

Accelerating Reforms and Sustaining MDG Focus:

A Consolidated Report

by the PDF Working Group on MDGs and Social Progress

I. Background

Five years after the Millennium Declaration was signed in September 2000, the Philippines is accelerating its pace to attain the eight Millennium Development Goals (MDGs). The government has demonstrated its commitment to the MDGs by adopting the MDG framework into the Medium -Term Philippine Development Plan (2004-2010). This has driven the momentum for government - both at the national and local levels, civil society organizations, academe, business and development partners to recalibrate their own development strategies and programs towards a collective endeavor of addressing the country's core and interrelated problems of poverty and human deprivation. The World Summit in September 2005 further provided the impetus for accelerated action towards achieving the goals.

In further support to the MDGs, government heads and bilateral and multilateral development institutions signed the *Paris Declaration on Aid Effectiveness* on March 2005 where they agreed to take far-reaching and monitorable actions to reform the ways aid is delivered and managed around the world. There is no doubt that increase in aid is necessary to achieve the goals, but development effectiveness must also increase to strengthen governance and improve development performance.

This over all guiding principle on increasing development effectiveness resonates in the Philippine Development Forum (PDF) that was organized by the World Bank (WB) and the Department of Finance (DOF) for the first time last year. To operationalize the PDF, Working Groups were formed, namely, 1) MDGs and Social Progress, 2) Growth and Investment Climate, 3) Economic and Fiscal Reform, 3) Governance and Anti-Corruption, 4) Decentralization and Local Government, 5) Mindanao, and recently, 6) Sustainable Rural Development.

The *PDF Working Group on the MDGs and Social Progress*, co-chaired by the Department of Social Welfare and Development (DSWD) as lead convenor and the United Nations as co-lead convenor, serves as a forum for government and development partners to engage in dialogue and agree on common issues for collaboration in basic education, health and social sectors under the umbrella of the MDGs. Discussions on health is lead by the Department of Health (DOH) and the European Commission (EC) and the German Technical Cooperation (GTZ) and the discussions on education is led by the Department of Education (DepED) and Australian Agency for International Development (AusAID). To address the cross-cutting concern of poverty monitoring, the Working Group created an *ad hoc* group tasked to recommend appropriate poverty monitoring system to enable government to track progress in the MDGs at the various levels.

After one year, the WG is ready to present its progress and review possible ways forward. This Consolidated Report is a synthesis of the accomplishments, challenges and recommended potential courses of action which were culled from the following: 1) briefing papers submitted by the two groups on basic education and health, 2) highlights of the reports from the *ad hoc* group on Poverty Monitoring

and from Civil Society, the Congressional Special Committee on MDGs, Business and the League of Municipalities, and 3) issues raised during the WG meetings to include job creation and social protection, and gender. The full details of the reports are enclosed as *Annexes* to this document.

II. Significant Gains

In the past year, there have been considerable achievements for the WG on MDGs and Social Progress. One clear indication is the growing acceptance and adoption of the MDGs among the development partners and key stakeholders as a development framework. The ripple effect is also reflected in the MDG-inspired policies, plans, and programs, although in various stages, among government agencies, local government units, NGOs, and international development partners. This is a good indication that critical stakeholders are looking at one, singular “masterplan”, and are working together towards achieving common goals and targets within an agreed timeframe.

Another is the MDG mainstreaming efforts within government agencies at the national level that have been initiated with the full support of the National Economic and Development Authority (NEDA). The MDGs were also mainstreamed in the national and local statistical systems. The launching of the *Second Philippines' Progress Report* in June 2005 is a concrete example of the ownership and commitment of both government and the UN to work cohesively in developing policies, as well as monitoring and reporting the progress of the MDGs. According to the Report¹, the Philippines has a high probability of attaining most of the targets by 2015 except for malnutrition among children below 5 years old, elementary participation and cohort survival, maternal mortality, and access to reproductive health services.

In addition, another landmark is the localization of MDGs, wherein the Department of Interior and Local Government (DILG) released a memorandum circular enjoining local government unit to mainstream MDGs in their local plans and budget and monitor their progress. To facilitate this, a LGU Guide for MDG localization was used in 14 pilot cities and facilitated reporting on best practices. The National Statistics Coordination Board (NSCB) also officially recognized and enjoined support to Community-Based Monitoring Systems (CBMS) as a tool to strengthen the statistical system at the local level.

As part of the MDG localization effort, the League of Municipalities of the Philippines, took on the challenge to localize and monitor the progress of the MDGs at the municipality level. Last year, it contributed to building awareness of municipal mayors on the concepts and principles of MDGs, human rights and good governance by conducting three major conferences. Fourteen cities also became areas for MDG localization, where toolkits for MDG localization were developed and a strong advocacy campaign was implemented.

Since the last PDF in Davao, the education and health sectors have reflected milestones in their work.

On basic education, DepED and its development partners focused its attention on following through with the directions shared with the donor community and the priorities for action that were identified last year.

¹ p. 28, Second Philippines Progress Report on the Millennium Development Goals, June 2005.

First, DepEd completed, adopted and approved the Philippine *Education for All (EFA)* Plan 2005-2015. This provides an overarching policy framework for basic education with a vision that all Filipinos will acquire basic competencies. It then worked with stakeholders and key partners (LGUs, NGOs, legislators and donors) to embed the *Schools First Initiative (SFI)* within the education system to improve the public education system. Through consultations with different stakeholders, DepED then formulated the *Basic Education Sector Reform Agenda (BESRA)*, which contains fundamental reforms and policy actions under five Key Reform Thrusts: school improvement through local partnerships; improved teacher standards; enhanced national curriculum through multi-sectoral coordination; improved early childhood education through private sector participation; and, change in DepED culture. These policy reforms are expected to create critical changes necessary to further accelerate, broaden, deepen and sustain the improved education effort already begun with the SFI.

Constantly looking for innovative financing schemes, DepEd developed and submitted to the Development Budget Coordinating Council (DBCC) Technical Board a proposed National Program Support for Basic Education (NPSBE), a World Bank loan-financed budget support program to fund selected expenditure items linked directly to the key reform thrusts of BESRA. The last year has also seen an increase in resources mobilized for basic education from the private sector and Local Government Units (LGUs).

On health, the Department of Health formulated and approved the over all framework for health sector reform. Billed as FOURmula ONE (F1) for health, this framework sets the guidelines for a clear implementation of its reform programs. Four instruments, namely financing, regulations, service delivery and good governance have been put in place. Under one of these, the Health Service Delivery pillar, program packages that sets the strategies to attain the MDGs have been finalized. Among these are program packages for women, children, TB DOTs, and disease free zones. Likewise, strengthened public health activities have led to the country's stature as Avian flu free and low incidence of HIV/AIDS. Other regulations instruments that are simultaneously applied include Health Financing and good governance. The DOH is firming up the financing mechanism for F1.

Budget restructuring is on-going to ensure that resources under the direct control of the Department of Health (DOH) are being utilized in support of F1. For resource mobilization, the Sector Development Approach for Health (SDAH) is being utilized to facilitate donor coordination and harmonization of efforts with development partners (i.e. EC, WB, WHO, ADB, KFW GTZ, USAID, Government of Japan, JBIC, and JICA UNFPA). Public health reform also accomplished the development of program packages on women's health, child's health, TB-DOTS, and other strategies leading to low incidence of HIV/AIDS and minimum threat to Avian Flu.

To address the concern on poverty monitoring for the MDGs, the PDF WG, asked the National Anti-Poverty Commission (NAPC) to convene a task force to review several poverty monitoring systems with the aim of harmonizing these and recommending an appropriate system.

On job-creation. The creation of ample decent employment opportunities for the country's economically active workforce is crucial to effectively bringing down the poverty incidence and

contributes to achieving MDG Goal 1. This is aligned with the government's campaign to create six to ten million job by 2010. To realize this, strategies to support employment generation, facilitation, preservation, and enhancement are being considered. Areas where robust economic activities could be maximized is in the areas of agribusiness, tourism, cyber services, health, mining, overseas employment, to name a few.

The agriculture and service sectors contributed to the improved employment performance as these sectors managed to register a 4.5 percent and 2.4 percent growth, respectively.

On the legislative arena. The various Standing and Special Committee in MDGs in Congress reviewed one hundred sixty-nine (169) MDG supportive Bills and Resolutions. Of these, seven were identified as priority legislative measures.

Through the ODA-Gender and Development (ODA-GAD) Network, gender mainstreaming is facilitated with the publication of the *Harmonized Gender and Development Guidelines for Project Development, Implementation, Monitoring and Evaluation (PDIME)* last year. This should serve as a reference material on how gender and development can be integrated into every step of the programming cycle.

Civil society organizations, led by Social Watch, strongly advocated for financing and monitoring progress towards the MDGs, even at the provincial levels.

The Philippines has made headways in engaging its business sector. A series of *square table discussions* (composed of representatives from government, business leaders, civil society and funding agencies) was organized by the Philippine Business for Social Progress to shape the common agenda for business sector involvement. This process led to the publication of the report, *Responding to the Millennium Development Challenge: A Roadmap for Philippine Business,* that contains the action plans or strategic action points clustered into four MDG focus areas, namely: poverty, education, health and environment. The framework for action provides information on how business can contribute to achieving the MDGs through their core business, social investment and policy advocacy. The Business and MDGs campaign was rolled-out to Cebu, with business groups supporting the promotion of reproductive health in the workplace and in the community, creation of an integrated education program, adoption of water conservation and sustainability measures, popularization of waste reduction and management, and direct involvement of the business sector in poverty reduction.

III. Challenges

1. Governance Issues

Education. A pervasive factor in poor performance in education and growing inequality is weak system governance. There is limited provision for disadvantaged communities, little empowerment of local school communities and favorable treatment of selected communities through strong political support. With slow implementation of decentralization, education decision-making remains largely regulated by centrally prescribed administrative memos and orders. Under the centralized system, there is no clear accountability structure, inefficiencies exist in resource management and schools are unable to respond flexibly to local needs.

Health. According to the National Demographic and Health Survey (NDHS) 2003 statistics, infant mortality rate has declined from 34 deaths per 1,000 live births in 1990, to 29 deaths in 2000. But 40 out of 1,000 children born in the Philippines die before their fifth birthday. In addition, the country has a high maternal mortality rate (172 deaths per 100,000 live births) and infant mortality rate (36 deaths per 1,000 live births). This results from the lack of access to quality health care services and facilities particularly for those in the rural areas, and low exclusive breast feeding rate and poor immunization rates, among many others.

Job Creation and Social Protection. Unemployment rate stood at 8.1 percent for the period (January 2006) while youth unemployment remained high at 18.2 percent, which is more than double the national unemployment rate. Underemployment rate went up by 5.2 percent, reaching 21.3 percent in January 2006 from 16.1 percent in January 2005.

According to industry stakeholders, bright employment prospects await job seekers in the agribusiness, cyber services, hotel and restaurant, medical tourism, health services, mining and aviation sector. However, the perennial problem of jobs skills mismatch aggravates the unemployment situation. For example, expansion in the cyber services operations requires a large number of workers who need not be college graduates as long as they are computer savvy and proficient in English. Despite this, the industry is experiencing a shortage of qualified manpower due to high turn-over rate and low hiring rate.

Another related issue is the lack of social protection to vulnerable groups i.e. social security for the informal sector essentially comprised of women, out of school youth, and displaced workers.

Poverty Monitoring. The target of the Community-Based Monitoring System is 100% coverage by 2010. To date, with only four more years until 2010, the country has not reached half of the target and pace of institutionalizing CBMS needs to be accelerated.

2. Financing Gaps

Education. Problems of weak governance have been exacerbated by a significant fiscal challenge in the education sector. Although education shares approximately 18 percent of the GOP budget, and despite an average nominal increase of 4.5 percent in the DepED budget between 2000 and 2004, real spending per student fell by an average 3 percent *per annum* over that period. The total levels made available each year are insufficient to meet the basic input needs of good quality education.

The DepED ten-year spending plan completed in 2005 indicates that existing fiscal pressures will worsen over time and will impair the country's ability to progressively achieve its 2015 *Education for All* targets. While overall secondary enrollments grew, migration of students from the private sector to public schools following the 1997 Asian financial crisis has placed additional strain on public resources.

Progress has been further frustrated by continued rapid growth in the population (around 2.3 percent per year) and by the high proportion of the budget given to personnel costs (e.g. 89 percent in 2005).

Annual allocations are fragmented into many programs and projects, many of which may have good designs but have inadequate population coverage or insufficient technical inputs to fully deliver their intended benefits. Limited resources thus end up being spread too thinly across too many objectives.

Health. Social Watch states, “the Philippines exports many doctors, nurses and caregivers yearly, yet many children in rural areas die without seeing a doctor.” The average hospital bill is three times the average monthly income² despite the Generics Act of 1988 that provides safe and effective but affordable drugs to low-income households.

It is crucial that financing the health sector must be reviewed and linked to the Health Sector Expenditure Framework be linked with the medium-term expenditure framework of the rest of the social sector agencies. Poor access to commodities and weak sourcing strategies, wholesaling and distribution strategies and retailing strategies should also be addressed.

3. Need to accelerate implementation of action towards the MDGs

Malnutrition average rate of progress towards the target of half the 1990 figures is -0.53, while required rate of progress is -0.86. Elementary participation average rate of progress is 0.45, while required rate of progress is 0.77. Average rate of progress in achieving maternal mortality target is -4.63, while required rate of progress is -7.05. Prevalence of men and women practicing responsible parenthood has average rate of progress of 0.89, while required rate of progress is 1.76. Thus, there is medium probability of achieving these targets if we go on “business as usual.” Elementary cohort survival rate has average rate of progress of 0.13, while required rate of progress is 1.04, making it the least achievable target among the MDGs.³

Another major concern for the country is the disparity across local governments in terms of progress in meeting the MDGs. For example, while the country is on track in meeting the goal on eradication of extreme poverty, the 2003 statistics show that the ARMM, Caraga, and the Zamboanga Peninsula remain the poorest regions with more than 50% of the population considered as income poor, compared to only 7.3% in the National Capital Region.

IV. The Way Forward

It must be emphasized that the fundamental concerns of governance and financing have to be addressed to accelerate the attainment of the MDGs. These challenges must be addressed head-on in a manner that is consistent, constant and fast.

And as a way forward, the WG on MDGs and Social Progress presents the following principles that should guide action of the WG:

First, on a program operations level, there is the **need to go beyond policy making** and planning and

² Department of Health, 1994. *Investing in Equity in Health: the Ten Year Public Investment Plan for Health Sector (1994-2004)*.

³ p. 28, Second Philippines Progress Report on the MDGs, June 2005

focus on measurable outcomes among agencies. Similarly, as a team, the WG should consider substantive performance outputs that will hold the WG accountable for annually measuring its collectively contribution in the accomplishment of MDGs. Milestones should be identified as guideposts for monitoring the WG's progress. As an example, 1) limited access to health services, including but not limited to family planning, tetanus toxoids, micronutrients, and essential drugs must be addressed both at the National and LGU levels and; 2) the need for a comprehensive multi-sectoral nutrition strategy should be strengthened and the amendment of Implementing Rules and regulations (IRR) on the Milk Code needs to be signed. The latter would allow for tremendous progress in child health and is to be viewed as a "quick-win".

Second, there is still an apparent disconnect between policy, targets and goals, and budget. Considering the magnitude of the work that needs to be done, **policies and programs have to be matched with the corresponding investment in education and health**. In study conducted by Dr. Rosario Manasan for the UNDP, she revealed that the country needs a total of P221 billion to meet half of the targets for basic education, health and water supply and sanitation.

Third, **stronger and clearer inter-sectoral linkages are required to deliver much needed reform**. The pursuit of reforms and better service delivery in health and education, needs to be underpinned by enabling policies and supporting actions in other areas of government and the private sector. For example, the lack of an effective population policy affects the delivery of health and education services. Ensuring equitable and sustainable growth is an inter-sectoral theme and has to be addressed across the various Working Groups.

Fourth, the ability and willingness of all stakeholders to practice **good governance is essential to improve the delivery of services** on the ground. This takes into account the principles of using the participatory approach, transparency, accountability, results oriented planning, budgeting, implementation and monitoring. This underscores the need for change management for governance to produce results.

Fifth, there is a need to **strengthen the coordination and harmonization process between government and development partners** and to consider how the ODA delivery process can be enhanced and related transaction costs can be reduced. This is also an issue of mutual accountability wherein the members of the WG should look at ways to better support the efforts of government as partners both on the policy and programmatic level. The Sector Development Approach for health (SDAH) initiated by the DOH constitutes a significant step in that direction and can serve as a model. The use of the *Harmonized Gender and Development Guidelines for Project Development, Implementation, Monitoring and Evaluation (PDIME)* to ensure that gender concerns are mainstreamed into programmes and projects is also an important step towards harmonization.

Sixth, the **country needs to address the increasing disparity in achieving the MDGs**. Local governments should ensure that the plans and budgets are based on adequate needs assessment and community-level monitoring. As in the national level, local plans should also link with appropriate funding.

Seventh, as the country builds on the gains of economic growth due to economic and fiscal reforms, we should **ensure that the social sector receives the appropriate share of the additional revenues**.

Investment in the human resources through health, education, and social protection would result in equitable and sustainable economic growth.

Lastly, the consensus of the members of the WG is imperative to **accelerate reform and focus on the attainment of the MDGs**. The WG must find ways to work more innovatively and set performance outputs that will be held itself accountable for.

Thus, the WG has provided specific recommendations to address the challenges raised.

Financing the Implementation of Reform Plans and Sustainable Quality Social Services

1. Approve and install, as a key measure to sustain implementation of BESRA, a national budget framework for financing basic education expenditures that is: (a) based on a multi-year expenditure framework approved by the Development Budget Coordinating Committee that targets increasing real per capita spending in basic education over the medium term; (b) authorized annually through new simpler national budget formats covering key expenditure items and priority programs linked to improving education outcomes; (c) amenable to more equitable cost-sharing between national government and local governments and more efficient public-private collaboration in basic education delivery.
2. Link policy budgets, i.e. the Health Sector Expenditure Framework with the medium-term framework of other social sector agencies.
3. Pursue and sustain fiscal reforms to assure robust government revenues in the short to medium term to increased levels sufficient to finance public spending required to attain MDG targets.
4. Specific to the health sector, it is important to expand benefit package for the poor and improved payment scheme for social health insurance.
5. In addition, it is imperative to bridge the budgetary gap on Avian-Human influenza by cross-linking initiatives with other agencies like the Department of Agriculture (DA)
6. Access to the proceeds of the sin taxes to finance health promotion activities must also be considered.

Implement Good Governance Reforms

1. Endorse and support the Basic Education Sector Reform Agenda (BESRA) as the key vehicle for meeting the challenges of basic education and raising education outcomes essential to meeting the country's MDGs.
2. Accelerate implementation of governance reforms to reduce and eliminate corruption and to stabilize the political situation since basic education and social progress, including poverty reduction, are often the first and most damaged victims of bad governance.

3. Better partnerships with civil society and the private sector in pursuit of the overall harmonization for the accelerated implementation of health and education reforms.
4. MDG tracking should be institutionalized at the community level and should be a critical tool for planning, budgeting and evaluation. The pace of institutionalizing the Community-based Monitoring System (CBMS) methodology needs to be accelerated to reach the Philippine target of 100% by 2010. The following interventions may be supported: capacity building of LGUs for the CBMS methodology; develop a larger pool of CBMS trainers; provide hardware to facilitate the adoption of CBMS; provide grants to projects that have been identified through CBMS; and, recognize, through an awards system, of CBMS models.
5. As far as the health sector is concerned, the issue on health human resource development and management needs must be addressed in a concerted manner.

Organizational Structure and Role of the Working Group

1. Review and clarify the role and responsibilities of the WG and among the various groups and multi-sectoral groups for effectiveness and efficiency
2. Identify areas for interfacing between the other PDF Working Groups

Other recommendations from PDF WG members

1. Government's renewed effort in revenue generation and cutback in spending is commendable. But overall, government must also reconsider the automatic appropriation and commitment to pay for debt amidst the dwindling resources devoted to development programs and basic services. Based on the Social Watch report, public sector debt – debt by the national government, government owned and controlled corporations, local government units now amounts to P5.9 trillion. This is equivalent to 130 percent GDP, as of September 2004. This level is unsustainable and urgent solutions must thus include addressing the debt problem. The campaign for debt relief, conversion swaps, moratorium and selective repudiation should be pursued. Adequate technical support should be provided to assist government pursue these options.
2. Address issues on job skills mismatch, social protection to vulnerable groups, non-adversarial dispute resolution and creating employment opportunities in micro-small and medium enterprises and promoting entrepreneurship.
3. Harmonized Gender and Development Guidelines should be endorsed by the PDF for adoption by the ODA donors in the Philippines. Reporting on compliance on RA 7192⁴ by PDF members, regarding use of ODA for women's concerns, should be done regularly.

⁴ Republic Act 7192 is the Women in Development and Nation Building Act

The country has made good progress in implementing economic and fiscal reforms, but great challenges still remain. The PDF Working Groups have to address the nuances of the interlinkage among the various themes not only to harmonize strategies, minimize duplication and maximize valuable resources, but also to ensure that key reforms that would make a strategic and meaningful impact are put in place and implemented. The PDF should work towards economic growth that is equitable, sustainable and pro-poor, ensuring that programmes and policies address the disparity across communities in achieving the MDGs. It must also move forward and focus on implementation of policies and plans to make tangible progress on ground thereby creating impact to the lives of the Filipino people.

In closing, the members of the PDF Working Group on MDGs and Social Progress is pleased to report the considerable gains achieved in the last year. The hard work resulted in greater commitment to the goals and creation of the enabling policy environment to put the MDGs in the development arena.

However, much needs to be done, especially to operationalize these policies and plans into action. Challenges remain in the areas of governance and financing. Thus, government both at the national and local level, Congress, civil society, and the private sector and development partners realize the need to **accelerate reform efforts**. We also realize that our challenges and concerns are interrelated. It is hoped that through the PDF, development efforts will be focused, harmonized, coordinated, and monitored to effectively support the country achieve the MDGs by 2015.