



## **2006 Philippines Development Forum**

### **STATEMENT OF THE EUROPEAN UNION**

1. The EUROPEAN UNION would like to commend both the Government of the Philippines (GOP) and the World Bank for continuing with the format of the Philippine Development Forum introduced last year. We believe that this format is better suited to meaningful and continuous tripartite discussion between the GOP, civil society and the donor community.
2. The EUROPEAN UNION shares with the Philippines the principles of liberty, democracy, gender equality, respect for human rights and the rule of law as foundations for peace, development and international cooperation. We hope that in the aftermath of recent political events in the Philippines these principles will not be jeopardised.
3. We are very pleased that the President has proposed action to commute death sentences into imprisonment. We commend her for this action and hope that all pending death sentences will also be commuted, and that it will be followed by legislation abolishing the death penalty.
4. Given the diversity in the types of democratic systems in European Member States, the Philippine debate on charter change is of particular interest to us. We hope the outcome will allow the Philippines to improve its political system, serve its citizens better and genuinely contribute to a more prosperous and equitable society.
5. The country faces a number of structural challenges that need to be addressed in the short, medium and long-term perspectives. Further economic and social reforms will be required to achieve long term macro-economic stability and poverty reduction. Such decisions may be unpopular and will need to be communicated effectively to the public. The EUROPEAN UNION will continue to help the Philippines and its people to meet these challenges.
6. While fiscal balances seem to be improving, the economy remains vulnerable and therefore efforts to redress the fiscal situation need to be fully implemented, strengthened and sustained. We hope to see more progress to contain the Government's off-budget and contingent liabilities, and improve burden-sharing in the public and private sectors. The Bureau of Internal Revenue and the Bureau of Customs need to continue to increase their efforts in tax collection both at national and local level, while local governments would be wise to strengthen their own revenue generation efforts. We support the important role played by local government units in advancing reforms and pursuing development.
7. In its new Development Policy Statement, the EUROPEAN UNION subscribes to the Millennium Development Goals as the framework for articulating and

monitoring progress towards our overarching objectives of poverty eradication and sustainable development. We note that the poor and vulnerable groups are not yet benefiting from fiscal progress. Social security systems are not yet strong enough to assist effectively the most vulnerable sectors of society. Reducing poverty remains in our view the top priority for the Philippines. In order to achieve this, we believe it is important to improve access to quality basic social services. Government expenditures in this domain should not be further reduced. The EUROPEAN UNION, together with other donors have started to deliver a comprehensive package of budget support and technical assistance to the health sector. The sustained and robust leadership of the Department of Health and the proactive role of many provinces augur well for the success of this programme. Developments in the health sector are a good example of what is possible in the Philippines in terms of enhanced aid effectiveness and donor harmonization.

8. Over the last year, however, the education sector has not made sufficient progress. We are aware that Government faces difficult choices when allocating limited budget resources. Nevertheless, investing in education means investing in the future. The government should therefore allocate sufficient resources to the sector to ensure that the Filipino people will be able to contribute to their society intellectually and economically. Failure to do so may limit future economic growth potential and undermine competitiveness.
9. The provision of, and access to, quality social services is further threatened by current levels of population growth. Central and local governments need to respond proactively to their citizens' right to access to family planning services, including modern ones, pass relevant legalization and make financial resources available.
10. Poverty remains high predominantly in rural areas. The development of agribusinesses and their international competitiveness should go hand in hand with creating income generation for the poor but it should not come at the expense of the protection of the environment. The Upland Development Programme (UDP) has proven that sustainable development is also possible in the uplands and we hope that lessons learned will be integrated into national policies.
11. Like other donors, the EUROPEAN UNION has been supportive of efforts to improve governance in all areas of public life. It is not just a matter of having some anti-corruption projects here and there. These are necessary but not sufficient elements. Development partners need to mainstream good governance into all their projects and support institutional capacity building. Good governance should become the standard pattern in government and private sector transactions. Otherwise public money will continue to be wasted and businesses will look elsewhere in, and beyond, the region. Decentralization is an essential component of good governance and some achievements have indeed been made. The already-mentioned Health Sector Policy Support programme will put a major emphasis on the transparent, accountable, sound and efficient management of public health funds.
12. Government's efforts to improve the investment climate through good governance should be complemented by concurrent initiatives in various related domains such

as infrastructure development, legal and judiciary reforms as well as economic ones. Over the last year, progress in these areas has been mixed and the Philippines' competitiveness may further erode. In order to create employment and equitable growth in the Philippines, the EUROPEAN UNION is willing to support the GOP to undertake decisive reforms that would reduce uncertainties, establish a level playing field, encourage investment, increase trade and enhance competitiveness. More and better use of donor financing opportunities for infrastructure investment is in our view necessary too. Government should also create incentives to encourage the use of remittances from OFWs in a more productive manner.

13. Trade relations between the EUROPEAN UNION and the Philippines are growing, but could be strengthened significantly. The EU will continue to support these efforts through our Trade-related technical assistance programme. The EUROPEAN UNION also looks forward to working more closely with the Philippines to bring the WTO Doha Development Agenda to a successful conclusion.
14. Security and the fight against terrorism have unfortunately become key concerns in the Philippines and in Europe. The EUROPEAN UNION has been delivering on its promise to support the Philippines to fulfill its obligations under UNSC Resolution 1373. We commend the government efforts that led to the delisting of the country from the Financial Action Task Force watch list. In addition, the passing of a comprehensive anti-terrorism bill, where human rights should be fully respected, is a matter of priority.
15. The EUROPEAN UNION is encouraged by the progress in the peace talks between the Government and the MILF and urges both parties to come to a successful conclusion soon. The EUROPEAN UNION has been helping Mindanao in many ways and stands ready to support further the region to ensure the sustainability of the peace agreement. The EUROPEAN UNION hopes that dialogue for peace with the NDF will soon resume and deliver results.
16. The EUROPEAN UNION is proud to have entered into a significant partnership with the Philippine Commission on Human Rights (PCHR). We have jointly organized three human rights forums on the death penalty and restorative justice. In a few days, the PCHR will, with our support, hold a conference on establishing a regional Human Rights Mechanism.
17. We deeply regret that the Philippines remains, according to the World Press Freedom Index Report, the second most dangerous place on earth for journalists.. Government and the police should significantly step up their efforts to protect journalists and to bring to justice those responsible for killing journalists. Other extrajudicial killings (among them three EU development workers), including politically motivated ones and the problem of children in jail and the need to develop alternative systems for dealing with children in conflict with the law, are other pressing human rights concerns. We would like to ensure that the Philippines, having ratified the Convention on the Rights of Children, abides by the provisions thereof.

18. Last year we called on the government to ratify some international conventions. We would like to repeat our call to ratify: The Rome Statute on International Criminal Court;, the Optional Protocol 2 of the International Convention on Civil and Political Rights (abolition of the death penalty), and the Optional Protocol of the Convention Against Torture.
19. The ratification of these human rights instruments would greatly enhance human dignity and progressive development. In addition we include for the first time a plea on strengthening the constitutional bodies to continue and expand work on the use of a gender-responsive and rights-based approach to development.
20. In view of the recent tragic events in Southern Leyte, and without diminishing the importance of proper forest management, the growing population and the consequent expansion of settlements into formerly marginal areas are the main causes for increased casualties from floodings and landslides. Therefore the appropriate response lies in accelerated agrarian reform, a stronger population policy and better disaster prevention efforts.
21. The EUROPEAN UNION recognizes that the foreseen revival of the mining industry, which should be conducted in a responsible and environmentally sustainable manner, will increase foreign investment and increase public revenue. We believe that the potential revenue from the mining industry should benefit all parts of society and especially the poor. It will be equally important to ensure the protection of rights and claims of indigenous peoples and other vulnerable communities and prevent the depletion of natural resources.
22. We are encouraged that the protection of environmental resources has become a major issue in this year's PDF. We would like, however, to stress that integration of environmental considerations into all policy areas is necessary, including industrial policy. Support to sustainable management of the many natural resources is an issue of good governance in the interest of present and future generations and therefore a crucial element of European development cooperation.
23. The EUROPEAN UNION has high expectations of the Philippine government when it will assume the ASEAN chairmanship later this year. Especially in regional integration ASEAN and the EUROPEAN UNION can learn from each other. It is important for us to continue our mutual dialogue on all kinds of issues and to respect each other's sensitivities in moral, religious, cultural and other issues. ASEM is an equally important forum for dialogue and we are confident that the Philippines will continue to be a crucial partner in this.
24. Finally, a word on a danger that both Asia and Europe are facing: Avian flu. It has already hit many countries. The EUROPEAN UNION has shown its commitment to assist Asia in its efforts to keep the disease from further spreading by preparing the international conference in Beijing and contributing to the international World Bank-managed trust fund and through other channels. If Avian flu is not properly acted upon, the consequence of a massive outbreak would be catastrophic for the whole world. We count on the Philippines to enhance further their efforts in this area supported by the international donor community.