

WORKING GROUP ON MILLENNIUM DEVELOPMENT GOALS (MDGs) AND SOCIAL PROGRESS: REPORT FOR 2007

I. Background

Halfway to the 2015 target for the achievement of the Millennium Development Goals (MDGs), the Philippines has made progress, particularly in nutrition, gender equality, reducing child mortality, combating HIV/AIDS, malaria and other diseases, and access to safe drinking water and sanitary toilet facilities. However, the country needs to work harder on certain MDG targets, specifically those related to poverty and hunger; universal access to education; maternal mortality; and access to reproductive health services.

Comparison across the country's regions shows uneven progress in attaining goals and targets and wide disparities, with most of the lagging regions and provinces in Mindanao and frontrunners in Luzon. Based on the 17 Sub-national Progress Reports on the MDGs, the National Capital Region (NCR), Ilocos Region (Region 1), Cagayan Valley (Region 2), Western Visayas (Region 6), Central Visayas (Region 7) and Southern Mindanao (Region 11) consistently led in terms of progress and pulled up national averages for many of the MDG indicators. In contrast, the rest of the regions lagged behind in most of the targets, with large pockets of poverty noted in these areas. For example, poverty incidence in the Autonomous Region of Muslim Mindanao (ARMM) is 54%, in Caraga, 51%, in Region 9, 49% and in Region 10, 42%, while in the NCR poverty incidence is only 6.5%. Enabling regions lagging behind to catch up would require progressive application of appropriate human capital investments, a critical element in creating opportunities for more inclusive growth.

To further highlight the disparities, the latest statistics show that the gap between rich and poor in the Philippines is widening, with the richest 10% of families raking in more than a third of the country's total income. The richest 10% of families (1.74 million) earned 36% of the total 2006 family income of just over PhP3 trillion (\$74 billion). Poverty incidence increased to 26.9% for families in 2006 compared to 24.4% in 2003. In terms of poverty incidence among population, out of 100 Filipinos, 33 were poor in 2006, compared to 30 in 2003.

The adequacy of financing, whether public or private, allotted to meeting the MDGs has also been raised. While MDGs entail activities devolved to local government units (LGUs), most of these, especially fourth- to sixth-class municipalities, have little capacity to formulate, finance and implement MDG programs and projects. Overcoming financial and decentralization constraints is vital to achieving the 2015 targets.

Dr. Rosario Manasan (2006) estimated that PhP777.9 billion (or 0.76% of the country's GDP) is needed to meet the targets on poverty reduction, health, basic education, and water and sanitation for the period 2007-2015. Government is exploring options to bridge this gap. One of the options is the proposed **Debt-for-MDG** conversion scheme¹ that involves "swapping" foreign debt or equity investments for MDG programs and projects, the involvement of the private sector and very importantly the formulation of a national budget that is oriented towards the MDGs.

The conflict situation in Mindanao needs to be resolved because of its continuing negative impact on poverty at the national and local levels. The long-running conflict has affected the country's overall performance in development. Eleven out of the 20 poorest provinces of the country are in this southern region, with poverty worsening in conflict-affected and conflict areas, particularly CARAGA, Central

¹ Taken from the Presentation of Hon. Alberto Romulo to the United Nations, 60th Session UNGASS 22 September 2005

Mindanao and ARMM.² Among other reasons, armed conflict exacerbates poverty because it discourages farmers from planting crops and raising livestock. This eventually leads to importation of food and other commodities from neighboring provinces, which drives the cost of basic commodities upward.³ As Mindanao lags behind in the MDGs, the government and development partners have to prioritize geographical targeting and ensure sustainability of development programs. Provision of basic services and other assistance should also be viewed in the context of peace and development that will have an impact on the peace process. More importantly, these efforts should be pursued in line with the principle of good governance and anti-corruption. As acknowledged by the WG on Mindanao, bad governance will only exacerbate conflict by diverting program funds to elite groups that should not benefit from this assistance.⁴

Lastly, the challenge of global warming and climate change has beckoned on the whole world and its threat may derail the gains achieved as far as the MDGs are concerned. For example, global warming has resulted in declining rice production over the years, which increased the price of rice from \$180/metric ton in 2001 to \$400 in 2008.⁵ Natural disasters such as typhoons, land slides and dry spells also affected 890,768 families and resulted in PhP4.2B worth of damages for property in 2007 alone.⁶

The Working Group on MDGs and Social Progress believes that significant progress can be made in the MDGs least likely to be achieved through the creation of more opportunities for inclusive growth. The principle of “inclusive growth” emphasizes that, to the maximum extent possible, the economic opportunities created by growth are available to all, particularly the poor, and that growth is consistent with and supportive of MDG achievement. Sustainable and equitable growth, social inclusion, empowerment and security are the ultimate outcomes of inclusive growth. (“UNDP’s Medium-term Strategic Plan” and “Defining and Measuring Inclusive Growth - Application to the Philippines”, ADB, 2007)

In line with the theme of the 2008 PDF, the Working Group on MDGs and Social Progress wants to emphasize the following key messages:

- (a) Economic growth is insufficient without investing in the social sectors. Therefore, social growth is not an “add-on” but a pre-condition for inclusive growth;
- (b) Peace is necessary for development and human security; and
- (c) Increased resources are important but so is the targeting of interventions - such that they address the MDGs least likely to be achieved, the most vulnerable communities (e.g. indigenous peoples) and the areas/ provinces wherein disparities are most pronounced.

II. Stocktaking of the 2007 PDF

During the 8-9 March 2007 Philippines Development Forum, the Working Group on MDGs and Social Progress⁷ committed to focus efforts on specific outcomes under the key result areas (KRAs) below. The

² NSCB 2006 statistics cited in Dr. Fermin Adriano's Paper for the WG on Mindanao, PDF 2008

³ Fermin Adriano (2008), page 7.

⁴ Fermin Adriano (2008), page 12.

⁵ [PGMA's Speech during the Ceremonial signing of the General Appropriations Act of 2008](#)

⁶ NDCC Estimates as of December 31, 2007

⁷ The Working Group is chaired by the Secretary of the Department of Social Welfare and Development (DSWD) and co-chaired by the United Nations Resident Coordinator. To operationalize the WG agenda, three Sub-

paper highlights contributions of the Working Group and the significant gains of the Sub-groups on Basic Education, Health and Social Protection in the operational work plan that was developed by the Working Group. (*Annex 1 contains detailed updates and action taken.*)

A. Enhanced financing and effective governance to implement gender-responsive and rights-based reforms in basic education, health and social protection

In October 2007, NEDA, in partnership with the UN, presented the Philippines Mid-Term Progress Report on the MDGs and the 2007 Global MDGs Report and called for evidence-based advocacy and increased budget for social sector. UN-supported research and policy studies on MDG financing were also brought to the arena of public debate, policy reform and change, contributing to the political endorsement of the Debt-for-Equity proposal to fund the MDG projects, as well as the prioritization of MDGs in the DBM policy guidelines and procedures in the preparation of national and local budget proposals.

Social Watch Philippines, with support from the UN, led the formulation and advocacy for an “alternative budget” for MDG-related expenditures, the first time in 105 years of budgeting, which aims to increase expenditures for health, education, agriculture and environment, and reduction of debt interest payments by PhP17 billion. Concrete achievements of this initiative include the PhP5B budget raised to construct more than 17,000 classrooms, and the PhP2B funding for food supplements such as coco pandesal, milk and vegetable-based noodles for the DepEd's feeding program.

In the past year, the Working Group has also actively engaged in more discussions with the Working Group on Decentralization and LGUs, its partner in localizing the MDGs. A joint meeting of these Working Groups was held to discuss the accounting treatment of social sector expenditures at the LGU level and provide briefing on the social indicators included in the Local Government Performance Monitoring System (LGPMS).

These initiatives were supplemented by efforts of the Working Group's Education, Health and Social Protection sectors.

EDUCATION

The Department of Education's (DepEd) Basic Education Sector Reform Agenda (BESRA) now provides a framework in which to readily integrate successful project initiatives into a system-wide reform. It has been noted that more progress was made in the areas of school-based management (SBM) and competency-based teacher standards (CBTS) than in other KRT areas of BESRA. A good start has been made in quality assurance and in developing strategies to improve financial management. Progress has been made in multi-year budgeting and demand-side financing, and frontloading financing for critical resources for the FY 2008-2010 initiated.

DepEd has also introduced the Sector Monitoring and Evaluation Framework. In line with the thrust to improve governance and management, the Department has considered the establishment of the Financial Management Information System (FMIS), Management Resource Information System (MRIS) and Human Resource Information System (HRIS) to complement the Basic Education Information System (BEIS).

Groups were created, to wit: (a) Basic Education, led by the Department of Education (DepEd) and co-led by the Australian Agency for International Development (AusAID); (b) Health, led by the Department of Health (DOH) and co-led by the Delegation of the European Commission to the Philippines (EU) and the German Technical Cooperation (GTZ); and (c) Social Protection, led by the DSWD and co-led by the World Bank (WB).

HEALTH

Building on the Health Sector Reform Agenda (HSRA), the Department of Health (DOH) adopted the FOURmula One for Health (F1) as the implementing framework for reform in the sector. The Department also formally adopted the sector-wide approach as the means to manage F1 implementation. DOH continued progress in the implementation and preparation of Province-wide Investment Plans for Health (PIPH) in 16 and 21 roll-out sites, respectively. A system is being developed to track budget utilization and its contribution to attainment of health outcomes.

The formulation of the DOH Medium-Term Expenditure Plan (MTEP) and the presence of a strong lobby group of NGO partners working on appropriations to health contributed to the increased investment for health from the national government. In support of this, the DOH has refined indicators of the Monitoring and Evaluation for Equity and Effectiveness (ME3) systems. Broader work is also being undertaken to improve financing and increase efficiency in the health sector through IT systems and health data standards.

For more effective social health insurance, a comprehensive review of benefits is being undertaken by PhilHealth, while continuously strengthening and making more efficient claims processing.

SOCIAL PROTECTION

The Department of Social Welfare and Development (DSWD) is preparing the Social Welfare MTEP as part of the World Bank-funded National Sector Support for Social Welfare and Development Reform Project (NSS-SWDRP). As a component of NSS-SWDRP, the *Ahon Pamilyang Pilipino (APP) Conditional Cash Transfer* program has also been piloted in 2007 and will be implemented at a larger scale in 2008. The APP aims to enable the poorest households to spend for education and health. Aside from tying its conditionalities to the MDGs, the APP also links DSWD's reform agenda with the BESRA and F1 of DepEd and DOH. A Memorandum of Agreement with the LGUs concretizes their commitment to finance the program's supply side through provision of health centers, construction of classrooms and distribution of textbooks.

The Program's support structure also responds to MDG 3, or promoting gender equality. Recognizing the role of effective parenting in APP's success, the Program's support structure includes provision of Parent Effectiveness Seminars (PES) and organizing women support groups in municipalities to discuss natural family planning, domestic violence and VAW related issues. Women are also designated as primary holders of the APP Cash Card and are responsible for ensuring proper use of funds.

B. Population management to achieve population growth rate target of 1.9% by 2010 and reduction of maternal mortality (in compliance with MDG 5)

The League of Municipalities of the Philippines, with support from UNFPA, provided subsidized family planning commodities to the 500 poorest municipalities as part of the safety nets provision for the poor within the Contraceptive Self-Reliance (CSR) Strategy.

To capacitate the LGUs to implement the CSR Strategy and reproductive health commodity security, DOH has developed the guidelines on the expanded Administrative Order on CSR and finalized the guidelines on the utilization of allocation for Artificial Family Planning in the 2007 General Appropriations Act.

The national government has implemented the Accelerated Hunger Mitigation Program (AHMP) to address the hunger and poverty problems. One of the major components of this program is population management through the implementation of Responsible Parenthood Act at the regional and local levels by DOH and POPCOM.

DOH also adopted the Women Health and Safe Motherhood Framework of health facility delivery by health professionals, which endeavors to decrease maternal mortality by more than half. Investments in health facilities that can provide delivery care and other services also aim to increase access to modern family planning methods, such as vasectomy, IUDs and injectables, among others.

In partnership with AusAID, UNFPA is working on the integration of reproductive health concerns in basic education sector in elementary, secondary and alternative learning system (ALS), including providing support in developing relevant advocacy and teaching materials. DepEd has already prepared the revised curriculum for elementary and secondary schools but there is current resistance in the printing and use of these materials.

C. Development and effective implementation of social protection and risk reduction and mitigation strategies

Various measures have been undertaken and will continue to be pursued to improve social protection and disaster risk management strategies.

SOCIAL PROTECTION

Following the agreement on the “Social Protection” definition within the context of the Philippine issues, DSWD is developing, with inputs from government and NGO partners, a comprehensive national and social protection strategy through the NSS-SWDRP, focusing on Four Reform Areas: (a) Leadership in social protection; (b) Faster and better service delivery; (c) Smarter financing; and (d) Improved systems for service delivery.

The APP Program is implementing a household model targeting system for the poor, which has already been piloted in two cities (Caloocan and Pasay City) and two provinces (Agusan del Sur and Misamis Occidental). A strategy for scaling up the APP model has already been made from 6,000 pilot households in 2007 to as many as 300,000 households in 2008.

To enhance the system and infrastructure for disaster preparedness, risk reduction and response in the Philippines, the National Disaster Coordinating Council (NDCC) adopted the UN Cluster Approach. A National Disaster Preparedness Plan is in place and being implemented, while provincial plans in concerned disaster-prone provinces are being finalized.

Recognizing that the goals of social protection are tied to the attainment of MDGs, the Social Protection Sub-Working Group also included promoting measures to improve monitoring of MDG-related statistics in its Work Program for 2008.

HEALTH

DOH has improved access to low-cost good quality medicines through advocating for better prescribing practices, promoting use of generic drugs, facilitating better procurement, monitoring of drug quality and regulation of drug prices, and strengthening of the BFAD. A Php100 scheme was recently launched, which aims to improve access to low-priced good quality medicines in treatment packages and rationalize use of medicines. For instance, a Php100 package of antibiotics or one-month hypertensive will improve quality of health care, compliance with, and ultimately health treatment.

EDUCATION

WFP’s Food for Education program in ARMM and adjacent areas uses food support as an incentive to promote school attendance and reduce dropouts in conflict-affected areas. Over the past year, the

program, which is implemented in partnership with DSWD and local authorities, has increased enrollment by 40% and cut dropouts in assisted schools by providing monthly food support to more than 180,000 children in 800 schools. WFP is assisting over 38,000 children under two years of age and 45,000 pregnant and lactating women through a Mother and Child Nutrition (MCN) program. By providing nutritious food through health clinics, WFP has seen a 35% increase in attendance at assisted clinics and has noted a reduction in malnutrition.

OTHER GAINS

Another key gain under this KRA is the Accelerated Hunger Mitigation Program (AHMP) spearheaded by the Anti-Hunger Task Force, which is composed of 14 government agencies, and led by the DOH and the National Nutrition Council. This program addresses both the demand and supply aspects of hunger and poverty.

There is also a continuing effort to raise public awareness on the threats of HIV/AIDS and Avian Influenza by establishing appropriate information campaigns, preparedness programs/plans, and strengthening surveillance systems and laboratories.

D. Pending Issue: Implementation of the Milk Code

Partial victory has been achieved with regards to implementing the Milk Code. This is because the Supreme Court's decision not to reaffirm the Milk Code's Implementing Rules and Regulations, nullified three important provisions: *Section 4(f)*, which bans promotion, sponsorship and advertisement of breast milk substitutes; *Section 11* which expands the provision of *Section 4(f)* to ban promotion and advertisement of breast milk substitutes for children 2 years old and beyond; and *Section 46* which declares that administrative sanctions will be given to those violating the Milk Code's IRRs. DOH will continue to strengthen its regulatory system, including the activation of relevant Technical Working Groups.

III. Cross-cutting Key Challenges

The specific interventions identified by the Working Group (below) to create more opportunities for inclusive growth attempt to cover the range of issues under its remit - i.e. health, education and social protection. They also seek to address the issues confronting Mindanao and local governments in the country as important and cross-cutting concerns.

A. Enhanced financing for basic education, primary/public health and social protection

- Given the better fiscal environment, there is a need to ensure that adequate resources are made available for basic education, primary/ public health and social protection.
- Of equal importance are the planning of national and local government expenditures; efficient, equitable and transparent release/ utilization of the budget allocation to target the MDGs least likely to be achieved and areas where inequalities/ disparities are evident; and monitoring/ tracking of results from expenditures.
- Resource mobilization for the social sector is key - not only in terms of increased social budget, but also the elements of revenue programs that are very much related to and supportive of increased social investments, such as the utilization of the VAT reform, and improving private sector participation. Other policy-related reforms are also needed to provide an enabling environment for social interventions.
- The necessity of multi-year funding (e.g. through the inclusion in the Medium-term Expenditure Frameworks) should be emphasized.

- The Philippine Human Development Report 2005 shows that measures of deprivation - such as disparities in access to reliable water supply, electricity and especially education - predict well the occurrence of armed conflicts.
- Poverty in its worst form is found in Mindanao, which lags behind in achieving its MDG targets. Addressing the poverty situation in Mindanao is crucial to restore peace in the region. Thus, provision of basic social services and other assistance should be viewed in the context of peace and development that will have an impact on the peace process. In order to achieve inclusive growth, the government and development partners need to prioritize its geographical targeting, with a view to enhance financing for social programs in health, education and social protection in Mindanao, where most of the country's poor reside.
- There is a need to encourage LGU financing for the MDGs. One way of doing this is by enhancing private-public sector partnership (PPP) to increase financing for MDG-responsive programs. Given the delay in distribution of government IRA, resource mobilization through PPP will help LGUs move forward with implementing their programs while waiting for government to augment its funds.

B. Improved governance and harmonization/ coordination across all sectors

- Enhanced aid harmonization and effectiveness across all sectors and sub-sectors is needed to ensure improved targeting of programs for health and social protection, such that the right people benefit from the resources that are available.
- Improved coordination and alignment between the national and local government and between social sectors - in terms of policies and planning, transparency in budgeting and revenue mobilization - are important.
- The clarification/ distinction of the key of roles and responsibilities of national and local governments and the provision of capacity-building programs for local government units are key in ensuring local governments are able to implement programs and improve service delivery.
- Timely and harmonized/uniform data collection, monitoring and evaluation for poverty and MDG statistics, as well as disaggregation of information (by region, income group and gender) and mechanisms for getting client feedback (i.e. children, community) are necessary to support government decision-making. Decision making should include broader “stakeholdership”, involving demand-side actors especially at the local level, and project implementation processes to increase accountability.
- Mobilizing public-private sector partnerships and increasing the social responsibility of the private sector is essential. Civil society organizations are also important partners of the government in the realization of the MDGs and efforts must be made to strengthen partnerships with them.
- A stronger linkage must be made between education and employment, and relevant policy reforms should be put in place. In terms of labor interventions, the following would be constructive: development and implementation of programs for workers in the informal economy, who comprise 50% of the labor force but do not receive any protection, such as social insurance coverage; providing support for contractual workers with no job security and retrenched workers in the formal economy; and reintegration programs for returning OFWs and their families.
- Improvements in governance combined with aid distribution in conflict-prone areas of Mindanao are crucial to achieving long-term peace and growth for the region. Aside from strengthening policy and operational reforms, there is also a need to ensure that an efficient and effective targeting system for poverty is in place to plug the leakage of pro-poor program benefits to the non-poor.

C. Effective implementation of social protection and risk mitigation strategies

- Enhanced targeting and continued implementation of pro-poor programs is necessary.
- Improved business continuity planning and risk mitigation strategies (including those taking into consideration the effects of climate change), as well as appropriate interventions for women, the elderly, disabled and other vulnerable groups should be put in place, specifically in the context of disaster/ relief interventions.

- It is necessary to promote socially responsible mining operations, specifically ensuring that mining will not be ecologically destructive and exacerbate the incidence of man-made disasters, and that it would also respect the rights of Indigenous Peoples.

D. Increased efforts to address the MDGs least likely to be achieved

- Increased efforts should be made to address the MDGs least likely to be achieved, specifically: increasing access to quality primary education; developing a more vigorous national response to stop and reverse the rise of HIV/AIDS cases; and improving the stay of students in school and increasing the “holding power” of schools, in order to address wide disparities in terms of gender and ethnicity.
- Reproductive health is a human rights and gender issue and should be tackled under the lens of the “MDGs least likely to be achieved”. It would be useful to revisit the population policy in the context of insufficient progress on MDG 5.
- While the country has high probability of achieving most MDGs at the national level, comparison across regions shows uneven progress and wide disparities. Most of the lagging regions and provinces are in Mindanao while the frontrunners were in Luzon. The rest of the country’s regions were lagging behind in most of the targets, with large pockets of poverty noted in these areas. For instance, in the area of hunger and malnutrition, trends in ARMM are moving in the wrong direction, with the situation worsening rather than improving.

E. Advocacy

- Strengthened advocacy efforts are needed to curbing the country’s high population growth rate. Rapid population growth is closely linked to persistent poverty as it reduces overall economic growth and prospects for poverty reduction. It strains the environment as competition for scarce resources and public good expands. Dealing with this problem will entail reassessment of the current programs and projects on reproductive health (RH), particularly family planning and adolescent RH, strengthening the national government’s role in population management and the full implementation of the CSR to anticipate shortage of FP commodities with the phase-out of contraceptive donations.

F. Low-hanging Fruits/ Quick Wins (?)

The Working Group agrees to focus efforts on the above issues in 2008, subject to further discussions in the breakout session on “Creating Opportunities for More Inclusive Growth”.