest in 1998 at 4.0 percent of GDP. Since then, it has been declining and by 2009, it was down to 2.5 percent. UNESCO sets the desirable level of expenditure for education at 6.0 percent of GDP.

The NG share of health expenditures to GDP has generally declined: 0.7 percent in 1990; 0.4 percent in 1995; 0.4 percent in 2000; and 0.3 percent in 2008. Based on the 2005 Philippine National Health Accounts (PNHA), the share of total health expenditure (NG, LGU, social insurance, private sources) to GDP was 3.4 percent and 3.3 percent in 2004 and 2005, respectively. This is below the 5 percent standard set by the World Health Organization (WHO) for developing countries.

LGU expenditures contracted from 2001 to 2005, after exhibiting an upward trend during the period 1996-2000. The social sectors appeared to have been given lower priority relative to the other sectors, e.g. public administration.

<sup>16</sup>Walden Bello, 2010. Reaching the Philippines’ MDG Targets: Why Policy Paradigms Matter. Paper presentation at the PLPCD Conference, ‘Human Development in the Phil’s: Context & Challenges: Policy Gaps & Opportunities in the 15th Congress,’ Crowne Plaza Galleria.

## Conclusions and Recommendations

The Philippines is in a worse poverty situation in 2010 than when it started on the MDGs in 2000. Many of the quantitative indicators on key goals (MDGs 1, 2, 5) are still between the low and medium probability of achievement when they should all be on the high side going into the last five years. Underlying these numbers were much grimmer realities of poverty and exclusion on account of location, gender, ethnicity, religion or racial profile.

The picture of inequality has hardly changed since 2000. The poor live in rural communities far from Manila—in Bicol, Visayas, and Mindanao. They are the landless, homeless, jobless, underemployed, uneducated, sick, malnourished, discriminated Filipinos. Many of them are women, Muslims, Indigenous Peoples and tribal Filipinos.

What we have seen since 2000 shows that the government is losing the war on poverty, and not for lack of rhetoric and trying. The policy declarations and national development plans were MDG-oriented, and so were the strategies, programs, activities and projects that derived from them. The policy-action gap as explanation was obvious: government did not spend enough for the MDGs. But there might have been other less obvious reasons due to the flaws in the poverty strategies themselves.

The different articles in this alternative report each in their own way try to uncover those reasons to understand what's hindering us from the achieving the minimalist MDG targets.

Keeping the MDG promises by 2015 is an essential step before we can proceed to aspire for higher standards of well-being for all Filipinos. Probably, the government will still be able to keep its MDG promises by 2015. Nothing in the official report says any target is out of reach. A low probability prospect simply suggests that much more needs to be done to get back on track.

### *MDG catch up*

The MDG catch up plan needs to focus on where we're lagging behind—MDGs 1, 2 and 5.

For MDG 1 this means jobs, decent work generated out of the many problems (social, economic, political, and environmental) we face as a nation. Rural workers in huge numbers can be absorbed in sustainable/organic agriculture, coastal resource management, agroforestry, and light infrastructure like farm-to-market roads, communal irrigation, potable water, and

renewable energy systems.

The government may follow the lead of China and Korea who are spending a large percentage of their national budgets to create green jobs. A similar stimulus package may be included in the national budget of the Philippines.

The land distribution backlog of 1.1 million hectares must be completed as soon as possible. Beneficiaries of land reform must be given all the necessary support to make their lands productive and help achieve food security for the country.

For MDG 2, this means ensuring that all children are in school. Out-of-school youth from the past ten years must be encouraged to come back. The best and brightest graduates in all courses may be encouraged to teach in the provinces by giving them salaries and benefits equivalent to what they would get if they worked abroad.

For MDG 5 the government has to make sure that all births are attended by skilled health professionals and women have easy access to reproductive health services.

The national budgets beginning 2011 until 2015 must be MDG-dedicated. The General Appropriations Acts (GAAs) to be enacted for those years should be pre-audited for their MDG-sensitivity.

The Manasan study can be the initial take-off point. Based on this study, for the year 2010 alone, about Php 112.2 billion or 1.16% of GDP is needed to fill in the resource gap for the MDGs. For the period 2010-2015, around Php 480.8 billion or 0.67% of GDP is needed to meet the targets.

### *Beyond MDGs*

Social Watch has always stressed that the MDGs are set at a low bar to begin with. These goals are so basic that achieving them all would simply mean having done away with extreme forms of deprivation.

The reforms needed should be encompassing and far-reaching. For example, the current land reform will not suffice. We need an arrangement that takes into account access and modes of utilization of every square meter of our 30-million hectare archipelago, to say nothing yet about the coastal zones and marine areas beyond.

Poverty is central to our vulnerability to climate change and climate variability. Our food systems, land and water resources, our human infrastructure are at great risk. Ending poverty will surely raise our adaptive

capacity to confront the dreaded climate and weather scenarios.

The Medium Term Philippine Development Plan (MTPDP) and the Medium Term Philippine Investment Plan (MTPIP) must be pre-audited not only for their MDG-fit but also for their sensitivity to climate risks. Annual Investment Plans (AIPs) and annual budgets at all levels must be aligned accordingly. The National Climate Change Adaptation Plan may be used as one reference during the planning and budgeting exercises.

An MDG-sensitive budget should be able to address and rectify the inequalities highlighted in this report. Beyond that, the national and local budgets should be an equalizer. It must be a democratic instrument that will help eliminate poverty and inequality in all their dimensions—class, gender, spatial, ideological, cultural, generational.

The government must ensure people participation at all times in all levels. The poor must be given all the necessary means and scope to actively participate in poverty eradication.

Education, health, decent work, livelihood, food security for all (not just for a half or for two-thirds of the poor) are a basic minimum in any decent society. No less is expected from any regime that truly cares for human rights and the security of every citizen.

Let's make sure no Filipino is left behind.

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