

**A Common  
View, A  
Common  
Journey**

**United Nations  
Resident  
Coordinator**



**Message**

The United Nations' Common Country Assessment (CCA) presents an analysis of the

development situation of the country. It analyzes the major challenges that the Government of the Philippines, key stakeholders and the United Nations system have identified as being critical for the Philippines. It builds upon the challenges identified in the Medium Term Development Plan of the Government of the Philippines and the principles and goals arising from United Nations conventions and global conferences, particularly those of the Millennium Declaration and the Millennium Development Goals (MDGs). The Common Country Assessment clearly identifies a number of key issues which, when addressed, can effectively make the greatest impact on the lives of the poor and the vulnerable.

The United Nations' Common Country Assessment analysis sets the stage for the United Nations Development Assistance Framework (UNDAF), which represents the best thinking of how the United Nations system can support the government and people of the Philippines in addressing these issues. The formulation of a Common Country Assessment is an integral part of the reform agenda of the Secretary General to bring about "a greater unity of purpose" within the United Nations System's operational activities for development.

The United Nations system is grateful to the Government of the Philippines and key development partners for providing valuable inputs to this analysis. We are confident that the United Nations Development Assistance Framework, which is based on the

Common Country Assessment, will support the Philippines in its efforts to advance the development of the country and its people.

DEBORAH LANDEY

United Nations Resident Coordinator

A handwritten signature in black ink, appearing to read "Deborah Landey". The signature is written in a cursive style with a long, sweeping tail on the final letter.

# A Common Country Assessment of the Philippines

## United Nations Country Team

### Message



we, the peoples of the United Nations determined... to reaffirm (our) faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom... and to employ international machinery for the promotion of the economic and social advancement of all peoples... have resolved to combine our efforts to accomplish these aims.

— *Preamble to the UN Charter*

The United Nations System has been working with the government and people of the Philippines to promote and preserve the basic rights outlined in the UN Charter for peace, security and development. The Common Country Assessment (CCA) aims to provide a concise overview of the Philippines' key development challenges in 2004 and identify priority areas for continued and future UN collaboration and coordination efforts. CCA findings set the stage for more coherent and coordinated UN system programming under the United Nations Development Assistance Framework (UNDAF). This common analysis is an integral part of the recent reform agenda of the Secretary General to bring about "a greater unity of purpose" within the UN System's operational activities for development. It builds upon the challenges encountered in the Medium Term Development Plan (MTDP) of the Government of the Philippines and principles and goals arising from UN conventions and global conferences, particularly those of the Millennium Declaration and the Millennium

Development Goals (MDGs).

The UN System is grateful to the Government of the Philippines and key development partners for providing valuable inputs to this analysis. We are confident that the United Nations Development Framework (UNDAF), which is based on this common analysis, will support the Philippines in its efforts to advance the development of the country and its people.

## SECTION 1:

# Introduction

## OBJECTIVE OF THE COMMON COUNTRY ASSESSMENT (CCA)

In 1997, the UN Secretary-General launched a reform programme to prepare the United Nations for the challenges of the 21st century. These reform initiatives emphasised the role of the United Nations in developing a powerful set of standards and goals arising out of UN conventions and global conferences. As part of the programme, several measures were proposed to enhance the organisation's capacity to implement its development mandate, particularly at the country-level. The Common Country Assessment (CCA) and the UN Development Assistance Framework (UNDAF) are integral parts of the Secretary-General's initiative.

This CCA represents a common instrument of the United Nations to analyze the national development situation of the Philippines and to identify key development issues. It articulates a shared vision and framework for the UN system in the country and provides the basis to formulate and implement an UNDAF. The CCA also represents a process to bring together the voices of stakeholders, experts, and development partners to review and assess the national development situation, and within this, identify the strategic priorities for the UN system over the coming years. Intended as an objective assessment, it provides the basis for consensus building during the UNDAF process.

It is also hoped that the CCA will help inform the ongoing efforts of the country to forge a path of more equitable growth and human development. The next general election is scheduled for May 2004, with an incoming Administration set to take office in July. This timing is particularly important, as the current Government's Medium Term Development Plan (MTPDP), which sets out its overall development roadmap and programme thrusts, will also lapse at that time. Preparations for the next MTPDP are already under way. Clearly, the actions of the next Administration will directly affect the ability of the Philippines to meet the challenges agreed to in the UN Millennium Declaration. The Philippine government is the most significant duty-bearer in the protection, promotion, and fulfillment of human rights in the country.





## SCOPE OF THE CCA

The overarching framework of the CCA is the Millennium Declaration. The Millennium Declaration, adopted in 2000 by 189 countries including the Philippines, sets out key development challenges facing humanity, articulates a response to these challenges, and outlines concrete measures for gauging performance. In addition to committing to eight specific, time-bound goals, or Millennium Development Goals (MDGs), in the areas of health, education, environment, governance, and a global partnership for development (Table 1, p.92), the Declaration pays special heed to the responsibility of all nations to protect the vulnerable, and in particular children and civilian populations that suffer disproportionately from the consequences of natural disasters, genocide, armed conflicts, and other humanitarian emergencies. Underlining the significance of the MDGs, Philippine President Arroyo affirmed that "the MDGs provide a standard for governance by which the people and the international community can judge the ability to provide a life with dignity for all Filipinos, especially the poor."<sup>1</sup> So far, the capacity and will of the country to make the necessary improvements is already the subject of concerted attention.

In addition to focusing specifically on the MDGs, the CCA also seeks to illuminate how development strategies affect marginalised groups in society (Figure 1, p.103). At the heart of this aspiration – and representing the key challenge – is the principle of a rights-based development approach. This means putting poor and vulnerable groups at the core of the development agenda while strengthening the accountability of the state and other duty-bearers to citizens and families, including the provision of mechanisms for access, participation, and redress. Full compliance with the commitments contained in the international conventions signed and ratified by the Philippines will go a long way to promote a greater respect for the rights of all (Tables 2, 3, 4, pp.93-95).

The first Philippines Progress Report on the MDGs (MDGR) was issued by the Philippine Government in close collaboration with the UN Country Team (UNCT) in January 2003. The report asserts a high probability of meeting the goals and targets related to eradicating extreme poverty, improving access to clean water, universal access to primary education, gender equality, reducing child mortality and halting HIV/AIDS. On the other hand, it projects a medium probability of attaining the targets on maternal health care, and only a low probability of achieving the targets on hunger (malnutrition). The methodology used to estimate these probabilities considered the difference between the rate of annual change needed and the current annual rate of progress. Clearly, the rate of change to date is inadequate.

Another report, which in fact predated the MDGR, assesses the resource requirements necessary to attain the MDGs in the specified timeframe. This report, the "Philippines Country Study on Meeting the Millennium Development Goals," commissioned by the UNDP in advance of the 2002 Monterrey International Conference on Financing for Development, paints a much less optimistic picture than the MDGR. The report concludes that the Philippines will not succeed in reaching any of the MDGs unless major shifts are achieved in economic expansion and population growth rates, and unless government resources for social services are increased significantly and used more effectively. The assessment comes to this worrisome conclusion even when the optimistic forecasts contained in the MTPDP (2001-2004), as regards population and economic growth, are assumed. Already, the country has fallen short of its MTPDP targets for both GDP and population growth.

Finally, the CCA sketches out the elements for a roadmap for development cooperation. In doing so, the CCA highlights key obstacles that stand in the way of full realisation of the MDGs, especially as regards the poor and marginalised, and the urgency of acting now. The intent is not to dwell on negative scenarios or to point the finger at any one duty-bearer. Instead, the objective is to identify real vulnerabilities and, in so doing, identify major opportunities for the Philippines today to move its development forward.

## THE CCA PROCESS

Work on the CCA began in earnest in May 2002, with the agreement by the UNCT on the broad scope of the exercise, terms of reference of a CCA inter-agency Core Group and a process framework for making the analysis of the development situation. From this, six theme groups were formed to consider key development issues facing the Philippines, within the context of MDGs and other international commitments, namely: (i) income-poverty, employment and population (MDG 1); (ii) health and nutrition (MDG 1,4,5,6); (iii) education and early childhood care and development (MDG 2); (iii) environment (MDG 7); (iv) peace, justice, human security and protection (MD Chapter VI); and (v) governance and partnerships in development (MDG 8). These theme groups were composed of representatives from UN agencies, academia, CSOs and the public sectors.

The assessment process involved extensive research, analysis, and consultation. Preparatory activities involved a review of existing assessment reports, studies and programme documents available within the UN and from the government and other donor agencies - these reports included, among others, the UN gender assessment study<sup>2</sup> and the Progress Report on the MDGs. In-house workshops were then conducted at UNDP, UNICEF and UNFPA, to produce an initial assessment of the development challenges, within their mandates. To make their initial assessment, UNDP used the Early Warning and Preventive Measures Composite Analysis where the "nugget" or intersecting root causes of the various issues per area, ie. economic, political, social and external, were identified. UNFPA, on the other hand, used the causality tree analysis, analyzed the linkages of issues by clustering or assessing reinforcing/balancing loops, and identified the strengths, weaknesses, opportunities and threats (SWOT) both of the UN and the stakeholders that would facilitate or hinder achievement of development goals. Both UNDP and UNFPA tried to also build various development scenarios from their analysis.

The development challenges identified at these workshops constituted the basis for discussion at a stakeholders' workshop with NEDA and other partners on 19-20 June 2003. More than one hundred participants from sixty organizations representing UN agencies, other international funding agencies, government agencies and NGOs/CSOs participated in a day and a half consensus-building exercise on the priority development problems in the country. More in-depth analysis of these development challenges was conducted by each workshop group. Each group prepared a "causality tree" for the priority problems, analyzed the linkages among these development challenges and made a SWOT analysis to identify the comparative advantages of the UN to address these challenges. Subsequently, consolidation and priority-setting efforts were

undertaken by the CCA Core and Theme Groups, in close consultation with the programme staff of the UN agencies, NEDA, and selected major partner agencies. Assessment reports were presented in a plenary workshop held on 8 August 2003.

Drafting of the CCA was undertaken with the assistance of selected consultants. The UNCT, supported by the CCA Core Group and the lead Theme Group conveners, played an active role in guiding and reviewing the drafts of the CCA. Draft documents were submitted to the Regional Support Group in Bangkok and the National Advisory Group for further refinement. A final CCA document was approved in March 2004.

## METHODOLOGICAL CHALLENGES

The limited and uneven availability of timely and disaggregated data was a major obstacle. To assist in presenting consistent data, the UNCT relied primarily on official (government) statistics, supplemented by data from nongovernment sources where appropriate and available. The reason for this emphasis was twofold. First, official statistics, used to monitor the condition of the country by almost all agencies, were collected through statistically-sound methodologies of data collection and estimation and (with notable exceptions) are relatively current. Second, the process of building the CCA matrices of indicators facilitated important discussions with key agencies about how gaps in data collection and reliability could be improved. By the time of the next CCA, it is hoped that many of these gaps will begin to be addressed. Notable gaps include:

1. Long intervals between data collection, including:

a. Functional Literacy (normally every five years, but the most recent collection interval was eight years i.e. 1994 and 2003, respectively. Lowest disaggregation is at the province level).

b. Data on Mortality and other demographic data (normally every five years, the latest was in 2003). Funding support was provided by USAID with a small contribution from the government. Lowest disaggregation level is regional. It would be very costly to further disaggregate as it would require additional sample households.

c. Income data (from Family Income and Expenditure Survey to measure poverty every three years). Annual income data are not available, again, due to budgetary constraints. However, data on social statistics and rough estimates of income are gathered yearly through the Annual Poverty Indicator Survey. In the latter survey, however, poverty incidence and related statistics cannot be derived. The lowest level of disaggregation is provincial.

2. The difficulty of identifying the whereabouts and profiles of key target groups, including abused women, disabled persons, Indigenous Peoples, and displaced persons: A special sampling design is required to capture these groups. While certain agencies are doing their own estimates, the methodology for estimation varies and may not be representative. For example, to a large extent only those abused women and children affected by conflict who seek the services of the Department of Social Welfare are counted. As we move forward, baseline data will need to be established, in order to properly monitor trends.

National Surveys are normally limited to regional and provincial level statistics. While census statistics reach down to barangay level<sup>3</sup>, the data is limited to basic demographic statistics only. Hence, some Local Government Units conduct surveys at the barangay level just to obtain information about their own localities, e.g. Community-Based Information System (CBIS). However, there is often an absence of technical know-how in these communities, resulting in data inaccuracies.

3. Normally long delays between the conduct of a survey and data processing, adding to the delays in reporting and reducing its relevance to policy makers: Education participation and cohort survival rates, for example, are among the victims of such delays.

4. Reliability of provincial estimates: Many provinces do not have enough samples to produce reliable poverty estimates. For example, among the statistics collected in the ten poorest provinces, three have a coefficient of variation greater than 104. However, reliability problems also occur at the national level, such as in the case of maternal mortality rates.

5. Inaccessibility of the data: Some data are not accessible to researchers. Not all government agencies offer a central depository of data. Or, if there are libraries, the data in the libraries are not kept up-to-date. The researcher will have to go to the concerned division in-charge of the data to research unpublished and unsourced printouts. This explains why many of the references in this CCA simply refer to the bureau providing the data.

6. Inconsistency between survey data and administrative-based data: Some statistics have several sources. However, in most cases the figures vary. An example of such an inconsistency relates to access to safe water provided by both the Department of Health and by the National Statistics Office.

In retrospect, a more thorough investigation of alternative sources of data as a supplement to official statistics would have enhanced the discussion about the status of development issues, brought to clearer light the severity of development challenges in poor regions and facing vulnerable groups, and revealed additional deficiencies in monitoring mechanisms. Exposing differences in reported indices may have also generated constructive debate among stakeholders and with the UNCT about the extent of development challenges in the country. Regardless, what clearly emerged is a need to develop surveillance mechanisms that illuminate successes and failures in identifying and reaching marginalised groups across the country and that track how the various duty-bearers are contributing to such trends. The success of development programmes should be measured, fundamentally, by how they reach and empower the most disadvantaged.



## DOCUMENT ORGANISATION

This CCA is organised as follows: Section One (above) has outlined its objectives and scope, summarised the process of its development, and highlighted key methodological challenges. Section Two provides an overview of poverty and vulnerability in the Philippines, and discusses their underlying causes. Section Three highlights the major development challenges facing the Philippines, viewed particularly through the prism of the priorities set by the Millennium Declaration. Section Four sets out a framework for moving forward and underlines the urgency of making demonstrable progress. Finally, Section Five presents a three-part indicator framework that can be used to monitor progress on selected development indicators over the coming years.

## COUNTRY PROFILE IN BRIEF

The development challenges of the Philippines are considerable and they are pressing. The country has a land area of about 300,000 square kilometers, spread over 7,000 islands - many communities are remote. The quality of transportation and communication systems is uneven throughout the country, cutting off many communities from goods and basic services. The population (in 2003) of 82 million is growing at one of the highest rates in the world — by roughly 25% during the last decade of the 20th century — and is expected to reach 108.5 million by 2015 — the target date to reach many of the MDGs. The fertility rate is 3.5 children per woman, well above many countries in Asia. With the urban population growing at a rate of 28.8% (between 1990-2000) already close to half of the population now live in urban centers, primarily in coastal areas. This trend is expected to persist. Environmental degradation has reached critical levels.

Given the Philippines' rich multilinguistic, multiethnic, and geographically dispersed population, a nuanced picture of its diversity is necessary to promote, and progressively achieve, the rights of each citizen.

## DEFINING POVERTY AND VULNERABILITY

The face of poverty in the Philippines is manifested in chronic deprivation in many rural and urban areas and the ubiquitous presence of pockets of slums in urban areas<sup>5</sup>. Many others experience transient poverty, not persistently poor, but highly vulnerable even in the best of times<sup>6</sup>.

The UN concept of poverty is rooted in a state of powerlessness and not merely the absence of assets and services to meet basic needs. Vulnerability, as distinguished from poverty, refers to the debilitating effect of major obstacles to the fulfillment of one's human rights and commonly refers to the disadvantaged

and oppressed. There are varying degrees of vulnerability within and among distinct groups. Together with those Filipinos living in poverty, the vulnerable must also be placed at the center of development efforts. The Millennium Declaration committed to improving the lives of both the poor and the vulnerable.

## Income Poverty:

Lowering the incidence of poverty has been a stated top priority of national development efforts from the 1980s up to the present. Income poverty<sup>8</sup> was significantly reduced in the decade preceding the Asian financial crisis which slowed down economic growth and increased unemployment in the region. After this point, poverty incidence in the Philippines rose from 28.1% in 1997 to 28.4% in 2000.<sup>9</sup> In other words, 4.3 million families or 26.5 million Filipinos are living below the poverty line, 2.5 million persons more than in 1997. The incidence of families living at a subsistence level has declined, but there were still 2 million food-poor families, in the year 2000.

Certain regions face the gravest conditions. The four provinces of the Autonomous Region of Muslim Mindanao (ARMM) are among the 10 poorest provinces (Table 5, p.95), making the region the poorest in the country (Table 6, p.96). Ifugao province of the Cordillera Autonomous Region on Luzon, home to one of the largest Indigenous Persons populations, is also among those provinces with severe poverty.<sup>10</sup> Communities in these two regions are particularly isolated and under-served, live amid uncertainty and conflict (although the nature and scale of the conflict are not comparable across these regions), and benefit from little investment in economic or social infrastructure.

## Rural Poor:

Poverty in rural areas is pervasive and persistent. Roughly two-thirds of the entire population of Filipino poor reside in rural areas—indeed, four of 10 rural families are poor. The rural poor consist mostly of small and landless farmers, farm workers, fisherfolk, and Indigenous Persons.<sup>11</sup> The strong ties of the rural poor to the environment increase their vulnerability to erratic weather patterns and natural occurrences. The inability to own the land on which they work discourages diversification into new, higher-value crops. Unequal access to ownership of resources also discourages sustainable practices.

Household budgets of the rural poor tend to be already stretched. As income decreases, demand for health services — that may be some distance away — declines and the perceived opportunity costs of keeping children in school rise. Fragmented policies and under-funded government programmes have largely failed to deliver on stated intent to increase access to basic services, raise agricultural productivity, ensure technical improvements, diversify rural incomes, and build the capacity of local government units to develop vibrant rural

communities. This failure is in part attributable to: (i) graft and corruption; (ii) political instability at the LGU level leading to sporadic programming; and (iii) a lack of trust in government leading to non acceptance of programs by the intended beneficiaries.

## Urban Poor:

The high incidence of urban poverty at 15 percent<sup>12</sup> is a spillover effect of destitution in rural areas, as many migrate in the hopes of finding better opportunities in the cities. The fast rate of urbanisation has produced new problems for the urban poor, including underemployment and unemployment, poor housing, lack of basic services, and enormous pressures on urban carrying capacities, particularly solid waste management, and air and water pollution. Some 262,000 informal settlements are situated in what may be considered high-risk or danger areas—riverbanks, railroad tracks, shorelines, dumpsites, low-lying areas susceptible to flooding, under bridges, relocation sites lacking amenities and tenurial security, and areas under threat of eviction.

Improving the performance of urban areas in terms of poverty reduction, as engines of economic development, and as attractive living environments, is a major challenge. Many of the urban poor earn a meager living in the informal services sector. The right to secure tenure, or the right to feel safe in one's home, the right to control one's own housing environment and the right to a process of eviction or displacement mitigation, forms the core element of the urban poor's advocacy for social inclusion in the cities.<sup>14</sup> There is the absence of an integrated urban development strategy to guide planners, policymakers and other stakeholders in addressing complex housing and urban development issues. Most often, these policy frameworks tend to address symptoms rather than causes of urban problems. Sustainable urbanisation is a process and a long-term vision for the Philippine urban system, but requires a networked and decentralised approach that harnesses bottom-up and top-down forces from government, the private and the civil sectors.

## Child Labour:

The incidence of child labour in the Philippines is pervasive and alarming. In 2001, an estimated four million Filipino children, aged 5-17, were economically active, or 16.2 percent of the total for this age group (Figure 2, p.104). About 60 percent are exposed to hazardous and exploitative working conditions such as in mining and quarrying, pyrotechnics, construction and deep-sea fishing. Over 37 percent of working children, or about 1.5 million, work as long as five to eight hours a day, leaving no time for schooling and recreation.

Between 60,000 and 100,000 children nationwide are victims of commercial sexual exploitation.<sup>16</sup> Data show that children trapped in commercial sexual exploitation are concentrated in tourist destinations such as Regions 1, 3, 4, 8 and the NCR. Sexually exploited children suffer from trauma and are highly vulnerable to substance abuse, physical violence, STIs and HIV/AIDS.

The causes of child labor are complex and interrelated, but fundamentally they derive from poverty. In addition, barriers to education, weak labor markets, and lack of employment opportunities for household members also increase the propensity of children to work. Beliefs and practices that tolerate abuse and exploitation are also harmful. Unethical business practices persist, without which demand-side forces would be lessened. The elimination of child labor, particularly in its most hazardous forms, is the subject of concerted efforts by government and its partners in the private sector and flow directly from the country's ratification of the ILO Convention on the Prohibition and Immediate Elimination of the Worst Forms of Child Labour, (No. 182).

### Children Caught in Armed Conflict:

There is an increasing trend in the number of children involved in armed conflict in different parts of the country. The Office of the Presidential Adviser on the Peace Process<sup>17</sup>, for example, reports that the Abu Sayyaf Group has used children as combatants in its operations against the Armed Forces of the Philippines. Evidence also shows that the New People's Army and the Moro Islamic Liberation Front have been recruiting children to become combatants, cooks, medics and messengers. Thus, children become victims of the armed conflict twice over: by being deprived of human needs, security and rights (including the psycho-social impact, displacement, and effects of landmines), and by being forced to become child-soldiers. The AFP estimated in 2002 that children involved in armed conflict account for 13 percent of the total rebel population. In response to this situation, the government put in place a Comprehensive Programme Framework for Children in Armed Conflict in November 2001. Soldiering by children is one of the worst forms of child labor.

### Children without Primary Caregivers:

Children without primary caregivers are deprived of their first source of protection and are either orphaned, forced away from their families, or have to leave in search of income-generating opportunities.

A study commissioned by UNICEF and the National Programme on Street Children reported 246,011 street children in the Philippines.<sup>18</sup> This number includes about 45,000-50,000 highly visible street children in the major cities and urban centers of the country. The hazards and risks faced by these street children

include prolonged separation from their families, exposure to drugs, prostitution, early pregnancies, STIs and HIV/AIDS. With neither access to basic services nor better opportunities, their futures remain bleak.

This group also includes children caught up in the judicial system. In 2001, the Bureau of Jail Management and Penology reported 5,905 children in such circumstances, the majority of whom had been subjected to pretrial detention. While in detention, these children have been mingling with adult offenders and therefore have been conditioned to criminal behavior. Many jails and prisons are congested and are maintained in subhuman conditions, with inadequate living spaces, poor sanitation facilities, and low quality food. The weak capacity of parole, probation and corrections officers is also evident in the practice of a punitive rather than a corrective and rehabilitative jail system, thereby increasing the legal insecurity of disadvantaged groups. The UN Committee on the Rights of the Child expressed concern about the Philippines' administration of juvenile justice and its lack of compatibility with the principles and provisions set out by the Convention on the Rights of the Child and other international standards relating to juvenile justice. Current efforts to rectify these deficiencies are encouraging.

### Abused / Trafficked Women:

The difficulty of calculating accurate estimates of domestic violence is common among all societies, and the Philippines is no different. Even when victims are in near-death situations or brought to hospitals after assaults, the abused women face the risk of more violence, public ridicule and economic powerlessness.<sup>19</sup> Of the 6,074 women in especially difficult situations, served by the Department of Social Welfare and Development in 2001, 38.2 percent were physically abused, battered and/or maltreated, 13.4 percent were trafficked, while 11.6 percent were sexually abused. The number of adult women in prostitution is estimated at 400,000-500,000.<sup>20</sup>

### Displaced Persons:

A variety of reasons, including natural disasters and development projects, have caused displacement in the Philippines. Of particular concern, and the focus of the May-June 2002 visit of the Special Rapporteur on the human rights of migrants, is the forced displacement in Mindanao resulting from armed conflict between the Moro Islamic Liberation Front (MILF) and the Armed Forces of the Philippines. At the peak of the conflict (2000-2001), an estimated 932,000 people, half of whom were children and young people, were displaced. While many have returned to their homes, deep concerns persist about the conditions to which they return, their ability to reclaim land and assets, and the status of those who are still displaced. Over 6,400 homes were totally destroyed; the displaced found shelter in 276 evacuation centers, and among relatives outside the path of conflict. As of

23 July 2003, a total of 32, 414 families or 157, 043 individuals remain displaced. Some continue to be housed in 101 evacuation centers in 170 barangays in the 10 provinces of Central Mindanao and the ARMM.<sup>21</sup> This pattern of displacement has been a continuing experience over decades of armed conflict. From the records of the Department of Social Welfare and Development (November 2001), the most significant displacements were recorded in Maguindanao, Sulu, Lanao del Norte, North Cotabato and Marawi City. In August 2001, the total cost of assistance for evacuees was PhP342M in the form of relief supplies, bunkhouses, core shelters and evacuation centers. More than 81, 711 families or 411,849 persons were displaced beginning January 2003 by the escalation of armed hostilities between the AFP and the MILF.

### Indigenous Peoples:

About 140 indigenous ethno-linguistic groups, representing 15-20 percent of the total population<sup>22</sup>, are found in more than 50 of the country's 78 provinces (Figure 3, p.105). They are mostly located in remote but resource-rich areas, many in protected and ecologically fragile environments. Because of their remote location, they have poor access to basic services; and because of their low educational status and unique social and cultural norms, they have been subjected to historical discrimination and exploitation. Malaria prevention and treatment is also sporadic in IP communities. Notwithstanding the weight that many Indigenous Peoples attach to securing protection for ancestral lands, progress to this end has been disappointing.

Many IP children and youth are caught in armed conflict and get recruited into armed rebel groups. The plight of women in situations of armed conflict renders them vulnerable to physical abuse. These specific groups are subjected to varying degrees and forms of abuse, violence and exploitation, or to multiple vulnerabilities, and are among the most marginalised.

### Migrant Workers:

Overseas Filipino Workers (OFWs) increasingly comprise women and vulnerable young persons, who move overseas in search of higher wages or better opportunities than at home. Based on the results of the Survey of Overseas Filipinos conducted by the NSO, the number of OFWs in 2001 and 2002 was estimated at 1.029 million and 1.056 million, respectively. These figures represent just over 2 percent of the total population of the country, 15 years old and over.

Currently, women comprise nearly half of all OFWs, and their ranks are further increasing as women account for roughly 50 percent of workers going abroad each year. Around 10 percent of the total number of overseas workers belong to the 10-14 age category and two out of every three overseas workers in this age

category were girls.<sup>23</sup> While both women and men, as migrant workers, are vulnerable to HIV/STI diseases and exploitation, the types of jobs that many women take, such as domestic work and entertainment, make them particularly vulnerable to isolation and sexual harassment and abuse. Once overseas, these workers, who send home substantial remittances, may be discouraged by their families and communities from repatriation. If they do return, their reintegration is often rocky, as they face difficulties securing decent work opportunities.

## DOCUMENT ORGANISATION

This CCA is organised as follows: Section One (above) has outlined its objectives and scope, summarised the process of its development, and highlighted key methodological challenges. Section Two provides an overview of poverty and vulnerability in the Philippines, and discusses their underlying causes. Section Three highlights the major development challenges facing the Philippines, viewed particularly through the prism of the priorities set by the Millennium Declaration. Section Four sets out a framework for moving forward and underlines the urgency of making demonstrable progress. Finally, Section Five presents a three-part indicator framework that can be used to monitor progress on selected development indicators over the coming years.

## COUNTRY PROFILE IN BRIEF

The development challenges of the Philippines are considerable and they are pressing. The country has a land area of about 300,000 square kilometers, spread over 7,000 islands - many communities are remote. The quality of transportation and communication systems is uneven throughout the country, cutting off many communities from goods and basic services. The population (in 2003) of 82 million is growing at one of the highest rates in the world — by roughly 25% during the last decade of the 20th century — and is expected to reach 108.5 million by 2015 — the target date to reach many of the MDGs. The fertility rate is 3.5 children per woman, well above many countries in Asia. With the urban population growing at a rate of 28.8% (between 1990-2000) already close to half of the population now live in urban centers, primarily in coastal areas. This trend is expected to persist. Environmental degradation has reached critical levels.

Given the Philippines' rich multilinguistic, multiethnic, and geographically dispersed population, a nuanced picture of its diversity is necessary to promote, and progressively achieve, the rights of each citizen.

## DEFINING POVERTY AND VULNERABILITY

The face of poverty in the Philippines is manifested in chronic deprivation in many rural and urban areas and the ubiquitous presence of pockets of slums in urban areas<sup>5</sup>. Many others experience transient poverty, not persistently poor, but highly vulnerable even in the best of times<sup>6</sup>.

The UN concept of poverty is rooted in a state of powerlessness and not merely the absence of assets and services to meet basic needs. Vulnerability, as distinguished from poverty, refers to the debilitating effect of major obstacles to the fulfillment of one's human rights and commonly refers to the disadvantaged

and oppressed. There are varying degrees of vulnerability within and among distinct groups. Together with those Filipinos living in poverty, the vulnerable must also be placed at the center of development efforts. The Millennium Declaration committed to improving the lives of both the poor and the vulnerable.

## Income Poverty:

Lowering the incidence of poverty has been a stated top priority of national development efforts from the 1980s up to the present. Income poverty<sup>8</sup> was significantly reduced in the decade preceding the Asian financial crisis which slowed down economic growth and increased unemployment in the region. After this point, poverty incidence in the Philippines rose from 28.1% in 1997 to 28.4% in 2000.<sup>9</sup> In other words, 4.3 million families or 26.5 million Filipinos are living below the poverty line, 2.5 million persons more than in 1997. The incidence of families living at a subsistence level has declined, but there were still 2 million food-poor families, in the year 2000.

Certain regions face the gravest conditions. The four provinces of the Autonomous Region of Muslim Mindanao (ARMM) are among the 10 poorest provinces (Table 5, p.95), making the region the poorest in the country (Table 6, p.96). Ifugao province of the Cordillera Autonomous Region on Luzon, home to one of the largest Indigenous Persons populations, is also among those provinces with severe poverty.<sup>10</sup> Communities in these two regions are particularly isolated and under-served, live amid uncertainty and conflict (although the nature and scale of the conflict are not comparable across these regions), and benefit from little investment in economic or social infrastructure.

## Rural Poor:

Poverty in rural areas is pervasive and persistent. Roughly two-thirds of the entire population of Filipino poor reside in rural areas—indeed, four of 10 rural families are poor. The rural poor consist mostly of small and landless farmers, farm workers, fisherfolk, and Indigenous Persons.<sup>11</sup> The strong ties of the rural poor to the environment increase their vulnerability to erratic weather patterns and natural occurrences. The inability to own the land on which they work discourages diversification into new, higher-value crops. Unequal access to ownership of resources also discourages sustainable practices.

Household budgets of the rural poor tend to be already stretched. As income decreases, demand for health services — that may be some distance away — declines and the perceived opportunity costs of keeping children in school rise. Fragmented policies and under-funded government programmes have largely failed to deliver on stated intent to increase access to basic services, raise agricultural productivity, ensure technical improvements, diversify rural incomes, and build the capacity of local government units to develop vibrant rural

communities. This failure is in part attributable to: (i) graft and corruption; (ii) political instability at the LGU level leading to sporadic programming; and (iii) a lack of trust in government leading to non acceptance of programs by the intended beneficiaries.

## Urban Poor:

The high incidence of urban poverty at 15 percent<sup>12</sup> is a spillover effect of destitution in rural areas, as many migrate in the hopes of finding better opportunities in the cities. The fast rate of urbanisation has produced new problems for the urban poor, including underemployment and unemployment, poor housing, lack of basic services, and enormous pressures on urban carrying capacities, particularly solid waste management, and air and water pollution. Some 262,000 informal settlements are situated in what may be considered high-risk or danger areas—riverbanks, railroad tracks, shorelines, dumpsites, low-lying areas susceptible to flooding, under bridges, relocation sites lacking amenities and tenurial security, and areas under threat of eviction.

Improving the performance of urban areas in terms of poverty reduction, as engines of economic development, and as attractive living environments, is a major challenge. Many of the urban poor earn a meager living in the informal services sector. The right to secure tenure, or the right to feel safe in one's home, the right to control one's own housing environment and the right to a process of eviction or displacement mitigation, forms the core element of the urban poor's advocacy for social inclusion in the cities.<sup>14</sup> There is the absence of an integrated urban development strategy to guide planners, policymakers and other stakeholders in addressing complex housing and urban development issues. Most often, these policy frameworks tend to address symptoms rather than causes of urban problems. Sustainable urbanisation is a process and a long-term vision for the Philippine urban system, but requires a networked and decentralised approach that harnesses bottom-up and top-down forces from government, the private and the civil sectors.

## Child Labour:

The incidence of child labour in the Philippines is pervasive and alarming. In 2001, an estimated four million Filipino children, aged 5-17, were economically active, or 16.2 percent of the total for this age group (Figure 2, p.104). About 60 percent are exposed to hazardous and exploitative working conditions such as in mining and quarrying, pyrotechnics, construction and deep-sea fishing. Over 37 percent of working children, or about 1.5 million, work as long as five to eight hours a day, leaving no time for schooling and recreation.

Between 60,000 and 100,000 children nationwide are victims of commercial sexual exploitation.<sup>16</sup> Data show that children trapped in commercial sexual exploitation are concentrated in tourist destinations such as Regions 1, 3, 4, 8 and the NCR. Sexually exploited children suffer from trauma and are highly vulnerable to substance abuse, physical violence, STIs and HIV/AIDS.

The causes of child labor are complex and interrelated, but fundamentally they derive from poverty. In addition, barriers to education, weak labor markets, and lack of employment opportunities for household members also increase the propensity of children to work. Beliefs and practices that tolerate abuse and exploitation are also harmful. Unethical business practices persist, without which demand-side forces would be lessened. The elimination of child labor, particularly in its most hazardous forms, is the subject of concerted efforts by government and its partners in the private sector and flow directly from the country's ratification of the ILO Convention on the Prohibition and Immediate Elimination of the Worst Forms of Child Labour, (No. 182).

### Children Caught in Armed Conflict:

There is an increasing trend in the number of children involved in armed conflict in different parts of the country. The Office of the Presidential Adviser on the Peace Process<sup>17</sup>, for example, reports that the Abu Sayyaf Group has used children as combatants in its operations against the Armed Forces of the Philippines. Evidence also shows that the New People's Army and the Moro Islamic Liberation Front have been recruiting children to become combatants, cooks, medics and messengers. Thus, children become victims of the armed conflict twice over: by being deprived of human needs, security and rights (including the psycho-social impact, displacement, and effects of landmines), and by being forced to become child-soldiers. The AFP estimated in 2002 that children involved in armed conflict account for 13 percent of the total rebel population. In response to this situation, the government put in place a Comprehensive Programme Framework for Children in Armed Conflict in November 2001. Soldiering by children is one of the worst forms of child labor.

### Children without Primary Caregivers:

Children without primary caregivers are deprived of their first source of protection and are either orphaned, forced away from their families, or have to leave in search of income-generating opportunities.

A study commissioned by UNICEF and the National Programme on Street Children reported 246,011 street children in the Philippines.<sup>18</sup> This number includes about 45,000-50,000 highly visible street children in the major cities and urban centers of the country. The hazards and risks faced by these street children

include prolonged separation from their families, exposure to drugs, prostitution, early pregnancies, STIs and HIV/AIDS. With neither access to basic services nor better opportunities, their futures remain bleak.

This group also includes children caught up in the judicial system. In 2001, the Bureau of Jail Management and Penology reported 5,905 children in such circumstances, the majority of whom had been subjected to pretrial detention. While in detention, these children have been mingling with adult offenders and therefore have been conditioned to criminal behavior. Many jails and prisons are congested and are maintained in subhuman conditions, with inadequate living spaces, poor sanitation facilities, and low quality food. The weak capacity of parole, probation and corrections officers is also evident in the practice of a punitive rather than a corrective and rehabilitative jail system, thereby increasing the legal insecurity of disadvantaged groups. The UN Committee on the Rights of the Child expressed concern about the Philippines' administration of juvenile justice and its lack of compatibility with the principles and provisions set out by the Convention on the Rights of the Child and other international standards relating to juvenile justice. Current efforts to rectify these deficiencies are encouraging.

### Abused / Trafficked Women:

The difficulty of calculating accurate estimates of domestic violence is common among all societies, and the Philippines is no different. Even when victims are in near-death situations or brought to hospitals after assaults, the abused women face the risk of more violence, public ridicule and economic powerlessness.<sup>19</sup> Of the 6,074 women in especially difficult situations, served by the Department of Social Welfare and Development in 2001, 38.2 percent were physically abused, battered and/or maltreated, 13.4 percent were trafficked, while 11.6 percent were sexually abused. The number of adult women in prostitution is estimated at 400,000-500,000.<sup>20</sup>

### Displaced Persons:

A variety of reasons, including natural disasters and development projects, have caused displacement in the Philippines. Of particular concern, and the focus of the May-June 2002 visit of the Special Rapporteur on the human rights of migrants, is the forced displacement in Mindanao resulting from armed conflict between the Moro Islamic Liberation Front (MILF) and the Armed Forces of the Philippines. At the peak of the conflict (2000-2001), an estimated 932,000 people, half of whom were children and young people, were displaced. While many have returned to their homes, deep concerns persist about the conditions to which they return, their ability to reclaim land and assets, and the status of those who are still displaced. Over 6,400 homes were totally destroyed; the displaced found shelter in 276 evacuation centers, and among relatives outside the path of conflict. As of

23 July 2003, a total of 32, 414 families or 157, 043 individuals remain displaced. Some continue to be housed in 101 evacuation centers in 170 barangays in the 10 provinces of Central Mindanao and the ARMM.<sup>21</sup> This pattern of displacement has been a continuing experience over decades of armed conflict. From the records of the Department of Social Welfare and Development (November 2001), the most significant displacements were recorded in Maguindanao, Sulu, Lanao del Norte, North Cotabato and Marawi City. In August 2001, the total cost of assistance for evacuees was PhP342M in the form of relief supplies, bunkhouses, core shelters and evacuation centers. More than 81, 711 families or 411,849 persons were displaced beginning January 2003 by the escalation of armed hostilities between the AFP and the MILF.

### Indigenous Peoples:

About 140 indigenous ethno-linguistic groups, representing 15-20 percent of the total population<sup>22</sup>, are found in more than 50 of the country's 78 provinces (Figure 3, p.105). They are mostly located in remote but resource-rich areas, many in protected and ecologically fragile environments. Because of their remote location, they have poor access to basic services; and because of their low educational status and unique social and cultural norms, they have been subjected to historical discrimination and exploitation. Malaria prevention and treatment is also sporadic in IP communities. Notwithstanding the weight that many Indigenous Peoples attach to securing protection for ancestral lands, progress to this end has been disappointing.

Many IP children and youth are caught in armed conflict and get recruited into armed rebel groups. The plight of women in situations of armed conflict renders them vulnerable to physical abuse. These specific groups are subjected to varying degrees and forms of abuse, violence and exploitation, or to multiple vulnerabilities, and are among the most marginalised.

### Migrant Workers:

Overseas Filipino Workers (OFWs) increasingly comprise women and vulnerable young persons, who move overseas in search of higher wages or better opportunities than at home. Based on the results of the Survey of Overseas Filipinos conducted by the NSO, the number of OFWs in 2001 and 2002 was estimated at 1.029 million and 1.056 million, respectively. These figures represent just over 2 percent of the total population of the country, 15 years old and over.

Currently, women comprise nearly half of all OFWs, and their ranks are further increasing as women account for roughly 50 percent of workers going abroad each year. Around 10 percent of the total number of overseas workers belong to the 10-14 age category and two out of every three overseas workers in this age

category were girls.<sup>23</sup> While both women and men, as migrant workers, are vulnerable to HIV/STI diseases and exploitation, the types of jobs that many women take, such as domestic work and entertainment, make them particularly vulnerable to isolation and sexual harassment and abuse. Once overseas, these workers, who send home substantial remittances, may be discouraged by their families and communities from repatriation. If they do return, their reintegration is often rocky, as they face difficulties securing decent work opportunities.

## **UNDERLYING CAUSES OF POVERTY AND VULNERABILITY**

The underlying causes of poverty and vulnerability are complex and reflect deep-rooted cultural and institutional dynamics, embedded in decades if not centuries of tradition. But as we assess the development challenges of the Philippines today, and consider why the poor remain poor and the vulnerable become increasingly so, a number of explanations arise about why the Philippines has not realised widespread improvements to human development and security. These explanations relate to three broad themes: economic growth and the underlying structural inequities and foundations in the economy; a sense of insecurity relating to societal harmony and political uncertainty; and the failure to iron out many of the imbalances and inequities that prevent key agents of change — including women, the poor and the marginalised — from playing more active roles in improving their lives and those of others. While the Government of the Philippines and development partners have devoted considerable effort and funding to improve the level of development of the country, this assessment focuses on what more needs to be accomplished.

### **Growth has been poor and not "pro-poor":**

The growth of the Philippine economy has not been strong enough or equitable enough to contribute to a reduction in poverty. Even during periods of somewhat steady growth, growth has been modest. Both external and internal factors are behind this.

The Philippine economy has fallen victim to a number of regional and global developments. The Asian financial crisis, the US-led war in Iraq, global retrenchment in the high-technology and electronics sectors, and the El Niño phenomenon have hampered global demand, strained domestic production, and created greater investor unease in the country and region as a whole. Economic policy reforms and programming implemented over the past few years have been credited with generating the modest growth levels posted and for preventing even more citizens from falling into poverty.

However, the economy remains fragile, the fiscal deficit and debt burden remain substantial, and markets remain vulnerable to political and investor uncertainty. In general, low investment reflects weak investor confidence explained by a number of internal factors, among others: (a) the instabilities in the political situation and peace and order problems; (b) the fiscal imbalance, banking and financial market uncertainties; (c) institutional and governance issues such as are reflected in the low international rating of the Philippines for the rule of law, including the enforcement of contracts; (d) inadequate infrastructure and (e) the high cost of engaging in business in the country. <sup>24</sup> All of these contribute to a broad perception by domestic investors that opportunities abroad are relatively more

attractive. That the Philippines runs an external account surplus — which reflects the fact that national savings exceeds national investments — is in part an illustration of this. Indeed, investment in the Philippines is among the lowest in Southeast Asia, at around 20 percent of the GDP, compared to a norm of 30-35 percent for other newly industrialised countries.

That said, there is a clear need to improve productivity, diversify beyond national resource-intensive products, increase domestic value-added, and build the competitiveness necessary to access wider markets. The industry sector, for example, has failed to expand into a source of high-income, high-productivity employment. Moreover, this sector, which contributes more than 20 percent of the value-added in the country, generates as little of half that amount in employment opportunities.<sup>25</sup> Whereas large firms dominate the less labor-intensive manufacturing and export sectors, micro and small enterprises — many of which are active in the informal sector — absorb the most labor. Medium-sized enterprises, representing the bridge between small and large enterprises, are underdeveloped and few and far between. Investments in human capital — through access to quality and relevant vocational education and higher education and through life-long learning of the labor force — have been inconsistent. Innovation, a driver of technological capacity and industrial development, has not been successfully nurtured in the country

### **Inequities in Access to Opportunities and Basic Services:**

Since the restoration of democracy in 1986, the number of civil society groups and peoples' organisations has grown considerably. With the power of modern communications, civil society has become a formidable influence, as manifested in popular uprisings better known as 'People Power.' Moreover, the government has established venues for people's participation in governance, such as sectoral representatives through the party-list system, and as members of national and local special bodies, technical working groups, and project task forces and has encouraged the participation of Civil Society Organisations (CSOs) and the organised basic sectors to engage in policymaking and planning. The Philippines benefits from a vigorous free press leading to vigorous public discussions.

Notwithstanding the tremendous progress towards meaningful engagement of civil society, the democratic process has not produced a strong unified consensus or policy thrust aimed at addressing contentious issues such as the high concentration of wealth among a few select families or the related issue of land reform. The inequitable distribution of productive resources has led to alarming disparities in economic status across populations, no matter the level of growth. This inequity appears to be widening. The Gini ratio<sup>26</sup> in 2000 was 0.48- notably higher in 1985, when the ratio was 0.44 (the closer the ratio is to 1.0, the greater is income inequity). Indeed, during this same time period (1985 and 2000), the share in national income of the poorest 20 percent of the population declined from 4.8 percent to 4.4 percent, while the share of the richest 20 percent increased from 52.1 percent to 54.8 percent. A study showed that had income distribution been the same as the 1985 level, poverty incidence would have declined by as much as

16.5 percentage points, instead of the net decline of 9.4 percentage points that was actually achieved over the period.<sup>27</sup>

At the individual level, the inability to break the cycle of poverty is largely a result of these disparities and inequalities in accessing the resources and benefits of development and the lack of accountability placed on duty-bearers. Issues relating to inequalities in accessing productive assets and basic social services were examined: the varying levels of resource development (i.e. human, physical, natural resources); and the presence of physical and social barriers to participation in development initiatives, among others. It was unanimously concluded that this factor is greatly undermining rights-based development in the country. Farmers have little ability to accelerate land reform against long-standing powerful landlords. Indigenous peoples, who are seeking to protect ancestral lands from mining, deforestation, or other development, have little power to serve as a counterweight to the influences of large, often corporate, interests, who seek the interpretation of conflicting national laws in their favor. Without such shifts in power dynamics, and the more effective "voice" that this would bring, the marginalised will remain so. Inevitably, when there is inconsistency and conflict in various laws, the larger entities (local or foreign) have greater room for maneuver.

### Poor Quality and Inefficient Distribution of Economic Infrastructure:

The Philippines has pressed ahead with important reforms to improve the availability and adequacy of infrastructure. The enactment of the Build-Operate-Transfer law, telecommunications liberalization, and deregulation of the domestic transportation industry, for example, were important steps taken.<sup>28</sup> The Philippines telecommunications sector is recognised as being one of the most advanced in the region. During the 1997 Asian financial crisis, the strength of the economy lay in the construction sector that rose 16.2 percent, while the transportation, communication, and storage sector grew by 8.2 percent.

However, poor quality of infrastructure and support facilities, the slow adoption of advanced technology, and the low level of research and development contribute to low productivity and competitiveness<sup>29</sup> and prevent SMEs from engaging more in inter-island and international trade. Indeed, the 2002 World Competitiveness Yearbook<sup>30</sup> ranked the Philippines as 30th among large countries<sup>31</sup> on the question of basic infrastructure – including in the road, rail, maritime, and aviation sectors. Electricity costs are high, and there are growing concerns about the country's capacity to supply adequate power a few years hence. Though further reforms to regulation and competition policy affecting this sector are encouraging, financial investments are also required. In this regard, the World Bank estimates that the Philippines would have required between \$38B and \$48B to meet its investment requirements in infrastructure during the 10-year period ending 2004<sup>32</sup>. Remote communities in mountainous provinces and distant islands have benefited the least from infrastructural development.

## Trade Liberalisation:

The latest trends toward globalisation are viewed with both optimism and concern — a sentiment underscored in the Millennium Declaration. Clearly, liberalisation can support democratic principles, facilitate the transfer of new technology and technological innovation, and attract much-needed investment that domestic capital markets are unable to generate. Similarly, trade and investment liberalisation improves access to pollution-control technology and cleaner energy inputs. The Doha Round of negotiations under the World Trade Organisation, for example, has the potential to yield many benefits to Filipinos and the Philippine economy more generally. If new disciplines in the trade of agricultural goods result in dramatic reductions in trade-distorting subsidies, quantitative import restrictions, and tariff levels in OECD countries, Filipino agricultural producers and processors could become more internationally competitive. According to a World Bank report<sup>33</sup>, agricultural subsidies in rich countries, which currently stand at \$350 billion, is roughly seven times the amount spent on international aid. Similarly, clearer disciplines relating to Trade-Related Intellectual Property (TRIPs) are on the table as are disciplines relating to the trade in services. Such changes to the multilateral trading system could help the Philippines promote efficiency in resource allocation, enhance consumer welfare, expand international market access for Philippine agricultural goods, stimulate the "backroom" services sector, and open up the market for more affordable prescription drugs, to name a few benefits. Many of these benefits, however, are not solely dependent on multilateral action. By continuing selective liberalization efforts, including in the agricultural sector, where tariffs in the Philippines remain relatively high within the region, the consumers and producers alike could realise considerable gains.

However, freer trade will benefit only those producers who can compete and in those sectors where the Philippines has a comparative advantage. In this way, the growth of international trade and investment has sharpened development challenges. Many businesses and supporting institutions are ill-prepared for the intensified competition it brings, in part due to past restrictive policies and in part because of overall competitiveness. In the Philippines, unskilled labor has been rendered redundant by less expensive labor abroad and through automation or mechanisation of production processes. Machinery, rural feeder roads, and post-harvest facilities are outdated or inadequate in many parts of the country, leaving the prospects for many commodity producers discouraging.

Consequently, unless considerable strides are made to attract capital and technology to combine with domestic labor, the unskilled workforce will continue to be marginalised into subsistence activities (including self-employment and micro business in the informal economy) and dependency on imports (including food imports) will intensify. Better social protection measures must go hand in hand with further liberalisation, to increase labor market flexibility and encourage entrepreneurship, innovation, and product diversification, while catching those

who are unable to adjust in time. The Committee on the Elimination of Discrimination warned<sup>34</sup> that women are particularly vulnerable to the impact of liberalisation, especially those in free-trade zones and in rural areas.

Owing to weak management of natural resources and ineffective export controls, the globalisation of demand has also accelerated exploitation and destruction of precious resources, including natural forests and coral reefs. In the absence of an institutional framework that clarifies tenure and thwarts rent-seeking behavior in using the country's environment and natural resources, this demand will only worsen the state of the environment.

### Fertility Rates:

High fertility rates reflect a lack of access to, and demand for, family planning services, lower educational attainment, and poverty. The unmet demand for family planning services is evidenced by a total fertility rate of 3.5 children per woman. This is, on average, one child higher than the number reportedly preferred by Filipino women.<sup>35</sup> Government policy is based on responsible parenthood and family planning. Muslim religious leaders in the country have recently issued a "fatwah" or decree declaring Islam's support for reproductive health and family planning.

The population growth rate of the Philippines has serious consequences at every level of the development challenge. At the national level, high population growth rates express themselves in discouraging levels of per capita GNP. The country's population growth, at 2.36% (average annual growth rate from 1995 to 2000), is one of the world's highest, almost twice the global rate of 1.3 percent. With population growing at this rate, the growth of output per capita averaged only 1.4 percent from 1980-2000. Given the rate of GDP over the last three decades, it is estimated that per capita GDP would have been 50 percent higher than it now stands, had population (in 2003) only grown at the same rate as Thailand's, where fertility rate is 1.8, as against the 3.5 of the Philippines<sup>36</sup>. A high savings rate — a prerequisite to domestic investment — is also undercut by a high dependency rate.

At the local level, high fertility rates increase pressures on the environment, escalating harvesting rates of scarce natural resources and compounding problems of air, water and land quality, and human and industrial waste disposal. Moreover, the gaps between supply and demand for basic social services such as education, health and water widen as the ability of government to secure additional funding to pay for more services is not forthcoming.

At the individual level, high fertility rates have a demonstrated impact on the health and well-being of children and their mothers. Large families, particularly those with low spacing between births, experience higher infant and maternal mortality and morbidity and are less likely to see their children attend school. With

more children to feed, the incidence of domestic abuse and child labour increases. Women prefer smaller families than do men, yet do not have an equal say in the decision.

## Gender Inequities:

The Philippines has made considerable progress to advance the status of women. Access to schooling for girls is higher than for boys, based on cohort survival and repetition rates. Filipino women, particularly those with higher education are marrying at a later age, and their acceptance into public service has even been higher than men. Women appear to have gained more from national health progress, as suggested by life expectancy and mortality rates. Two of the last four Presidents have been women.

Building on this foundation, there is still progress to be realised. The potential of women and girls to contribute to development efforts — as decision-makers, consensus builders, managers of households, and income generators — and their ability to exercise their rights as equal partners, will directly affect the speed of rights-based development. As noted in the Millennium Declaration, development that is "truly sustainable" depends on making real progress towards the empowerment of women.

At the institutional level and in the workforce, women are under-represented and tend not to occupy the higher occupational ranks or best-paying positions. The low labor force involvement of women reflects the greater preference given to the employment of men. For example, only 21 percent of judges in all courts are women, and most of them are in the lower courts. The number of women in public office also remains few. Men dominate posts for local government chief executives and middle-and senior-level ranking career officers. Their positions in government and in the courts directly affect the public policies. Many laws, particularly those dealing with civil law (that is, involving spousal and family relations) are still biased against women. Quality standards for health care programming and delivery have yet to be made fully gender-sensitive. Despite progress, the high level of maternal mortality is a symptom of underinvestment in services for women.

However, if gender equality is to be considered there is a need as well to begin addressing the emerging problem of boys' educational underachievement and to identify strategies that will effectively improve boys' and girls' participation in schools.

At the cultural level, unequal power relations between men and women persist, leading to violence against women, a lack of control over women's reproductive health choices, and the inability to pursue meaningful employment. Behind these power relations is patriarchy — the social structure is constructed, reinforced and

perpetuated by sociopolitical institutions, put in place by men and thereby ensure that men, by virtue of their gender, have power and control over women and children. Until women and girls are perceived as equal partners, development will be hindered.