

**Outcome Evaluation**  
***Achieving the MDGs and Reducing Human Poverty Programme***  
***United Nations Development Programme – Philippines***  
**Executive Summary**

**Rationale of the Outcome Evaluation**

This outcome evaluation on the “Achieving the MDGs and Reducing Human Poverty Programme” will scrutinize UNDP’s contributions to the national development goals and identify the gaps in the implementation of these programmes and projects under CCF II and the CPAP. Hopefully, the results will help UNDP probe deeper on the relevance and sustainability of the actual outcomes and become important inputs to next round of CCA-UNDAF 2010-2014 and the formulation of the UNDP Country Programme Document (CPD). This report also identifies key challenges, lessons learned, priority areas, and practical recommendations on potential UNDP focus for the next Country Programming Cycle and examines the UNDP partnership strategy in relation to the outcomes.

**Status of Outcomes**

The main findings of the report based on the desired outcomes of the programme are:

**CPAP (2005-2009)**

***On the incorporation of people centered approaches in policy and planning frameworks:***

- Generally, the key policy and planning framework of the country has already incorporated key poverty analysis, programs and approaches being implemented at the various levels. Thus, very clearly, the government has a national strategy for poverty reduction in the Medium Term Philippine Development Plan (MTPDP) 2004-2010. The Plan has a separate chapter that states how the government plans to respond to the basic needs of the poor and vulnerable groups (Chapter 12).
- From 2002 – 2007, the Philippines has posted an average of 5.8 percent GDP growth and it has been widely accepted among policy observers that recent macroeconomic performance has been not only satisfactory, but has been relatively good (e.g. low inflation and interest rates, stable currency and significant reduction in the fiscal deficit). A combination of fiscal prudence and good monetary management has brought about these results. Capacity of the national government for macroeconomic stability and growth has been exhibited in the past few years.
- Unfortunately, the character of economic growth the past years had been “narrow, shallow and hallow” as former economic planning secretary Cielito Habito would like to say. Very few sectors provide the impetus to growth like the semi-conductor industry, telecommunications, business process outsourcing, real estate and housing, and retail trade. Most of the growth are in the services sector which are being fueled by remittances of overseas Filipino workers (OFWs). This has been a major reason why not enough quality jobs are created and that poverty incidence and inequality have not improved much in recent years.
- Governance issues and a weakening of institutions have also contributed negatively to the general investment climate. Governance also plays a critical role in terms of the implementation of actual poverty programmes and policies more especially through cooperation and coordination mechanisms of public institutions that may include private and civil society sectors.
- The MDG/ Poverty Portfolio had continuously enhanced capacities of partner national government agencies in planning, formulation, implementation, monitoring and evaluation. The work in monitoring the MDG targets by the mandated agencies had been strengthened at the national and regional level but there is much work to be done, as expected, at the local level given the more than 1,300 local government units in the country.

- The National Anti-Poverty Commission, the agency mandated to lead in poverty policy and programme formulation has been beset with various institutional and structural constraints<sup>1</sup> and with a fast leadership turnover, has been negatively affected in the performance of its roles in the last few years. However, despite its limitations, it has succeeded in the following: convening of the Regional KALAH! Convergence Groups assisted by Presidential Assistants for Rural Development in each region, conducting a Legislative Forum where four committees agreed to push for pro-poor bills in Congress, and sustaining advocacy and implementation of the Community-based Monitoring Systems at the local level.
- As a local experience in coordination and collaboration, KALAH!-CIDSS provides a model that a state agency is able to coordinate and mobilize other public institutions and different stakeholders in the fight against poverty at both the national and local levels.

***On institutionalized and integrated MDG and human rights based poverty monitoring and mapping system***

- The initiatives toward a more systematic gathering of poverty indicators through the strengthening of national statistical government agencies and the Community-based Monitoring System (CBMS) are important steps toward more effective poverty planning and achieving the above outcome. The National Anti-Poverty Commission (NAPC) and the CBMS Network Team of the De La Salle University are key UNDP partners<sup>2</sup> which implemented various projects like advocacy on the utilization of CBMS, institutionalization in the planning and monitoring processes of selected LGUs and capacity building for a core of trainers within the Commission.
- Several constraints towards the realization of outcomes can be gleaned at the local level: insufficient data for effective strategizing, programming and targeting, resource constraints for programme and policy formulation and technical capacity itself in incorporating people-centered development approaches in local planning and budgeting. For example, this could result into wasteful leakages as experienced in the Food for School Programme implemented by DEPED and DSWD (Manasan and Cuenca, 2007).
- It is important to highlight that the gains in poverty reduction and in achieving MDG targets at the local level can easily be wiped out with the occurrence of various social risks, the most common of which are natural and man-made disasters and conflict situations. Thus, national and local governments must tackle vulnerability through a comprehensive social protection policy framework and strategy.
- Another example of a major social risk is the occurrence of a disaster. Only about half of the affected people received assistance from government and private relief institutions. Of those assisted, the value of the assistance was a miniscule amount, not even representing 1% of the average income during “normal” times of the poorest 30% of the population. This is a serious concern considering that disasters often inflict severe damage and loss to property and destroy the only means of livelihood for the poor. Failing to receive assistance, they risk falling to perpetual poverty traps. Disaster prevention, mitigation and response should be one of the pillars of a national social protection strategy.

***Monitoring MDG targets through the GAA and National Budget***

- Great strides have been made in terms of monitoring progress with regard to the MDG targets. The National Economic and Development Authority (NEDA), in partnership with the UN, developed and launched the Philippines Mid-Term Progress Report on the MDGs (2007) for evidence-based advocacy and increased budget for social sectors. The UN supported research and policy studies on MDG financing were brought to the arena of public debate, policy reform and change. These significantly contributed to political endorsement of the Debt-for-Equity proposal to fund the MDG projects, including at the

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<sup>1</sup> NAPC does not have a regional structure to be able to directly monitor local poverty convergence efforts

<sup>2</sup> Most of these projects fall under SIMPCPAE 3

ASEAN Summit in January 2007, forming the basis for a region-wide effort to address the MDG financing gap.

- Education and health rank only third behind interest payments and transfers to local governments. The DepEd budget benefits the entire population and past studies. Reyes (2004) emphasized that it has the greatest impact on the poor relative to spending by government agencies. The MDG midterm report however stressed the need to improve the quality of education and reduce the drop-out rates specially among boys
- The Social Watch Philippines, with support from the UN, led the formulation and advocacy for an 'alternative budget' for MDG-related expenditures, the first time in 105 years of budgeting, contributed to increased expenditures for health, education, agriculture and environment, and reduction of debt interest payments by P17 billion. Prioritization of MDGs in the preparation of national and local budget proposals formed an important part of the policy guidelines and procedures issued by the DBM.

***Institutionalizing MDGs in local development planning: empowerment, capacity and cooperation of Local Government Units (LGUs)***

- Most fifth or sixth-class municipalities possess little capacity to formulate, finance, manage, and implement programs and projects that are MDG-friendly. Overcoming financial and decentralization constraints is vital to achieving the 2015 targets. There is a need for government to invest in improving capacities of LGUs through: problem-solving, involving local participation, managerial know-how and transparent mechanisms. Aside from ensuring the availability of human resources and expertise, quality improvement programs to upgrade skills and capacities of frontline workers, e.g., health workers and teachers, have to be in place
- While there are a number of "model" LGUs in terms of an effective response<sup>3</sup>, (e.g those which have institutionalized CBMS, partners in KALAHI-CIDSS programmes, Galing Pook winners) national government in partnership with donors and other stakeholders have also initiated various projects for other LGUs to reach this outcome. To assist the LGUs in implementing and financing MDG-related programs and projects, the Municipal Development Fund Office (MDFO) of the Department of Finance (DOF) and the Department of Interior and Local Government (DILG), initiated the establishment of the Millennium Development Goal Fund (MDG-Fund), a concessional and liberal financing facility to enable the LGUs to fast track the localization of the MDGs. This year 69 municipalities are already eligible to tap this funding and 15 will start implementing their projects.

***Capacity and access of the poor and vulnerable groups to market and finance***

- While microfinance has spread considerably in the past 10 years to help fill the unmet need for financial services, a majority of poor families in the poorer regions still do not have access to credit and microfinance services. Moreover, providers of microfinance cater largely to non-farm enterprises and poor agricultural households generally do not have access to microfinance services.
- On access to income and productive resources, the last decade had seen an increase in the number of women in the labor force with 50 percent of all women working compared to 80 percent of men. In terms of quality of work, 64 percent of those in higher wage-and-salary jobs and 67 percent of own-account workers were men. Among the employed women, 50 percent were wage-and-salary workers, 33 percent were own-account workers and 17 percent, unpaid family workers. Women had a large presence in the growing informal economy and had limited benefits and protection, such as social security and health care

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<sup>3</sup> The Galing Pook Foundation has recognized these LGUs which have outstanding programs that address poverty and social sector issues.

- The negative effects of labor migration<sup>4</sup> notwithstanding, some studies show a positive impact of labor remittances on poverty. For example, Abella and Ducanes (2007) find evidence that indeed it has: a proportionally smaller but still significant part of new migrants are found to come from the lower income deciles; and, families who are able to send a migrant abroad are able to climb up the per capita income ladder quite rapidly. Aldaba and Opiniano (2008) assert that remittances can be harnessed for rural development if OFWs are given adequate information on where to invest or utilize their savings.

***Capacity of poor and vulnerable groups for sustainable management of resources***

- It is already well established in the literature that economic growth is a necessary condition for the reduction in poverty. At the same time, DAR's recent commissioned study on the impact of CARP on poverty has confirmed the significance of land ownership on poverty reduction. Balisacan (2007a) shows that Agrarian Reform Communities (ARCs) fared better than non-ARC in terms of various welfare indicators. Also, from the Philippine Asset Reform Card done by PHILDHARRA, we get the following insights: First, asset reform in its various forms have been positive and beneficial and that the bulk of beneficiaries positively indicated attaining better lives with asset reform. Second, effective asset reform ultimately hinges on good governance and political will. Governance weaknesses, including weak coordination, overlapping mandates, conflicting laws, lack of clear accountabilities, and poor inter-agency communication have been the typical hurdles to more expeditious conduct of various processes and the delivery of services under the asset reform program.
- Thus, while asset reform programs were having positive impacts, these were not enough. The Gini coefficient of land distribution has increased from about 0.53 in 1960 to about 0.57 in 2002, which compares unfavorably with a decline in the coefficient for East Asia and Pacific, from 0.47 to 0.41, over the same period. Other indicators of access to land also paint a dismal picture with both the average farm size and land-labor ratio fast declining as the land is passed on from one generation to the next. Between 1960 and 2002, the average farm size shrunk by about 44% and the land-labor ratio by over 48%. (ADB, 2007). The studies on the land distribution also suggest that the lack of access to land not only limits the ability of the poor to engage in agriculture, but also curtails their ability to invest in human capital and productivity enhancements, and to access financial services.

***CCF II (2002-2004)***

***Improved access of the poor to basic services and productive resources and better opportunities for more active and effective participation in policy making and in designing poverty projects***

- Access to primary education is near universal levels in the Philippines but access to secondary education is lower and not equitable. Although the Philippines has achieved near universal levels of primary education with enrollment rates over 96%, there is substantial room for improvement in the enrollment rates for secondary education, which currently average about 73%
- The World Health Organization notes that geographic inequity, where people who live in the rural and isolated communities receive less and lower quality health services, and socioeconomic inequity, where the poor do not receive health services due to inaccessibility and/or unaffordability, continue to abound in the country.
- The Philippines has consistently underperformed most of its regional neighbors in providing productive employment opportunities to its growing labor force. Since the early 1990s, the unemployment rate in the Philippines has remained persistently high and has fluctuated in the 8–12% range

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<sup>4</sup> Aside from the dependency issue, anecdotal evidence also suggests social losses in terms of family breakdowns. However, there are studies which contradict such findings too.

- A recent study (ADB 2007d) showed that the average hourly wage earnings for workers from the bottom 20% of income distribution were 86% lower than those for workers from the top 20%. Son (2007b) found that in 2003, on average, the workers from poor households worked 15% less hours per week than those from an average household

***Effective participation of the basic sectors in policy-making bodies***

- NAPC is the main venue for participation but several constraints hamper their effective participation-issues in the appointment of representatives (e.g. “representativeness”, political and ideological affiliation, etc.); infrequent meeting of the council (due to leadership changes); capacity and resource constraints of representatives. Other venues include the various sub-committees and the steering committee for the formulation of the MTPDP and the PCSD. Participation in these committees peaked during the Ramos administration and such has not been matched in recent processes.
- At the local level, there is civil society sector participation in the regional, provincial and municipal development councils but the intensity varies across regions. Effective participation of basic sectors are contingent on many factors which include for example, the actual presence of POs and NGOs in the area, the interest of the chief executive to promote participation and the capacity and resource constraints of basic sector organizations

***Strengthened capacity of national and local governments in planning, formulating, implementing and monitoring anti-poverty programs and projects, particularly in meeting the minimum basic needs of poor communities/families.***

- Much have been accomplished in this outcome in terms of strengthened capacity of national statistical agencies in gathering poverty-related statistics and developing poverty indicators including that of the MDGs. However, at the level of the LGUs the integration of data such as CBMS in local development planning has still a long way to go with what is acceptably desirable ideal. Alternative, cheaper and complementary ways of gathering data and statistics must be open to these LGUs and could be an important future area of intervention by UNDP<sup>5</sup>.

***Increased participation of the private sector especially business and private organizations in poverty alleviation programs***

- Private companies spent P26.0 billion on social projects in the last decade, most of which were poured into widening the poor's access to quality primary education, the League of Corporate Foundations (LCF) said. Marilou G. Erni, chairperson of the LCF, said that in 2007 alone, private companies spent P18.4 billion to stem poverty. The amount was more than double the P7.6 billion spent in LCF's first five years. Education projects accounted for 77.0 percent of the total amount and livelihood projects 16.0 percent

**Relevance and Sustainability of Outcomes**

The target outcomes in fact have become more relevant given that the country is currently beset with an on-going oil and food crisis and also recent data have shown that poverty incidence increased and inequality has remained almost the same for many years despite the sustained moderate growth of the economy. The challenge for government to sustain the positive outcomes is three fold: First, to maintain the momentum for growth so that it can move to a higher level once the global constraints have receded; this is possible only with highly professional and competent economic managers and an independent central bank. Second, to improve the quality of economic growth by diversifying the growth drivers and focusing support to sectors that will create more employment like manufacturing, agriculture and tourism. Third, to respond accordingly to the current crisis via short term interventions like the conditional cash transfers and

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<sup>5</sup> NSO's project on enhancing the barangay registry is an example.

public employment schemes and long-term solutions like the establishment of a national social protection programme

What is also probably more relevant now is how we can transform the incorporated people centered approaches in the policy and planning frameworks into greater impact and beneficial effects on the lives of the poor and marginalized. This can be done through enhanced implementation, coordinating and information gathering mechanisms, through better and stronger institutions implementing poverty and social protection programmes, through replication or upscaling of good practices at the local levels and through additional resources (financial and human) for local delivery of basic services and local programme and project implementation.

While several legal and institutional mechanisms (e.g. sectoral representation in NAPC, RDCs and LDCs, PCSD and MTPDP committees) have been set up for basic sector participation in policy making, there are still constraints in the actual operation of such structures as discussed above. The challenge is to sustain the operationalization of such mechanisms across administrations.

## **Factors Affecting Outcomes**

From ADB (2007), critical constraints to growth are:

- Continuing tight fiscal situation
- inadequate infrastructure, particularly in electricity and transport;
- weak investor confidence due to governance concerns, in particular, corruption and political instability; and
- inability to address market failures leading to a small and narrow industrial base.

and critical constraints to poverty reduction are:

- lack and slow growth of productive employment opportunities;
- inequitable access to development opportunities, especially education, health, infrastructure, and productive assets; and
- inadequate social protection and social safety nets.

### ***Other Important Factors Affecting Outcomes***

- External factors – US recession starting from the sub-prime crisis; oil and food price surges, lower investments and capital flight; long term: FDI and ODA trends; developments in global trade especially market access for the developing country agricultural exports
- Continued external migration – remittances reaching almost US\$14.5 billion dollars in 2007; has positively affected the economy and poverty reduction through multiplier effects but also may have negative consequences related to moral hazard
- A slow decline in population growth
- Increased social risks due to changes in the natural environment (e.g. climate change) or conflicts at the community or regional levels
- Improvements in communications and information technologies which may positively affect the data deficit at various levels of governance

## **UNDP Contributions to Outcomes**

### ***CPAP Outcome (2009) and CCF II Outcome #2***

- The MDG related activities supported by UNDP with its partners principally UN agencies and NEDA have contributed in mainstreaming MDG in the planning framework of the country more so in government but also in private sector's corporate social responsibility (CSR) planning. A Special Committee on the MDGs was created in the House of Representatives

of the Congress of the Philippines, and the latter has formulated an MDG Legislative Agenda prioritizing legislative measures attuned and responsive to early realization of the MDGs.

- The Social Watch Philippines, an NGO partner of UNDP, led the joint NGO-legislators alternative budget advocacy campaign. The campaign resulted in an increase of PhP22.7 billion in additional proposals for MDG-related activities, and approval of PhP5 billion pesos for the 2007 national budget.
- The strengthening and harmonization of statistical data for monitoring MDG progress has done well enough to support the generation of quality progress reports through the efficient response also of national statistical agencies.
- The MDG progress reports (national and regional) and related activities are very much influential in directing support of resources to attainment of the goals not just in government but also among private and civil society organizations. The high-level quality of the content of the MDG Midterm Progress Report will definitely impact on planning in government as well as independent initiatives in the private and civil society sectors in the years to come before 2015. Included in the above midterm report were computations of sub-national (regional) MDG progress of indicators. A related activity was a costing guide for each project and activities recommended in the LGU Guide Options/Guidebook or Manual on MDGs' Localization to be piloted.
- The portfolio was able to ride and continue on successful past projects starting from the SIMCPAE outputs that have been influential in providing data for national planning. SIMCPAE I activities were responsible in the formulation and piloting and eventually adoption of the Annual Poverty Indicators Survey (APIS) way back in 1999 and still conducted by the NSO in 2002 and 2004
- The SIMCPAE was also key in the formulation of the CBMS 13/14 core poverty indicators in 2002-03 through a support and partnership with DILG. The CBMS was endorsed by national agencies for widespread adoption at the local level. There have been attempts also to use incentives in encouraging the use of CBMS by supporting projects identified through the CBMS database. What is strategic for UNDP in this endeavor is to translate knowledge and experience from this incentive-scheme to a national policy level of institutionalized incentives for LGUs in the conduct and utilization of CBMS.
- The SIMCPAE output on Poverty and Social Protection studies were instrumental into the adoption of the Social Protection official definition by the NEDA – Social Development Committee and the eventual institutionalization of social protection programs in a national and wider scale in the country.
- The CLIPPS project of DOLE-BRW was the key instrument in the adoption of the official definition of the Informal Sector as well by the NEDA - SDC and its eventual program funding under DOLE in the GAA for 2008.
- The institutionalization and enhancement of national and local HIV-AIDS response mechanisms, including the creation of local AIDS councils and strengthened capacities of organized groups to support people living with HIV-AIDS. The UNDP program supports the 2005- 2010 mid-term strategy of the Philippine National AIDS councils (PNAC) to strengthen local initiatives on HIV-AIDS. The focus on leadership in providing models of proper response and approach in the problems related with HIV/AIDS is strategic towards the attainment of the outcome because the sector needs a “more personal” approach in the knowledge and building of trusts within the community, i.e. for PHAs to come out and acquire the right information as well as avail of the services.
- The project care and support services for person with HIV/AIDS (PHAs), their families and children is also strategic to the outcome since the DSWD as an institution and its social welfare officers as professionals handling psycho-social aspects of PHA cases will generate best practices from the project's pilot activities.
- PHDR publications and related activities - These have contributed in changing mindsets of national and local policy makers in terms of the concept and measure of sustainable human development and key development issues like gender equality, education, employment, conflict and institutions. Because the studies related to the reports are done by respected

academics and practitioners, the outputs are very credible and well recognized by local decision-makers and by experts abroad.

***CCF Outcome #1 on improve participation and access of the poor to resources***

- The Portfolio has supported projects in four (4) different sectors of poor populations in the country: indigenous peoples, the informal sector, entrepreneurial poor, and the agrarian reform beneficiaries of CARP. From the assessment and reports, UNDP support was very strategic in contributing to the outcome because they have strong policy component.
- The EIPSDADS I and II, with support from NZAID, is key contributor in the strengthening of NCIP as institution in implementing the IPRA and its work in delineating ancestral domains through CADCs/CADTs and the formulation of the ancestral domain development plans in targeted AD-areas by the project.
- The Portfolio through the MSSP was a key player in the expansion of microfinance services in the country with its very successful MSSP II although AusAID discontinued its support for the MSSP III. The three MFIs supported by the project namely CARD, LifeBank, and CCT are leading microfinance institutions in the country.
- The CLIPPS project for the informal sector was very much successful in policy formulation (see above on IS definition) that it translated as well into a budget allocation of the GAA in 2008 for the informal sector development. The IS project at DOLE-BRW has always been supported consistently by two Undersecretaries of DOLE one after the other.
- The supported activities in DAR were very specific to targeted agrarian reform communities in six provinces (in the case of SARDIC). However successful the specific interventions, these projects were not designed for strategic policy intervention, unlike in MSSP and CLIPPS and to a lesser extent EIPSDADS. It should be noted though that recent studies of ARCs confirmed positive development outcomes (see related section above on poor groups access to resources).
- In the case of the DAR-EARBETS this could have strategic contribution to the attainment of the Outcome if it had a strong policy component. The alternative dispute resolution component was designed to expedite settlement of agrarian cases but the project was not modeled to elevate such experiences for policy institutionalization that would have a wider effects. Rather the project limited itself to the training of mediators as its output. UNDP and DAR could have been more sensitive to policy implications of institutionalizing alternative dispute resolution and their likely effects on shortening the period of the entire land transfer process.
- Similar with DAR projects, the TESDA women support project did not have a strong policy component, therefore the project had minimal influence on the outcomes.

***CCF Outcome #3 on private sector participation in poverty alleviation.***

- UNDP support on the attainment of this Outcome has been targeted at strategic groups particularly the microfinance sector, women and the Philippine Business for Social Progress, a network of corporations practicing corporate social responsibility. UNDP in the future may wish to broaden its network in the private sector and may hire experts to develop a medium term framework of engagement with the private sector for medium-term projects on MDGs and poverty reduction.

**Assessment of the Partnership Strategy**

***On Building Consensus and Ownership*** Among many donors, UNDP has been in the forefront of developing multi-stakeholder partnerships in programmes and projects to achieve greater impact for its work with the poor and marginalized.

***On Resource Mobilization*** UNDP has also successfully leveraged its funds for resources of other donors in various projects and programmes especially in this area of achieving MDGs and poverty eradication.



**On Partnerships with Civil Society** Again, among multi-lateral and bilateral donors, UNDP leads the way in forging partnerships with civil society e.g. NGOs, POs and community groups. Successful examples include those with NGOs in Social Watch Philippines and those with academics and policy makers in the Philippine Human Development Network.

**On Partnerships with the Private Sector** The business sector is increasingly playing a larger role in solving social ills and the Philippine business sector is one of the more active ones in Asia in corporate social responsibility. Thus, it is important for UNDP to forge deeper partnerships with the private sector aside from the microfinance sector and PBSP. Maybe UNDP should start exploring partnerships with other corporate foundations through the League of Corporate Foundation or through the Association of Foundations in terms of MDG related activities and poverty reduction especially those engaged in education, health, population and HIV-AIDs.

## Recommendations

**The Local Governments Once Again** LGUs are overburdened with a lot of responsibilities but are capacity and resource-constrained (unfunded mandates and obligations). Activities leading into the strengthening of roles by the LGUs must be promoted e.g. advocacy for increased funding for MDG-related and poverty reduction programmes, fiscal powers and revenue raising authorities plus capacity building in the delivery of services related to MDG and poverty reduction. It is strategic that this UNDP Programme engages with the Leagues of LGUs (at the regional and provincial levels) especially if it wants more policy-related outcomes guiding the effective delivery of poverty programmes and projects.

**Tackling the Information Deficit** A pre-requisite for MDG-responsive planning or integration of people centered approaches in planning is the availability of adequate information. There is a need for a comprehensive national strategy for data and information gathering as well as targeting. While CBMS is the ideal method, an incentive scheme has to be institutionalized at the national level for the LGUs to respond positively, alternative, cheaper and complementary means of data gathering can be explored.

**A Need for a Strategic Policy and Programmes for the Poorest of the Poor** (the chronic poor). It is important to accurately know where and who the poor are – especially the chronic poor. Tackling poverty also implies tackling sectors and areas where poverty incidence is high. One critical group, the poorest of the poor (e.g. in disaster and conflict prone areas) has not been dealt with so much. A more strategic policy action must be done for this - possibly incorporated in a national social protection strategy.

**A National Social Protection Strategy** Poverty and vulnerability must be tackled jointly. The concern for vulnerability underscores the centrality of social protection policy mechanisms as potent poverty reduction tool.

**Strengthening Institutions for Coordination and Monitoring;** The first step is the improvement of coordination for poverty policy and planning through the enhancement of the National Anti Poverty Commission (both the secretariat and the council). It is probably time for a review of the law RA 8425 (Social Reform and Poverty Alleviation Act) to strengthen NAPC, clearly define its role vis-à-vis other coordinating and monitoring bodies like NEDA and provide remedies to correct its institutional flaws. A memorandum of agreement with NEDA during the terms of Secretary Deles in NAPC and Secretary Dante Canlas can provide a starting point for coordination between the two key agencies in the fight against poverty.

**A Focus on Agricultural Development as Pathway to Poverty Reduction** GDP growth originating in agriculture is about four times more effective in raising incomes of extremely poor people than GDP growth originating outside the sector. Agricultural development will provide employment for the rural poor, increase demand for industrial products as incomes of farmers and rural workers go up, provide for food self sufficiency, and increase foreign exchange reserves through substitution of food imports and exportation of our surplus produce.

**Policy Orientation and Dissemination of Good Practices** To optimize limited resources, it is recommended that any type of intervention should always be formulated in the perspective of being able to advance a policy or programme at various levels of governance –from local to national. Insights gained from UNDP's programmes and projects and partners if elevated into

feasible policy recommendations and/or programmes/projects that can be replicated or adopted elsewhere may then maximize impact and outcomes of various interventions.

## Lessons Learned

***Multi-stakeholder partnerships are really beneficial on many levels*** Successful policy advocacy can be seen through multi-stakeholder partnerships. Pooling resources is also a product of multi-stakeholder partnership as donors, the private sector and civil society leverage their limited funds to create larger scale programmes that deliver bigger impact. Three groups that UNDP needs to engage with more deeply are the Leagues of LGUs (especially at the regional and provincial levels), private sector corporate foundations and civil society groups involved in labor migration issues

***The important role of information for policy and programme formulation*** Proper targeting, efficient coordination and timely monitoring are crucial elements for successful poverty eradication programmes. A smooth flow of vertical and horizontal information is important for policy making at all levels of governance. Current technologies must be harnessed to facilitate these.

***Strategic interventions do not always need large resources*** Pilot projects of direct project implementation types could be very small or large but what is significant is that project implementers have very strong sense of accountability to translate experience and knowledge into potential policy change or its institutionalization. Thus if UNDP remains to be strategic in policy influence, projects supported should have clear components on pursuing policy change that has immediate effects at the Outcome Levels. This is the UNDP's strategic role in policy coordination, to pick up knowledge and learning from very small or large projects being implemented and translate them to good policies.

***Successful poverty programmes are done through coordinated local level responses*** via a combination of a system of incentives and support from various stakeholders. The elements for successful initiatives like KALAH-CIDSS, and local institutionalization of CBMS must be further studied and analyzed and transformed into policies and frameworks so that such may be multiplied or adopted in other localities in the country.

# **Outcome Evaluation<sup>1</sup>**

## ***Achieving the MDGs and Reducing Human Poverty Programme United Nations Development Programme – Philippines***

### **Introduction**

The United Nations Development Programme (UNDP) will undertake four (4) outcome evaluations to assess the effectiveness of the 2002-2004 Second Country Cooperation Framework (CCF II) and the 2005-2009 Country Programme Action Plan (CPAP). This hopes to determine whether UNDP's various programmes and projects are effectively contributing to the country's development through the reviews and project evaluations to be done on its four (4) thematic areas, namely, achieving the MDGs and reducing human poverty, fostering democratic governance, energy and environment for sustainable development, and crisis prevention and recovery. These outcome evaluations will scrutinize more deeply UNDP's contributions to the national development goals and identify the gaps in the implementation of these programmes and projects under CCF II and the CPAP. The results will be important inputs to next round of CCA-UNDAF 2010-2014 and the formulation of the UNDP Country Programme Document (CPD). This report is specifically focused on the outcome evaluation of the thematic area on "Achieving the MDGs and Reducing Human Poverty Programme".

### ***Outcome Statements of CPAP and CCF II***

Under CPAP, the "Achieving the MDGs and Reducing Human Poverty Programme" works towards the achievement of the strategic outcome: ***By 2009, the policy and planning framework in the country more extensively incorporates effective, people-centered approaches to development planning, budgeting, and monitoring, with a special focus on women, children, and vulnerable groups.***

Under the CCF II, the Empowerment of the Poor programme portfolio works towards three key outcomes, namely:

***Improved access of the poor to basic services and productive resources and better opportunities for more active and effective participation in policy making and in designing poverty projects***

***Strengthened capacity of national and local governments in planning, formulating, implementing and monitoring anti-poverty programs and projects, particularly in meeting the minimum basic needs of poor communities/families.***

***Increased participation of the private sector especially business and private organizations in poverty alleviation programs***

### ***Objectives of the Outcome Evaluation***

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<sup>1</sup> Produced by Fernando T. Aldaba and Joselito Sescon, Economics Department, Ateneo de Manila University

The objectives of this outcome evaluation are:

1. To assess the attainment of the outcomes of the “Achieving the MDGs and Reducing Human Poverty Programme” (including contributing factors and constraints) based on the outcomes stated in the CCF II and CPAP (2005-2009);
2. To assess the factors affecting the outcomes in terms of its scope, relevance, effectiveness, efficiency, and sustainability to support the implementation of the strategies related to MDGs and poverty reduction as stated in the MTPDP;
3. To assess key UNDP contributions to the attainment of outcomes and identify key challenges, lessons learned, priority areas, and practical recommendations on potential UNDP focus for the next Country Programming Cycle; and
4. To assess the UNDP partnership strategy in relation to the outcomes.

### ***Scope and Methodology***

The outcome evaluation of the “Achieving the MDGs and Reducing Human Poverty Programme” will analyze the progress towards achieving outcomes of the programme for the ongoing country programme and UNDP contribution to the attainment of the outcomes, including capacities, partnerships, and policy support. It will provide documentation and analysis of the achievements against intended outcomes.

The outcome evaluation includes four categories of analysis:

1. Status of the outcome
2. Factors affecting the outcome
3. UNDP contributions to the outcome
4. UNDP partnership strategy

In terms of data gathering and analysis, the following methodologies were utilized by the evaluators desk review of relevant including relevant literature on key project and programme areas; discussions with UNDP CO, particularly UNDP Senior Management Team and Programme Staff; interviews and consultation meetings with key partners and stakeholders.

### ***Projects Covered Under the Evaluation***

To assess key UNDP outputs in relation to the attainment of the outcome, the following UNDP-related projects are also covered by the review: MDG-based national and local poverty reduction strategy, National Human Development Reports, MDG monitoring and reporting, MDG advocacy, MDG localization, financing the MDGs (including debt-for-equity and MDG-Sensitive Alternative Budget), capacity-building of national and local stakeholders, indigenous peoples, microfinance, informal sector, agrarian reform, sustainable agriculture, HIV/AIDS, national and local poverty monitoring systems including CBMS and enhancement of national statistical systems with focus on MDGs and poverty, and NGO and private sector contribution to the attainment of MDGs. These are the major interventions since 2002 (see *Annex B for a listing of these projects*).

## The Development Context

This section lays out the development situation being addressed by UNDP and the GOP in terms of the various interventions formulated and implemented under CCF II and CPAP. While there has not been much difference in the context of the two periods, we still enumerate the key areas of interest during those times as derived from the official documents.

### ***Under CCF II (2002-2004)***

***Poverty Incidence After the East Asian Crisis*** After a decrease in the number of people living below the poverty line from 44 per cent in 1985 to 32 per cent in 1997, poverty incidence increased to an estimated 34 per cent in 2000, partly due to the impact of the 1997-1998 Asian crisis and the global slowdown in export growth. Unemployed workers increased from 2.5 million in 1997 to 4 million in 2001. Overseas labor migration has remained a major coping strategy of the nation. The economic downturn constrains the opportunities for the poor (mostly the rural poor in subsistence production) to escape poverty through employment either in the industrial or service sectors. The poorer sectors are mostly affected by recessions as they depend only on returns to their labor, minimal savings or availability of natural resources in their immediate environment. Without targeted state action, inequality is exacerbated and economic displacement becomes an inevitable consequence of meltdowns.

***Some Achievements in the MDG Targets*** Improvements in the quality of life had been achieved, as exhibited by the rise in the Human Development Index from 0.648 in 1975 to 0.744 in 1998. However, the rate of human development should be increased, if the Philippines is to reach the targets of the Millennium Development Goals. Inequity in the access to basic services still exists. 72 per cent of the non-poor complete elementary education, while among the poor, the ratio is only 43.4 per cent. Infant mortality among those at the lowest income level is 48.8 per cent, compared to an infant mortality rate of 20.9 for those with the highest level of income.

***HIV-AIDS and Poverty*** An all out HIV/AIDS epidemic can worsen poverty and severely economic and social development. While recorded incidence is still "low", this needs to be sustained, through enhanced coordination and strengthened partnerships at the community, national, cross-border and regional levels.

***Rural Underdevelopment*** Sustained development in the rural areas where 44 per cent of population live below the poverty line will not be possible without greater access to modern technologies, inputs, credit and infrastructure support and the full implementation of agrarian reform. Unabated population growth and migration contribute to the further straining of the capacities of rural areas and even urban centers. The poorest and remotest areas of the country lack access to energy and electricity, and while some 29 per cent of the energy supply comes from renewable sources, the challenge is to sustain demand and provide access to all.

***Urban Environmental Issues*** The urban environment is plagued with various environmental issues such as air and water quality and solid waste generation and disposal. Although local government units (LGUS) may have the mandate to address the

problem of waste generation and disposal, they generally do not have the resources and capacity.

**Improving Governance** Poverty alleviation and achieving the MDG targets require good governance at all levels. There is a need to strengthen the link between policy, legislation, planning and budgeting at all levels: only 40 per cent of the funding requirement has been provided for the 23 major laws passed since 1991. Corruption, a perennial problem, impacts the poor most through decreased resources for social services and destroys confidence in public institutions.

**Enhancing Local Governance** The capacity of local government units to deliver basic social services and stimulate the local economy must also be enhanced. Improved revenue generation and better governance did not accompany the devolution of mandates from national government agencies to local government units, and civil society representation in local development councils has not necessarily led to better participation and pro-poor policies.

**Gender Equality** While women play an active part in politics and the economy, in terms of "gender equality", a large proportion bears the brunt of poverty. Poor women have inadequate access to land or credit and basic social services. Females also constitute most of the unpaid workers. The *Human Development Report 2001* ranks the Philippines 62 on Gender-related Development Index but the remaining challenge is how to promote gender equality by reforming laws that discriminate against women and by formulating laws that will offer equal protection of the rights of both men and women.

**Peace and Development Efforts** There is a need to renew overall peace efforts through the implementation of the provisions of the 1996 Peace Agreement with the Moro National Liberation Front and the resumption of peace negotiations with the Moro Islamic Liberation Front. This is important after the renewal of conflict in Mindanao in 2000, which claimed 1,000 lives and affected some 480,000 families, an estimated 129,000 of which fled to evacuation camps. The Government has also reopened discussions with the National Democratic Front and the Communist Party of the Philippines. In line with these are efforts to revitalize the institutions and programmes designed to recognize and support the rights of indigenous peoples.

**Focusing on Poverty in the MTPDP** The Government recognizes that the poverty situation is the result of the interaction of short-term macroeconomic performance and long-standing inequalities in the distribution of initial asset endowments, social, cultural, and political barriers and governance and institutional weaknesses. Poverty eradication requires a complete set of social and economic policies and programmes with a social bias, underpinned by good and effective governance and the rule of law. The Medium Term Philippine Development Plan was revised to become the Government's anti-poverty action plan, focusing on four broad goals in support of poverty eradication: (a) macroeconomic stability with equitable growth, based on free enterprise; (b) agriculture and fisheries modernization with social equity (including the environment); (c) comprehensive human development and protecting the vulnerable (including peace-building); and (d) good governance and the rule of law.

**Under CPAP (2005-2009)**

**Critical Turning Point for Economic and Governance Reforms** As President Gloria Macapagal-Arroyo ushers in her fresh six year term, emerging global and regional trends involving trade, security, environment, information technology, and economic integration offer crucial opportunities and challenges for the Philippines to reshape its development future. The country should effect fundamental reforms in economic and political governance to improve its performance in basic human development and security, per capita gross national product, and economic diversification to achieve the MDGs. It must manage the pattern of political uncertainty, social conflict, environmental degradation and cyclical economic growth appropriately.

**Poverty and Inequality Remains a Primary Concern** With a human development index of 0.753 in 2002, the Philippines ranked 83 among 177 countries, according to the *Human Development Report 2004*, consistently placing it in the medium human development range since 1975. However, poverty remains the main development challenge. While from 1985 to 2000 poverty incidence was reduced, there is widening income disparity and uneven development. The Gini ratio rose to 0.4818 in 2000 from 0.4466 in 1985. In 2000, there were a total of 4.3 million poor families. The rural poor accounted for 74 per cent of the poverty rate, or three out of four poor families. Further disaggregated, 2.3 million families live below the poverty threshold but above the food subsistence threshold, and 2 million families are below the food subsistence threshold. The poor come mainly from communities of indigenous peoples, landless farmers-workers, small landholders, artisan fisher folk and the informal sector.

**Gender Development Index** The 2004 Human Development Report places the Philippines' Gender-related Development Index at 0.751, ranking 66 out of 177 countries. Women, while having equal, if not higher, life expectancy, literacy and schooling indexes, have a much lower estimated income, averaging 40 per cent less than that for men.

**Governance Reforms** The Government continues to institute policies and programmes for asset reform, fiscal prudence and decentralization to ensure greater transparency, accountability and wider people's participation. Decentralization efforts have improved local governance – numerous best practices are recognized in social and economic services, urban governance, justice, and conflict prevention. It is also working through its constitutional commissions and other means to curb corruption substantially. Progress in implementing reforms, however, has been undermined by limited public resources, inadequate national capacity, the need for more coordinated policies and programmes, and limited attention to corruption. Gaps in law enforcement, prosecution and administration of justice also impact adversely on reforms in political governance to expand democratic institutions.

**Settling Conflicts Amidst Regional Poverty** A communist insurgency and a secessionist rebellion continue to challenge development efforts. Both rebellions are rooted in issues of social injustice, poverty, inequity and exclusion. The incidence of poverty is acute in six of the poorest regions where armed conflict persists: Autonomous Region of Muslim Mindanao, Bicol, Central Mindanao, Western Mindanao, Eastern Visayas and the Cordillera Administrative Region. Initiatives to resolve armed conflict peacefully include a comprehensive peace process that pursues socio-economic reform measures and peace negotiations with rebel groups. A number of multi and bilateral

organizations, including UNDP, continue to support government initiatives as well as strong civil society peace movements and community-based peace-building initiatives.

**Environmental Concerns and Issues** Despite government and other efforts, environmental degradation continues with deforestation, watershed destruction, biodiversity loss, air, water and soil pollution and fishery depletion. This has increased the country's vulnerability to natural disasters. Population pressure, poverty, globalization and climate change have also exacerbated the problem. Environmental degradation has roots in inequitable access to and security of tenure that generates indifference and rent-seeking behaviour among stakeholders.

**HIV-AIDS** The Philippines has a low and slow prevalence rate of less than one per cent but the potential for an epidemic explosion is more tangible as shown by rapidly increasing infection rates among sea-based overseas Filipino workers.

**Achieving MDG Targets** The Government is committed to meeting the MDG targets. The President's State of the Nation Address at her inauguration in June 2004 emphasized the need to prioritize and respond to the basic needs of the poor and vulnerable. In her 10-point pro-poor agenda, the President laid out plans to address poverty, economic growth, fiscal crisis, governance reforms and the peace situation. The 2003 MDG Progress Report estimates a high probability of meeting the goals of eradicating extreme poverty, improving access to water, universal access to primary education, gender equality, reducing child mortality and halting HIV/AIDS. There is medium probability, however, in reaching the maternal mortality target.

## Findings and Conclusions

### Status of Outcomes:

For CPAP, ***By 2009, the policy and planning framework in the country more extensively incorporates effective, people-centered approaches to development planning, budgeting, and monitoring, with a special focus on women, children, and vulnerable groups***

Success towards attaining this outcome will be measured in terms of the following: ***capacity of policy and decision makers to formulate pro-poor and development oriented policies, institutionalized and integrated MDG and human rights based poverty monitoring and mapping system, capacity and access to of the poor and vulnerable groups to market and finance, and capacity of poor and vulnerable groups for sustainable management of resources.*** Recently, specific indicators were formulated through the Strategic Results Framework<sup>2</sup> (see Annex A for these indicators)

In addition under the CCF II, the Empowerment of the Poor programme portfolio works towards three key outcomes, namely:

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<sup>2</sup> This is relatively new i.e. formulated last November 2006 and thus, outcomes may not have been achieved yet. In addition, this is still proposed and not yet approved although it is probably being used as a guideline.



- **Improved access of the poor to basic services and productive resources and better opportunities for more active and effective participation in policy making and in designing poverty projects.** Indicators for this outcome include: access of the poor to basic services, access of the poor to productive resources; and extent and quality of participation of basic sectors in policy-making bodies and in designing poverty programs and projects.
- **Strengthened capacity of national and local governments in planning, formulating, implementing and monitoring anti-poverty programs and projects, particularly in meeting the minimum basic needs of poor communities/families.** Success towards attaining this outcome will be analyzed by measuring the following: capacity of LGUs for poverty assessment; capacity of national government agencies in formulating and monitoring poverty programs and projects; and capacity of statistical agencies in gathering poverty-related statistics and developing poverty indicators.
- **Increased participation of the private sector especially business and private organizations in poverty alleviation programs** to be measured by the number of business and private organizations engaged in programs and projects designed to contribute to the fight against poverty as well as in the amount of private sector investments and assistance poured into poverty alleviation programs.

## 1. Status of CPAP Outcome (2007)

**General Outcome Indicator: Incorporation of People Centered Approaches in Policy and Planning Frameworks** Generally, the key policy and planning framework of the country has already incorporated key poverty analysis, programs and approaches being implemented at the various levels. Thus, very clearly, the government has a national strategy for poverty reduction in the Medium Term Philippine Development Plan 2004-2010. The Plan has a separate chapter that states how the government plans to respond to the basic needs of the poor and vulnerable groups (Chapter 12). Dr. Felipe Medalla in reviewing the plan for the UNDP-NEDA-NAPC Project on the role of NAPC in macroeconomic stability and pro-poor growth noted that “[The poverty chapter] together with 24 other chapters, represent not only a very comprehensive assessment and analysis of Philippine development problems and the policies, programs and actions that must be taken to address them, but also an integrated and holistic approach to the reduction of poverty. Indeed, the ‘non-economic’ parts of the MTPDP, if fully implemented, would have a greater impact on the lives of the poor than the macroeconomic, fiscal and trade policies of the plan.” Thus, as far as people centered approaches are incorporated in the development planning framework at the national level, that **part of the Outcome has already been achieved**. Of further interest to this evaluation relative to the status of the outcome statement above is to review the following:

- First, if the national poverty reduction plan of the MTPDP has been effectively implemented which can be indicated by the capacity, degree of cooperation, and coordination mechanisms of institutions, mainly public but also private and civil society institutions,

- Second, if the mechanism to ensure and sustain people-centered approaches in planning has been established which can be indicated by the quality and quantity of information flow from and to the affected and targeted poor and vulnerable groups,
- Third, corollary to the first and second is how local development planning (i.e. of LGUs) adheres to the same people centered approaches and principles and can be indicated by their empowerment, capacity and cooperation towards effective implementation and attaining development objectives.

The UNDP projects' contributions to the outcome shall be further assessed according to the following specific outcomes status:

***Specific Outcome indicator: the capacity of policy and decision-makers to formulate pro-poor and development-oriented policies and an enabling macroeconomic environment***

***Capacity in Promoting Macroeconomic Stability*** Capacity pertains to resources, knowledge, skills and attitude of the decision makers to formulate pro-poor and development oriented policies. This could be at the national and sub-national levels and within the three branches of government – executive, legislative and the judiciary. The statement *pro-poor*, in essence is broad, i.e. maintaining macroeconomic stability is pro-poor since it is the poor that will be hurt most during a fiscal crisis or an inflationary episode caused by mismanaged government budget and monetary policies. This is similarly true in terms of maintaining peace and order or the rule of law. This will also benefit the poor more since they are the most vulnerable in times of conflict which may cause them temporary dislocations.

***Satisfactory Performance in Maintaining Macroeconomic Stability*** We begin this assessment on whether the basic capacity to create conditions or the enabling environment to put forward an inclusive (and pro-poor) development i.e. a stable macroeconomic environment has been achieved. From 2002 – 2007, the Philippines has posted an average of 5.8 percent GDP growth and it has been widely accepted among policy observers that recent macroeconomic performance has been not only satisfactory, but has been relatively good (e.g. low inflation and interest rates, stable currency and significant reduction in the fiscal deficit). A combination of fiscal prudence and good monetary management has brought about these results. Capacity of the national government for macroeconomic stability and growth has certainly been exhibited in the past few years. The recent spike in food prices this year however can be viewed as a global trend rather than a domestic phenomenon. How this enabling environment (macroeconomic stability) can be maintained amidst the recent world commodity price inflation and the financial crisis in the United States will have to be dealt with and discussed separately in another paper.

***The Difficult Road Towards Inclusive and Broad Based Growth*** It should be noted though that sound macroeconomic, fiscal and trade policies are necessary, but not sufficient conditions for pro-poor economic development. Based on the Medium-Term Philippine Development Plan (MTPDP) and official statements, the Philippine poverty reduction strategy hews closely to the basic approach of a broad-based growth, fiscal health and macroeconomic stability. Having succeeded on the latter two, we need to see whether the quality of growth the past six years was able to help in reducing poverty and inequality in the country. The reduction of poverty is best achieved by attaining high

and sustained economic growth in which people from all sectors can participate and benefit from such growth (inclusive). This requires good macroeconomic policies, structural reforms and strong institutions. It requires the development of rural areas, rising agricultural productivity and asset reforms.

*Narrow, Shallow and Hollow Growth* Unfortunately, the character of economic growth the past years had been “narrow, shallow and hollow” as former economic planning Secretary Cielito Habito would like to say. Very few sectors provide the impetus to growth like the semi-conductor industry, telecommunications, business process outsourcing, real estate and housing, and retail trade. Most of these are in the services sector which is being fueled by remittances of overseas Filipino workers (OFWs). This has been a major reason why not enough quality jobs are created and that poverty incidence and inequality have not improved much in recent years. Sectors that will create more jobs for the Filipinos must be supported and developed – agriculture, tourism, manufacturing and industry. The economy needs more diversified sources of economic growth that will underpin higher levels of expansion and job creation.

*The Role of Governance and Institutional Reforms* Another former economic chief, Felipe Medalla highlights the fact that, “While it is commendable that our government has the capability to maintain macroeconomic stability since 2002, a significant achievement in its own right given its high level of public debt, it may not have the capability to push the economy towards a significantly higher and sustained economic growth trajectory. This could be because governance and institutional reforms may matter more than strictly economic national policies, but they are rather hard to transform significantly in the long run.” More recently, a World Bank study has shown that investments have been declining despite the moderate growth the economy has been experiencing (Bocchi, 2008). This is mainly because of governance issues and a weakening of institutions critical for a favorable investment climate. Governance plays a critical role in terms of the implementation of actual programmes and policies more especially through cooperation and coordination mechanisms of public institutions which may include private and civil society sectors.

***Capacity in terms of coordination and monitoring for effective implementation of the national poverty reduction plan*** While people centered development approaches and poverty reduction strategies have been incorporated in the MTPDP or the planning framework in the country, this is only a first step. The next step in transforming outcomes into impact is effective implementation and this requires various levels of institutional and resource capacity, cooperation and coordinating mechanisms. One way of evaluating this for the Portfolio’s interest is to assess the relevant institutions concerned on the attainment of the 2015 MDG goals and targets.

In the 2006 CPAP review, the key informants stressed that there is a need to ensure that national government coordinating mechanisms and structures *that would support the Portfolio* outcomes must be sustained. Thus, the activities that would strengthen the organizational capacities of the Implementing and Partner Agencies should continue. This implies strengthening of the national inter-agency structures that coordinate poverty targeting and monitoring - the activation of mechanisms within the NAPC, including basic sector councils, the regional convergence groups (that coordinate delivery of anti-poverty programs in targeted local areas), and enhancing the National Council for Indigenous People (NCIP)’s work in its oversight over the distribution of Certificates of

Ancestral Domain Titles (CADTs) and Certificates of Ancestral Domain Claims (CADCs), among others.

*Enhancing Capacities of Key National Agencies* The MDG/ Poverty Portfolio had continuously enhanced capacities of partner national government agencies in planning, formulation, implementation, monitoring and evaluation. The work in monitoring the MDG targets by the mandated agencies had been strengthened at the national level but there is much work to be done, as expected, at the local level given the more than 1,300 local government units in the country. Identification of the required resources necessary for meeting the MDGs and possible sources of financing provide another important contribution towards assessing how the national government programs are meeting the MDG goals<sup>3</sup>. The Portfolio Outcome Board and Portfolio Executive Group (PEG) members also stressed the importance of ensuring that local government units (LGUs) are equipped with the technical capacity to undertake antipoverty planning formulation, implementation and evaluation, especially in the integration of the concerns of marginalized sectors.

In pushing forward the MDGs agenda, key players in the Philippines have performed significant roles to help realize the MDGs. The Department of Budget and Management issued policy guidelines and procedures in the preparation of national and local budget proposals emphasizing the importance of funding programs, projects and activities in support of the MDGs. The Department of Interior and Local Governments issued a *“Guide to Local Government Units in the Localization of the MDGs”* to guide the local government units in interpreting and incorporating the MDGs in their local development planning and budgeting.

On the civil society sector, the **Philippine Business for Social Progress (PBSP)**, led the business sector in crafting the Philippines' MDG Framework for Business Action. The framework shows how the business sector can help attain the MDGs through core business, social investment and policy advocacy in four major areas, namely: poverty, education, health, and environment. As of 2007, a total of 159 companies supported the Business and MDGs Program and invested an estimated amount of around PhP200 million.

*Institutional and Structural Weaknesses of NAPC* Since it is not the aim of the portfolio to intervene with specific projects and programs in all social sectors (these are already the niches of other donors such as education and health), it can however engage in advocacy of sector-specific issues and gaps on capacity, cooperation and coordination and underachievement related to MDGs. On the other hand, it must also have the mechanisms to immediately identify successful projects and policies for replication, deeper advocacy and scaling up. The best avenue for this endeavor is through the generation of high quality MDG progress and other poverty reduction reports. All these fall under the mandate of the National Anti-Poverty Commission (NAPC) as pointed out by Medalla (2007). However, NAPC has been beset with various institutional and structural constraints<sup>4</sup> and a fast leadership turnover which has negatively affected its coordinative and monitoring roles. Medalla (2007) further recommends that NAPC should focus its monitoring and coordination role on government agencies that serve the poor the most (DepEd, DOH, National Housing Authority, DAR, DSWD) and on poverty-

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<sup>3</sup> A study by Rosario Manasan has examined possible sources of funds for achieving MDG targets

<sup>4</sup> NAPC does not have a regional structure to be able to directly monitor local poverty convergence efforts

related projects and programs. The objective of these monitoring and documentation efforts is not only to determine whether these projects and programs are effective, but also to advocate which of them should be scaled up and get bigger budgetary allocations in the future.

*Strengthening the Coordinative and Monitoring Role of NAPC and NCIP* The 2006 CPAP review has recommended that efforts should be undertaken in ensuring that internal capacities of the NAPC be strengthened towards the direction that it becomes a focal point of the Portfolio. Portfolio activities undertaken by the NAPC can include activities that can strengthen its internal capacities, such as support for its Rationalization Program, development and publication of organizational mechanisms within the NAPC secretariat, among others. A similar effort may have to be undertaken in the NCIP, a relatively young institution which also have some institutional capacity and resources constraints. Recommendations by the World Bank-ASEM supported study undertaken by the Ateneo School of Government (in the case of the NAPC) and by a group headed by former Secretary Ernesto Garilao (in the case of the NCIP) will be good starting points.

***Initiatives of the National Anti-Poverty Commission Contributing to the Outcome***

Despite the given weaknesses of NAPC it has initiated key programmes leading to the desired outcome of better coordination and monitoring of poverty related programmes. These include the following:

*Convening of the Presidential Assistants for Rural Development as focal points of Regional KALAH I Convergence Groups and the National KALAH I Convergence Groups.* As Secretary Domingo Panganiban narrated, he was able to tap the Presidential Assistants for Rural Development in each region to act as focal points of the Regional KALAH I Convergence Groups<sup>5</sup>. Being extensions of the President, they are able to convene such multi-agency and multi-stakeholder body. More recently, Secretary panganiban was able to appropriate some budget for the operations of this convergence group.

*Convening of the Legislative Forum on Pro-Poor Legislative Agenda*

Another important initiative is the convening of Legislator's forum attended by 39 representatives and their technical staff. The main objective of this event was to inform members of Congress and advocate for the passage of priority pro-poor legislative bills in the 14th Congress. Commitment of support through the signing of a covenant was executed by four major House Committees – Poverty Alleviation, MDGs, People's Participation and Rural Development. This is an important avenue which must be sustained as it will be the linking mechanism for the executive and legislative officials to advance poverty-related legislation.

*Macroeconomic Workshops towards Operationalizing the National Strategy for Pro-Poor Growth and Equity*

The policy environment has been conducive to poverty reduction, given the existence of significant number of laws institutionalizing poverty reduction programs and policies. The role of the NAPC in macroeconomic stability and pro-poor growth through the macroeconomic workshops being undertaken by the NAPC has contributed to further strengthen the impetus towards improving the operational framework for poverty

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<sup>5</sup> The initial meeting was funded by a UNDP grant

alleviation efforts, while the support provided for policy advocacies of the sectors in the national legislature would further enhance the environment for recognition of the needs of these basic sectors. Work on resource allocation for public services to reach the MDG targets has highlighted the need for government to focus its programs that ensure human development programs reach the poorest.

Medalla (2007) has suggested the following classification as a benchmark for NAPC in viewing good government programs, projects and actions that are pro-growth and pro-poor:

1. Provision of rule of law, which protects civil, human and property rights and uphold contracts;
2. Provision of good economic plans and policies;
3. Policies, programs and projects that help people increase their ability to raise their incomes and productivity;
4. Policies, programs and projects that directly improve the people's quality of life through the provision of goods and services that are more efficiently provided (but not necessarily produced) by the public sector; and
5. Social protection and equitable income transfers.

The first two are prerequisites for sustained economic growth. The third and the fourth often require provision of goods and services that increase human capital and the returns to it while the fifth function improves the asset portfolio of households and insurance and welfare system that addresses the vulnerability of households to social risks like economic crises and natural or man made disasters.

#### *Another Convergent Experience and Initiative<sup>6</sup>*

Implemented in 2003, the KALAH-CIDSS is a community-driven development project spearheaded by the Department of Social Welfare and Development. The project aims to empower communities through their increased participation in developing and implementing community projects that reduce poverty. It enhances community participation in local governance and develops local capacity to design, implement, and manage development activities. Grants to the community are utilized to support the building of low-cost, productive infrastructure such as water systems, clinics, farm to market roads and schools. Through a competitive process, barangay residents select projects from an open menu and prioritize them for funding.

Efficient local-resource mobilization is demonstrated by the high counterpart funding of villagers and their local governments. KALAH-CIDSS has trained thousands of residents in project planning, technical design, and financial management and procurement, providing a core of potential leaders at the local level. More importantly, the project provides villagers with structured opportunities for accessing information, expressing their opinions, and influencing local governance. KALAH-CIDSS utilize the the convergence approach of pooling together the human and material resource of government organizations and people's organizations to address the MBNs of selected families and communities(culled from the KALAH-CIDSS website). As a local experience in coordination and collaboration, KALAH-CIDSS proves that a state agency

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<sup>6</sup> This is funded by a World Bank loan

is able to coordinate and mobilize other public institutions and different stakeholders in the fight against poverty at both the national and local levels.

***Outcome Indicator: institutionalized and integrated MDG and human rights based poverty monitoring and mapping system***

*Vertical and Horizontal Information Flows* People-centered development planning requires a smooth flow of quality and timely information from the people as feedback and input to proper planning and implementation. This information flow must take root starting at the level of LGUs since they are the frontline public institution involved in poverty reduction. Adequate information however must continue to flow at the higher levels of government – regional offices, national line agencies and multi-agency bodies and structures. This is to ensure that policy making and programme formulation at all levels must adequately respond to the actual needs of households in the communities. However, it is also equally important that sufficient information flows from the upper echelons of the state down to the lower units of governance. This is important to be able to effectively implement national policy and programmes. But aside from such vertical information flows, vertical flows are also needed especially in convergence and coordination efforts at various levels of government. MDG and poverty related programmes need both types of information flows for effective monitoring and mapping. This is also to avoid wasteful leakages. Manasan and Cuenca (2007) of the Philippine Institute of Development Studies show that the leakage in the case of the food-for-school program (FSP) was disturbingly high. There are two components for the program one administered by the Department of Education (DepED), the other by the Department of Social Welfare and Development (DSWD). The results of the study show that the leakage rate in the DepEd component was 62% while it was 59% in the case of DSWD.

*Strengthening Capacity of National Statistical Agencies and The CBMS as Ways Forward* Much have been accomplished in this outcome in terms of strengthened capacity of national statistical agencies in gathering poverty-related statistics and developing poverty indicators including that of the MDGs. Also, the initiatives toward a more systematic gathering of poverty indicators through the community based monitoring system (CBMS) are important steps toward more effective poverty planning . The National Anti-Poverty Commission (NAPC) and the CBMS Network Team of the De La Salle University are key UNDP partners<sup>7</sup> which implemented various projects like advocacy on the utilization of CBMS, institutionalization in the planning and monitoring porcesses of selected LGUs and capacity building for a core of trainers within the Commission. As of May 31, 2007, CBMS has been implemented in 29 provinces, (15 of which is province-wide), 347 municipalities, 24 cities, covering 9,116 barangays. The CBMS Network and the Working Group on MDGs and Social Progress of the PDF both envision the entire Philippines to be covered by CBMS by 2010. Given this ambitious target, an intensified advocacy campaign combined with affirmative actions has to be undertaken at the national and local levels for this target to be attained.

*Weaknesses in Achieving Local Level Outcomes* The MDG/ Poverty Portfolio had continuously enhanced capacities of partner national government agencies in planning, formulation, implementation, monitoring and evaluation. The work in monitoring the MDG targets by the mandated agencies had been strengthened at the national and regional

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<sup>7</sup> Most of these projects fall under SIMPCPAE 3

level but there is much work to be done, as expected, at the local level given the more than 1,300 local government units in the country. Several constraints towards the realization of outcomes can be gleaned at the local level: insufficient data for effective strategizing, programming and targeting, resource constraints for programme and policy formulation and technical capacity itself in incorporating people-centered development approaches in local planning and budgeting. This is important as LGUs are in the frontlines of poverty reduction. They consist the first line of defense of government against poverty and their proximity to poor areas and sectors give them better opportunities to gather more reliable and timely information. NEDA in its strategy planning matrices for the MTPDP 2004-2010 on Responding to the Basic Needs of the Poor has included LGUs along with the line agencies as critical players in the provision of Essential Basic Services, Protection of the Vulnerable, and Empowerment.

In many related studies and documents on decentralization, resource and capacity constraints limit the LGU responses to poverty in their localities. A national poverty reduction strategy would need to incorporate a clear vision on how LGUs can become more effective in tackling poverty. With regard to financing, the national government has already increased allocation to LGUs in the form of unconditional block grants (IRA) amounting to 17.5% in 2007 and 19% of GAA in 2008. However because of numerous, unfunded mandates, these still seem insufficient for an effective response. Data paucity is also a key problem in LGUs especially in terms of identifying households needing poverty alleviation and related programmes.

*Tracking and Monitoring Vulnerability* However, policies and programmes relating poverty and MDG goals with vulnerability to crisis and risk situations must be further strengthened. According to the results of the study done by NAPC (2006), in 1997 the poverty incidence was 27.9% but vulnerability incidence was much higher at 45.0%. Vulnerability incidence among the non-poor was 27% while for the poor it was 91.6%. Majority of the vulnerable families were poor (56.7%) while only 4.3% of the non-vulnerable families were actually poor. 72.2% of the vulnerable families were rural poor. While studies have been commissioned by NAPC and funded by UNDP (inventory and analysis of current social protection programs, framework on social protection); a comprehensive social protection policy framework and strategy is needed across agencies. It is important to highlight that gains in poverty reduction and in achieving MDG targets at the local level can easily be wiped out with the occurrence of various social risks, the most common of which are natural and man-made disasters and conflict situations. NAPC attempted to assess the social protection arena in the country through various studies mentioned above.

A result of NAPC's study is the adoption of a common definition of social protection across agencies embodied in the NEDA-Social Development Committee (SDC) Resolution No. 1, s. 2007. In the midst of the various natural disasters occurring over the years, the bust cycles of the economy and the displacements created by conflicts, social protection is again on the radar screen of key national decision makers. The Philippines has a wide range of programs for social protection but the coverage is low and the level of benefits is inadequate. Compared with other Asian countries, the Philippines is often seen to have a wide scope of programs for social protection to (Ortiz 2001). However, the 1997 Asian financial crisis exposed the weaknesses of the country's social protection system, as evident in low coverage (in terms of beneficiaries and level of benefits), absence of and/or weaknesses in targeting methodologies and techniques, and operational constraints due to the lack of coordination among the



programs' implementers (Torregosa 2005). These issues cut across the social protection programs in the areas of social assistance, health, education, housing, livelihood creation, and disaster relief.

The social protection system has low coverage, partly due to the lack of funding. Over the years, persistent budget deficits have led the Government to substantially reduce spending on social services (Torregosa 2005). During 2001–2005, the share of central Government spending on the social sector was 22% in the Philippines, compared with 45% in Thailand, 37% in Malaysia, and 11% in Indonesia. Further, due to the limited financing from the Government budget, continued reliance on foreign grants and funding threatens program sustainability. The problem of insufficient funding is exacerbated by poor targeting, leading to significant leakages and wastage of resources on the nonpoor and the near-poor. Poor targeting is partly a result of the lack of reliable poverty measures, especially at the local level, and partly due to poor governance. National surveys, often conducted at long intervals, generate poverty statistics only at the province level, making it difficult to identify and validate the poorest families being targeted (Torregosa 2005). Worse, many programs lack built in monitoring and evaluation components, making impact assessment difficult. Social protection programs in the Philippines are not well coordinated and are often implemented piecemeal due to their individual mandates. This causes waste because of overlaps and redundancies in sectoral or geographical beneficiaries. A consolidation of the programs would help to harmonize implementation.

*DSWD and Social Protection Initiatives* Other agencies like the DSWD, through its National Sector Support for Social Welfare and Development Reform Project (NSS-SWDRP) has recognize the key role of social protection in the struggle against poverty and vowed to undertake a leadership role in social protection, focusing primarily on providing social services and safety nets. Through the NSSWDRP, DSWD identified Four Reform Areas, which were formulated based on series of consultations with LGU representatives, government agencies and non-government organizations, to wit:

1. Leadership in social protection through the development and implementation of a social protection framework, as well as targeting system for the poor;
2. Faster and better service delivery through using appropriate social protection models (i.e. Household-Based, Community-Based, Center-Based, and Disaster Management/Risk Mitigation models)
3. Smarter financing to secure more predictable funding for core DSWD functions, and rationalize resource augmentation especially for disaster response
4. Improve systems for service delivery by improving Management Information System (MIS), Monitoring and Evaluation (M&E), and organizing resource and expert pools.

The targeting system used for selecting household beneficiaries by the Ahon Pamilyang Pinoy (APP) Conditional Cash Transfer Program (CCT) may be regarded as a model targeting system for the poor. A strategy for scaling up the APP/CCT model has already been created. The APP/CCT Program has already been piloted in two cities (Caloocan and Pasay City) and two provinces (Agusan del Sur and Misamis Occidental). It will be scaled up from 6,000 pilot households in 2007 to as many as 300,000 households in 2008. Memorandum of Agreement (MOA) signing for the APP/CCT was already done between DSWD and LGUs. An Inter-Agency Committee composed of DepEd and DOH was organized to ensure convergence. An Operations Manual was developed. Health

and education conditions were finalized. Household surveys were completed. Land Bank Cash Cards were already issued to 20,000 beneficiaries, as part of the roll-out in January 2008.

*NDCC and Coordinated Disaster Response* One of the major social risks confronting many local communities is natural disaster. The Philippines is prone to disasters for which relief is more often inadequate. Disasters, both natural and manmade, have been a major source of poverty and vulnerability in the Philippines. An average of 20 typhoons, accompanied by strong winds, intense rainfall, and flooding, buffet the country every year, and in recent years hydrologic events have become more intense and more frequent (presumably due to global climate change). The most vulnerable areas of the country are the Eastern Visayas and Southern, Central, and Northern Luzon, the first two being among the country's poorest regions.

Agriculture, the sector on which two thirds of the poor depend for income and sustenance, is most vulnerable to vagaries of climate and weather and to the incidence of pests and diseases. In 2004–2006, disasters, particularly typhoons and associated hydrologic events, adversely affected an annual average of about 8 million people, mostly in rural areas. This was an increase of over 50% from the number recorded in 1994–2006. For the 3rd quarter of 2007 alone, the NDCC reported 90 disaster occurrences in the country affecting 1.86 million persons and causing damages amounting to PhP151 million.

A major government response is the coordination of prevention, relief and rehabilitation activities through the National Disaster Coordinating Council (NDCC). Only about one half of the affected people received assistance from government and private relief institutions. Of those assisted, the value of the assistance was a miniscule amount, not even representing 1% of the average income during “normal” times of the poorest 30% of the population. This is a serious concern considering that disasters often inflict severe damage and loss to property and destroy the only means of livelihood for the poor. Failing to receive assistance, they risk falling to perpetual poverty traps. Disaster prevention, mitigation and response should be one of the pillars of a national social protection strategy.

*Monitoring MDG targets through the GAA or National Budget and the National Line Agencies* The national budget is the document that best projects the government's commitment to growth and equity or for the interest of this report, commitment to people-centered approaches in planning and budgeting. In the 2007 budget the following are lumped percentage items:

<b>Major Items</b>	<b>%</b>
Interest payments	28
IRA for LGUs	17.5
Education and Health	13.9
DND and DILG	10.6
DPWH and DOTC	7.8
Retirement and other Personnel Benefits	6.2
DA, DAR, and DENR	3.6
Support to Government Corporations	1.6
Judiciary and Constitutional Bodies	1.3

Priority Development Assistance Fund	1
Calamity Fund	0.8
Support to Foreign-assisted Projects	0.9
Infrastructure Projects and Social Programs	1.5
Rest of the Budget	5.4

Education and health rank only third behind interest payments and transfers to local governments. The DepEd budget benefits the entire population and past studies. Reyes (2004) emphasized that it has the greatest impact on the poor relative to spending by government agencies. The MDG midterm report however stressed the need to improve the quality of education and reduce the drop-out rates specially among boys.

The DOH budget is smaller because health services have been devolved to LGUs. The budget of DOH for programs that goes to hospitals and overhead expenses (tertiary health care) is 92% of its total budget and it serves not just the poor. The best way to provide social insurance for health to the poor is to expand the coverage of the national health insurance (Philhealth). The potential for expansion rests very much on LGUs targeting poor constituents for subsidies of premium payments to Philhealth.

Aside from the spending on DA and DAR, government spending principally targeted at the poor is a very small part of the national budget. This is because government agencies with small budgets (includes DSWD) account for only 5.4% of the total budget. NAPC, as the policy, coordinating and monitoring agency has a miniscule budget.

*The MDG Mid-Term Progress Report* Great strides have been done in terms of monitoring progress with regard to the MDG targets. The National Economic and Development Authority (NEDA), in partnership with the UN, developed and launched the Philippines Mid-Term Progress Report on the MDGs (2007) for evidence-based advocacy and increased budget for social sectors. The UN supported research and policy studies on MDG financing were brought to the arena of public debate, policy reform and change. These significantly contributed to political endorsement of the Debt-for-Equity proposal to fund the MDG projects, including at the ASEAN Summit in January 2007, forming the basis for a region-wide effort to address the MDG financing gap.

The Social Watch Philippines, with support from the UN and NEDA, led the formulation and advocacy for an 'alternative budget' for MDG-related expenditures, the first time in 105 years of budgeting, contributed to increased expenditures for health, education, agriculture and environment, and reduction of debt interest payments by P17 billion. Prioritization of MDGs in the preparation of national and local budget proposals formed an important part of the policy guidelines and procedures issued by the DBM.

The MDG midterm progress report identified the following key crosscutting issues in attaining the MDGs: (a) widening disparities across regions and population groups; (b) high level of population growth which puts a strain on the economy and resources; (c) underperformance of the agriculture sector and low productivity; (d) large gap in financing the MDGs; (e) weak governance at all levels affecting mobilization and utilization of public resources for human development; (f) lack of commitment and capacity of some local government units to design and manage programs and provide basic services; (g) peace and security problems; and (h) unavailability and/or lack of

data. Aside from the National Mid-term Progress Report, seventeen Regional Reports were also undertaken which were important inputs to the former.

The Mid-term Progress report included an analysis on whether the goals were on the way of being achieved or not. From such analysis, the following priority actions were recommended to address key challenges:

1. *Ensuring strict enforcement of laws pertinent to the achievement of the MDGs:* The government has to ensure that laws supporting the MDG targets including laws that protect and promote the welfare of women and children, have to be strictly enforced and continuously monitored. More collaboration between the executive branch and the House of Representatives Special Committee on the MDGs has to be undertaken for the passage and/or amendment on laws that will contribute to the attainment of the MDGs.
2. *Addressing wide disparities across regions:* Regions with poverty incidence rates above the national average must receive more than a proportionate share of the resources allocated to overcome the problem.
3. *Curbing the high population growth rate:* This problem will entail reassessment of the present programs and projects on reproductive health particularly family planning and adolescent reproductive health program, strengthening the national government's role in population management and the full implementation of the contraceptive self-reliance strategy (CSR).
4. *Improving performance of the agriculture sector:* The government's anti-poverty strategy must focus on agriculture and rural development through asset reforms (agrarian reform, urban land reform and ancestral domain reform) accompanied by reforms in the agricultural sector, such as investments in productivity improvements and supporting infrastructure. The government also should address; (a) poor governance of support services e.g., lack of account-ability, coordination and program focus in public spending for agriculture; and (b) high cost of doing business owing to inefficient and archaic regulatory systems in the sector.
5. *Accelerating the implementation of basic education and health reforms:* Two (2) major reform packages for health and education must be implemented with critical interventions supported by an effective management structure and financing arrangements. Moreover, government and other education stakeholders should look more seriously at the factors contributing to the comparatively low completion and retention among boys.
6. *Bridging the financing gap:* Policies that will strengthen the economy and help the people's self-reliance need to be put in place by: (a) mobilizing domestic resources; (b) improving employment opportunities; (c) increasing the foreign exchange earning capacity; and (d) equitable sharing of income and wealth. Fiscal reforms have to be expeditiously implemented and budgetary reform initiatives must favor basic social services.
7. *Strengthening the capacity of LGUs to deliver basic services and manage programmes and projects:* Government has to invest in improving capacities of LGUs through problem-solving, involving local participation, managerial know-how and transparent mechanisms. Aside from ensuring the availability of manpower, quality improvement programmes to upgrade skills and capacities of frontline workers, e.g., health workers and teachers, have to be in place.
8. *Ensuring transparency and accountability in government transactions:* Graft and corruption must be addressed and accountability and transparency in every

- branch of government from national down to the local levels especially in activities that involve huge amounts of financial and human resources has to be guaranteed to ensure more efficient use of funds for MDGs that will minimize leakages and wasteful use of public funds.
9. *Addressing peace and security issues.* Mindanao lags behind in the MDGs thus, the government has to prioritize its geographical targeting. Provision of basic services and other assistance should be viewed in the context of peace and development that will have an impact on the peace process.
  10. *Need for public-private partnership:* Civil society has shown that it can effectively monitor government institutions and performance of officials. It is also a powerful advocate for the MDGs. Meanwhile, the private sector is the main provider of jobs and livelihood and has also proven to be a strong partner in social development and the protection of the environment.
  11. *Improving targeting, data base and monitoring:* The unavailability of timely and accurate information for MDG indicators and the lack of updated and/or disaggregated data make the design and targeting of appropriate interventions difficult. Enhancement of data collection and quality has to be given attention including surveillance activities, e.g., for hunger, AIDS and disease outbreak. The current institutional arrangement at the sub-national level also needs to be strengthened and operationalized.

*Institutionalizing MDGs in local development planning: empowerment, capacity and cooperation of Local Government Units (LGUs)*

As discussed above (see Weaknesses in Local Outcomes), LGUs need a package of assistance to be able to respond more effectively in achieving the MDGs and reducing poverty. While there are a number of “model” LGUs (e.g those which have institutionalized CBMS, partners in KALAHI-CIDSS programmes, Galing Pook winners) in terms of an effective response<sup>8</sup>, national government in partnership with donors and other stakeholders have initiated various projects for other LGUs to reach this outcome.

To assist the LGUs in implementing and financing MDG-related programs and projects, the Municipal Development Fund Office (MDFO) of the Department of Finance (DOF) and the Department of Interior and Local Government (DILG), initiated the establishment of the Millennium Development Goal Fund (MDG-Fund). The MDG Fund is a concessional and liberal financing facility to enable the LGUs to fast track the localization of the MDGs. The MDFO-Policy Governing Board approved the utilization of PhP500 million from the MDF-Second Generation Fund (SGF) to finance capital investment requirements of identified MDG projects.

Out of the 78 municipalities that submitted their letters of intent to the DILG for the MDG loan assistance as of April, this year, 69 were declared eligible for the fund allocation. Of the 69 municipalities, Region 8 has the most number with 11 municipalities eligible for the MDG Funds support. DILG Undersecretary Austere Panadero said some 15 municipalities are being targeted to comprise the first batch, and are expected to start implementation of their MDG projects before the year ends. As of 01 June 2008, the municipality of Villareal in the province of Samar is one of the 69 fourth and fifth class municipalities of the country which will soon get loan assistance for their developmental

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<sup>8</sup> The Galing Pook Foundation has recognized these LGUs which have outstanding programs that address poverty and social sector issues.

projects under the said MDG-Fund. The amount of loan that each beneficiary will get depends on the kind of project it has submitted for approval, provided it will directly contribute to the attainment of the MDGs, as well as the LGU's net borrowing capacity (NBC).

Targeting MDGs entails activities that are devolved to the LGUs. Most fifth or sixth-class municipalities possess little capacity to formulate, finance, manage, and implement programs and projects that are MDG-friendly. Overcoming financial and decentralization constraints is vital to achieving the 2015 targets. There is a need for government to invest in improving capacities of LGUs through: problem-solving, involving local participation, managerial know-how and transparent mechanisms. Aside from ensuring the availability of human resources and expertise, quality improvement programs to upgrade skills and capacities of frontline workers, e.g., health workers and teachers, have to be in place.

The government has to implement measures that will address the increasing number of teachers and health workers opting to seek better employment and economic opportunities abroad. It is necessary to review the compensation, incentives and benefits of workers and work towards an attractive compensation package. In health, a national health human resource plan has already been adopted and its operationalization remains a big challenge.

The following have been issued as part of the government's efforts to institutionalize and improve the monitoring of the MDGs at the local level:

- DILG Memorandum Circular (MC) No. 2004-152, "Guide to Local Government Units in the Localization of the MDGs;"
- DILG MC No. 2003-92, "Setting Policy Guidelines for the Adoption of the 13 Core Local Poverty Indicators for Planning;"
- NAPC En Banc Resolution No. 7 directing LGUs to adopt the 13 core local poverty indicators as the minimum set of community-based information for poverty diagnosis and planning at the local levels;
- NSCB Resolution No. 6 s. 2005, "Recognizing and enjoining support to CBMS as a tool to strengthen the statistical system at the local level." This resolution attests to the statistical and technical soundness of the CBMS as a local poverty monitoring tool.

***Outcome Indicator: Capacity and access of the poor and vulnerable groups to market and finance***

*Advancing Access of the Poor to Credit and Markets*

The poor have limited access to finance. For the poor, access to finance is key not only for smoothing consumption during adverse shocks but also for taking advantage of the opportunities arising from greater openness, new production technologies, and market diversification. The formal financial intermediary system tends to bypass the poor, especially in rural areas where agriculture is their main economic activity. Poor infrastructure combined with spatial dispersion and seasonality of agricultural production makes lending to small-scale farmers and fishers costly and risky. While microfinance has spread considerably in the past 10 years to help fill the unmet need for financial services, a majority of poor families in the poorer regions still do not have access to

credit and microfinance services. Moreover, providers of microfinance cater largely to non-farm enterprises and poor agricultural households generally do not have access to microfinance services. *Sari-sari* stores and vending activities comprised about 60 percent of microfinance clients in the country. The key challenge is to develop mechanisms enabling microfinance to reach agriculture and grow at a substantially accelerated pace in order to achieve national outreach and attain sustainability.

As of December 2007, the following is the consolidated report on microfinance services by the BSP: there are 229 microfinance-oriented banks, with total loan portfolio of 5.675 billion pesos, with 779,226 total borrowers, and with a total savings of 1.99 billion pesos. This does not include figures from non-bank microfinance institutions. In its report as of December 31, 2005, the Microfinance Council of the Philippines (MCPI) network served a total of 930,742 active borrowers, up from 732,384 borrowers in 2004. This represents a 28% increase from the previous year. The growth is partly due to the increase in the number of MCPI membership. If the number of institutions in 2004 (23 MFIs) were used as the base, the percentage increase in the number of borrowers of MCPI members would correspond to 19%. At the same time, gross loan portfolio increased to PhP 4.3 billion in 2005 from PhP 3.2 billion in 2004. This corresponds to a 37% growth from 2004. The aggregate outreach and portfolio data shows that MCPI members continued to expand their operations at moderate levels.

On access to income and productive resources, the last decade had seen an increase in the number of women in the labor force with 50 percent of all women working compared to 80 percent of men. In terms of quality of work, 64 percent of those in higher wage-and-salary jobs and 67 percent of own-account workers were men. Among the employed women, 50 percent were wage-and-salary workers, 33 percent were own-account workers and 17 percent, unpaid family workers. Women had a large presence in the growing informal economy and had limited benefits and protection, such as social security and health care. Moreover, their economic contribution was largely invisible.

The Philippines has one of the highest number of migrant workers worldwide (8.9 million according to the Commission on Overseas Filipinos). The national economy and a quarter of the country's families were highly dependent on OFW remittances. In 2007, remittance reached a record of US\$ 14.5 billion. The negative effects of labor migration<sup>9</sup> notwithstanding, some studies show a positive impact of labor remittances on poverty. For example, Abella and Ducanes (2007) finds evidence that indeed it has: a proportionally smaller but still significant part of new migrants are found to come from the lower income deciles; and, families who are able to send a migrant abroad are able to climb up the per capita income ladder quite rapidly. Aldaba and Opiniano(2008) asserts that remittances can be harnessed for rural development if OFWs are given adequate information on where to invest or utilize their savings. For example, they can place them in LGU bonds meant for agricultural and rural development. Rural banks may also offer savings instruments wherein the proceeds may be used for credit to micro and SMEs. Overseas labor migration entails a certain cost and job requirements have a higher skill (and therefore education) bias. Thus, only a small portion of the poorer sectors of society will have access to global labor markets. Only those who have access to networks (of relatives and co-villagers) and credit will be able to tap overseas opportunities.

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<sup>9</sup> Aside from the dependency issue, anecdotal evidence also suggests social losses in terms of family breakdowns. However, there are studies which contradict such findings too.

In October 2007, the BSP officially entered a partnership with the National Anti Poverty Commission (NAPC) in the development and implementation of a National Financial Literacy Program (NFLP) which envisions the formation of a financially literate poor who can better understand and access available microfinance services and use the said financial services toward good financial outcomes and benefits. The BSP was involved in the design stage of this program and is now being invited to participate in its full implementation and nationwide rollout. BSP also has a financial literacy program for Overseas Filipinos which it has undertaken in various regions of the country since 2007.

***Outcome Indicator: Capacity of poor and vulnerable groups for sustainable management of resources***

Government involvement in poverty alleviation aims to correct an initial maldistribution of resource endowments. Agrarian reform, protection of ancestral domain rights and municipal water rights are examples of programs that provide the poor with assets which would allow them to earn incomes and improve their human capital. The Portfolio output aims to enhance capacities of poor and vulnerable groups to sustainably develop and manage their resources, following these initial distributions of endowments. There are two main projects, the Program Support for Agrarian Reform Initiatives of the Department of Agrarian Reform, and the Empowerment of Indigenous Peoples and Sustainable Development of Ancestral Domains, of the National Commission on Indigenous Peoples, an attached agency of the DAR.

It is already well established in the literature that economic growth is a necessary condition for the reduction in poverty. At the same time, DAR's recent commissioned study on the impact of CARP on poverty has confirmed the significance of land ownership on poverty reduction. Balisacan (2007a) used census and survey data including the 1990 and 2000 Census of Population and Housing, the 1991 and 2002 Census of Agriculture, as well as the Family Income and Expenditure Survey, the Labor Force Survey, and the Annual Poverty Indicators Survey. Choosing certain critical monetary and non-monetary indicators of welfare, he compared the performance of program beneficiaries in villages that were Agrarian Reform Communities (ARCs) -- what he called the "treatment" group -- with the performance of farmers living in a matched set of non-ARCs, called the "control" group. Roughly 3,000 villages were studied, divided evenly between the "treatment" group and the "control" group.

Some of the findings: Overall, the proportion of irrigated rice farms in the ARCs is higher than in the non-ARCs; while there is a decrease in the number of economic facilities in both sets of villages, the reduction was larger in the non-ARC villages; while there is an increase in the number of villages with street pattern and communication facilities, the ARCs had a higher increment, indicating better access to markets.

Other noteworthy finding: In 1990, the per capita expenditure in ARC villages was lower than in the non-ARC villages, but in 2000, both figures had increased, with per capita expenditures higher in the former than in the latter. Also in the same period of time, non-monetary indicators of welfare, as demonstrated by housing materials (e.g., strong roof, strong walls) and educational attainment of members, households in ARCs showed slightly better performance than those in non-ARCs.



More significantly for policy purposes, though, are the findings that per capita expenditure, per capita income, and per capita net farm incomes of farmers owning lands (whether in ARCs or non-ARCs) are significantly higher than their counterparts who do not own land. This shows unambiguously the importance of ownership or control of the land in determining incomes of farmers. Moreover, he also found that the odds that a household is non-poor is higher by between 1.8 and 2.6 times than the odds that it will be poor, if it owns land—again reinforcing the importance of land ownership.

In a participatory approach of study, the Philippine Asset Reform Report Card by the PhilDHRRA has shown that net satisfaction ratings in the following table:

Category	Agrarian Reform	Ancestral Domain	Fisheries	Socialized housing
Satisfied with the process of securing tenurial arrangement	55.6	48.2	28.3	56
Satisfied with basic support and services	35.2	44.4	18.5	26
Felt better off now than before the issuance of tenurial instrument	80.9	69.4	56.5	75

Source: PhilDHRRA, May 2008

Two main conclusions emerged from the above findings. First, asset reforms in its various forms have been positive and beneficial and that the bulk of beneficiaries positively indicated attaining better lives with asset reform. Second, effective asset reform ultimately hinges on good governance and political will. Governance weaknesses, including weak coordination, overlapping mandates, conflicting laws, lack of clear accountabilities, and poor inter-agency communication have been the typical hurdles to more expeditious conduct of various processes and the delivery of services under the asset reform program.

Overall, the report asserts the asset reform processes have been slow, reflecting a need for deliberate efforts on the part of government to expedite processes to be more responsive to asset reform target beneficiaries. In processes that involve more than one agency, difficulty in inter-agency coordination, including duplication of certain tasks, was a common reason for undue process delays. In the case of agrarian reform, model land acquisition has a strong bearing on the pace of the process. For public land and those under voluntary offers to sell, the processes can proceed expeditiously, while those under compulsory acquisition tended to be delayed by time-consuming litigation due to the resistance of landowners. In the case of ancestral domains, the land registration process under the LRA has been a stumbling block for the awarding of CADTs. In certain cases, problems arise due to conflicting provisions of various laws applicable to the asset reform process. Certain provisions of the Mining Code came into direct conflict with provisions of the IPRA which led to time-consuming stalemates in the required processes for dealing with ancestral domains.

With regard to support services, the PhilDHRRA report found these to be highly deficient, indicating great scope for expanding the benefits to be derived from government's asset reform programs. While asset redistribution is an important step, its effectiveness in uplifting the lives of beneficiaries is undermined when support services are wanting. Also, persistent threats of reversal are seen to persist and continue to undermine the success of asset reform in the country. Overall, the report concluded that

the asset reform track record in the country still remains poor. Substantial improvements need to be undertaken to fully achieve their objectives and promote a truly broad-based growth and development of the economy.

Evidence from a number of studies, including Balisacan and Pernia (2002) and Balisacan (2007a), suggests that the access to land is one of the key determinants of welfare in the rural areas of the Philippines. However current statistics show that access to land is still highly inequitable and is gradually worsening. Thus, while asset reform programs were having positive impacts, these were not enough. The Gini coefficient of land distribution has increased from about 0.53 in 1960 to about 0.57 in 2002, which compares unfavorably with a decline in the coefficient for East Asia and Pacific, from 0.47 to 0.41, over the same period. Other indicators of access to land also paint a dismal picture with both the average farm size and land-labor ratio fast declining as the land is passed on from one generation to the next. Between 1960 and 2002, the average farm size shrunk by about 44% and the land-labor ratio by over 48%. (ADB, 2007). The studies on the land distribution also suggest that the lack of access to land not only limits the ability of the poor to engage in agriculture, but also curtails their ability to invest in human capital and productivity enhancements, and to access financial services.

As of end-December 2006, about 84% of the target of 8.06 million hectares had been distributed (Balisacan 2007a), largely comprising non-private agricultural, publicly alienable and disposable, and public forest lands. 10 years (1998) after the CARP law was passed, less than two-thirds of the program scope had been accomplished; and in the succeeding eight years (as of end December, 2006), the pace of distribution had clearly slowed down because only another 24 percent of the target had been achieved. Worse, Balisacan points out that only 18 percent of the private lands under compulsory acquisition (other than rice and corn lands) have actually been covered or distributed as of end December 2006. He also points out that most of the lands (72 percent) already distributed are still not individually titled. A key challenge for the country is to finish the implementation of land reform, which will help check rising inequalities in land distribution.

## **2. Status of CCF II Outcomes (2002-2004)**

Under the CCF II, the Empowerment of the Poor programme portfolio works towards three key outcomes:

***Outcome Indicator: Improved access of the poor to basic services and productive resources and better opportunities for more active and effective participation in policy making and in designing poverty projects.*** Indicators for this outcome include: access of the poor to basic services, access of the poor to productive resources; and extent and quality of participation of basic sectors in policy-making bodies and in designing poverty programs and projects.

Balisacan (2007c) found that inadequate human capabilities are often a key underlying cause of poverty and inequality in the Philippines. Improved human capacities can improve the poor's opportunity to benefit from growth, and lack of or weak human capacities hamper their chance to fully benefit from growth. Two key determinants of the human capacities are education and health attainments. Access to primary education is near universal levels in the Philippines but access to secondary education is lower and

not equitable. Although the Philippines has achieved near universal levels of primary education with enrollment rates over 96%, there is substantial room for improvement in the enrollment rates for secondary education, which currently average about 73%. School attendance varies significantly between regions, especially at the secondary level, and is below the national average in poorer regions—such as Bicol, parts of Mindanao (especially the Autonomous Region of Muslim Mindanao), and the Visayas.

Using the opportunity curve proposed by Ali and Son (2007) and the various Annual Poverty Indicator Survey data (NSO, various years), it was found that while access to primary education does not exhibit significant inequalities among income groups, significant inequality exists in the access to secondary education. The average access to secondary education (enrollment rate) for the bottom 10 percentile of the population was less than 55% but it was about 75% for the top 10 percentile. Further, access to secondary education increased between 1998 and 2004, but the increase was greater for households with higher income than for those with lower income, supporting earlier claims that education has become less affordable to the poor.

*Access to Health Services* The World Health Organization notes that geographic inequity, where people who live in the rural and isolated communities receive less and lower quality health services, and socioeconomic inequity, where the poor do not receive health services due to inaccessibility and/or unaffordability, continue to abound in the country. 30% of Filipinos do not have health insurance and it is also known that health insurance covers only part of any health related expense. Drug prices in Philippines are also much higher than elsewhere in region. The WHO is also alarmed by the mass migration of doctors and nurses, making rural areas (52% of the population) even more vulnerable to health human resource deficiencies. Hospitals, both public and private, all over the country are losing senior experienced nurses and doctors. Philippines' health allocation remains way below the recommendation of the World Health Organization (WHO) of 5 percent of GDP (gross domestic product). Factors contributing to the limited capacity of the country's health care system to deliver better health outcomes and provide greater access to health services for the poor may be summed up as follows:

- poor health care financing
- an inappropriate health service delivery system, where there is excessive reliance on use of high-end hospital services rather than primary care, including ineffective mechanisms for providing public health programs;
- the 'brain drain' of health professionals;
- the excessively high price of medicines, leading to costly out-of-pocket payments and inadequate and irrational use;
- inadequate enforcement of regulatory mechanisms; and
- insufficient effort being expended on prevention and control of new diseases, particularly non-communicable diseases
- data adequacy, accuracy and timeliness are other important and perennial issues that have to be addressed. The unavailability of timely and accurate data/information makes it difficult to make appropriate decisions and actions on policies and program to improve health care (WHO website).

#### *Access to Productive Employment*

The lack and slow growth of productive employment opportunities are a critical constraints to poverty reduction and equitable development. The Philippines has

consistently underperformed most of its regional neighbors in providing productive employment opportunities to its growing labor force. Since the early 1990s, the unemployment rate in the Philippines has remained persistently high and has fluctuated in the 8–12% range, compared with 1.5–4.4% in Thailand and 2.5–5.0% in Malaysia. Even among the employed population, the level of underemployment was high at 22.7% in 2006, compared with 4.0% in 2000 in Thailand. Moreover, productivity of jobs in the Philippines is much lower than that in many of its neighbors. The total labor productivity of the Philippines ranked very low in East and Southeast Asia and has stagnated for the last 30 years, while total labor productivity in countries such as Malaysia and Thailand improved steadily during the same period.

Access to productive employment opportunities is unequal between the rich and poor. Even among the available employment opportunities, the poor are getting far less productive jobs than the rich. A recent study (ADB 2007d) showed that the average hourly wage earnings for workers from the bottom 20% of income distribution were 86% lower than those for workers from the top 20%. Son (2007b) found that in 2003, on average, the workers from poor households worked 15% less hours per week than those from an average household. This suggests that the higher employment rate in workers from poor households may be misleading and may hide their unequal access to employment opportunities. The same study also found that poor households rely more on domestic remittances and much less on remittances from abroad than do average households. This suggests that the poor may not have equal opportunities to work overseas.

*Effective participation of the basic sectors in policy making bodies:* At the national level, NAPC is the main venue for participation but several constraints hamper their effective participation—issues in the appointment of representatives (e.g. “representativeness”, political and ideological affiliation, etc.); infrequent meeting of the council (due to leadership changes); capacity and resource constraints of representatives. Other venues include the various sub-committees and the steering committee for the formulation of the MTPDP. Participation in these committees peaked during the Ramos administration and such has not been matched in recent processes. Another venue is the Philippine Council for Sustainable Development but interest in regularly convening this council has waned after the Ramos administration. At the local level, there is civil society sector participation in the regional development councils but the intensity varies across regions. The same is true with the provincial and municipal development councils. Effective participation of basic sectors are contingent on many factors which include for example, the actual presence of POs and NGOs in the area, the interest of the chief executive to promote participation and the capacity and resource constraints of basic sector organizations.

***Outcome Indicator: Strengthened capacity of national and local governments in planning, formulating, implementing and monitoring anti-poverty programs and projects, particularly in meeting the minimum basic needs of poor communities/families.*** Success towards attaining this outcome will be assessed by measuring the following: capacity of LGUs for poverty assessment; capacity of national government agencies in formulating and monitoring poverty programs and projects; and capacity of statistical agencies in gathering poverty-related statistics and developing poverty indicators.

A thorough discussion on this outcome was done in the general status outcome for CPAP – capacity for maintaining macroeconomic stability and growth, capacity in coordinating and monitoring poverty reduction plans, capacity of local governments, etc. (please see above). In addition, we can say that much have been accomplished in this outcome in terms of strengthened capacity of national statistical agencies in gathering poverty-related statistics and developing poverty indicators including that of the MDGs. However, at the level of the LGUs the integration of data such as CBMS in local development planning has still a long way to go with what is acceptably desirable ideal. The cost of implementing a CBMS may still be beyond the reach of 5<sup>th</sup> and 6<sup>th</sup> class municipalities unless their funds are augmented through provincial and national budgets or by donor grants. Alternative, cheaper and complementary ways of gathering data and statistics must be open to these LGUs and could be an important future area of intervention by UNDP<sup>10</sup>. UNDP's collaboration with various partners like NAPC, NEDA, NSCB, NSO, CBMS Network have greatly contributed to these outcomes – building capacity of national statistical agencies and LGUs in gathering accurate and timely data.

***Outcome Indicator: Increased participation of the private sector especially business and private organizations in poverty alleviation programs*** to be measured by the number of business and private organizations engaged in programs and projects designed to contribute to the fight against poverty as well as in the amount of private sector investments poured into poverty alleviation programs.

Private companies spent P26.0 billion on social projects in the last decade, most of which were poured into widening the poor's access to quality primary education, the League of Corporate Foundations (LCF) said. Marilou G. Erni, chairperson of the LCF, said that in 2007 alone, private companies spent P18.4 billion to stem poverty. The amount was more than double the P7.6 billion spent in LCF's first five years. Education projects accounted for 77.0 percent of the total amount and livelihood projects 16.0 percent. Around 100 members of the LCF, most of which belong to the top corporations in the country, created an "education roadmap" in 2006 to consolidate private sector support for education. This roadmap in turn gave birth to the 57-75 movement, where private firms hope to increase the score of public students in the national test from below average of 57 to at least 75. Concerns on global warming have also turned private firms' attention on environmental concerns and the LCF, along with the Philippine Business for Social Progress and other organizations, created an "environmental roadmap" that would improve energy efficiency in corporations, water and sanitation, carbon footprint reduction, biodiversity, products and services supply chain management and waste management. The private sector is also funding the effort of former President Corazon C. Aquino to raise 5 billion peso funding for microfinance institutions through the organization Pinoy Micro Enterprise (PinoyME).

The Philippine Business for Social Progress (PBSP), a UNDP partner, has committed PhP 3.2 billion for the period 2004-2009 to scale up successful programs that are MDG-related. These include poverty reduction under the area resource management program in Luzon, Visayas, and Mindanao (PhP 1.13 billion); small and medium enterprise development PhP 1.12 billion); basic education (PhP 0.83 billion); and water and health (PhP 0.12 billion).

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<sup>10</sup> National Statistics Office (NSO)'s project on enhancing the barangay registry is an example.

### **3. Relevance and Sustainability of CCF II and CPAP Outcomes**

**More Relevant Amidst the Crisis** The target outcomes in fact have become more relevant given that the country is currently beset with an on-going oil and food crisis and also recent data have shown that poverty incidence increased and inequality has remained almost the same for many years despite the sustained moderate growth of the economy. The irony here is that the quality of economic growth has not been successful in increasing the speed of poverty reduction or in improving equity in the country. Thus, the importance of pro-poor and people centered approaches in the main planning and budgeting processes of the government has become even more pronounced. The challenge for government to sustain the positive outcomes is three fold:

First, to accelerate the economic growth rate but this has been somewhat derailed because of global factors like the US recession and the surge in oil and food prices; the task at hand is to maintain the momentum for growth so that it can move to a higher level once the global constraints have receded; again a mix of fiscal and monetary policies may guide the economy into a relatively stable macroeconomic environment despite the external disturbances. This of course is possible only with highly professional and competent economic managers and an independent central bank. As discussed above, the country's fiscal and monetary authorities have been exercising enough prudence to be able to maintain such an environment.

Second, to improve the quality of economic growth by diversifying the economic growth drivers and focusing support to sectors that will create more employment like manufacturing, agriculture and tourism.

Third, to respond accordingly to the current crisis via short term interventions like the conditional cash transfers and public employment schemes and long term solutions like the establishment of a national social protection programme. But this also implies that national and local governments must continue and in fact improve the delivery of basic services to the people.

**From Policy Frameworks to Actual Impacts** Maybe what is more relevant now is how we can transform the incorporated people centered approaches in the policy and planning frameworks into greater and better impact and beneficial effects on the lives of the poor and marginalized. This can be done through enhanced implementation and coordinating mechanisms, through better and stronger institutions implementing poverty and social protection programmes, through replication or upscaling of good practices at the local levels and through additional resources (financial and human) for local delivery of basic services and local programme and project implementation. Specifically, this implies strengthening through sustained organizational/institutional development and augmented resources key coordinating and implementing institutions in the fight against poverty like the National Anti-Poverty Commission, the National Commission on Indigenous Peoples, the Department of Agrarian Reform, Department of Education, Department of Health, Department of Education, Department of Social Welfare and Services, and the Department of Agriculture. An important focus also will be technical and resource assistance to LGUs especially those in the 5<sup>th</sup> and 6<sup>th</sup> class municipalities.

**Enhancing Information Flows from the Local to the National (and vice versa)** There is a need for adequate information flows for planning and policy from the local to the national levels and vice-versa. While people-centered approaches imply the importance

of adequate information on the real situation of the poor and marginalized groups, this needs to be highlighted. This is because a major constraint for proper planning and policy formulation at the national and more especially at the local levels is the insufficiency of information. Local governments for example have very meager resources for data generation, incapacitating them to determine who and where their poor and vulnerable sectors are. These often lead to irrelevant pro-poor projects or if even the project is well meaning, leakages occur because of wrong targeting. At the national level, we often hear of ill-conceived projects, unaware of the real situation at the regional and local levels. Sometimes, national planners may not be at fault because of the wrong information fed to them from below. However, it is their responsibility to be able to gather timely, relevant and sufficient information for their decisions to have better impact on the ground. Several initiatives have already been undertaken e.g. strengthening capacity of national statistical agencies through organizational reforms and the implementation of the community based monitoring systems at the local levels. However, more financial and technical support must be channeled for data gathering and analytical capacities at the local level.<sup>11</sup>

***Widening the Response towards Social Protection*** There is need for incorporating social protection as a wider goal than poverty reduction and attainment of MDGs. This is because any form of unprevented or unmitigated social risk may wipe out achievements in poverty reduction and the MDG targets. Social risks<sup>12</sup> like economic crisis and natural disasters have been highlighted this last decade from the East Asian Financial Crisis to the impending economic crisis this 2008 resulting from the US sub-prime woes and the escalating oil prices. An adequate social protection framework and strategy should be able to manage social risks affecting both poverty and vulnerabilities of households and protect the gains in the battle against poverty and the struggle to reach MDG targets. It is only through a comprehensive social protection strategy which could enable the poor to have effective access to credits and markets and the capacity for sustainable management of resources.

***Sustaining Participation of the Basic Sectors in the Policy Making Processes*** While several legal and institutional mechanisms (e.g. sectoral representation in NAPC, RDCs and LDCs, PCSD and MTPDP committees) have been set up for basic sector participation in policy making, there are still constraints in the actual operation of such structures as discussed above. The challenge is to sustain the operationalization of such mechanisms across administrations. While all of them recognize the importance of heeding the voice of the poor and marginalized through their representatives, how this would be actualized may vary from one regime to another.

#### ***4. Factors Affecting the Outcomes***

Economic growth overall is the main external factor that affects targeted development outcomes of UNDP. The World Bank Commission on Growth and Development (Chaired by Nobel Laureate Michael Spence with the UNDP Administrator as one of the Commissioners) conducted a collective study and several workshops of 13 countries

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<sup>11</sup> UNDP in partnership with the Human development Network is piloting such capacity building among LGUs

<sup>12</sup> Aldaba (2008) identifies eight major social risks confronting the country today – unemployment and underemployment, natural disasters, conflicts, hunger and food insecurity, access to water and sanitation, unavailability of shelter and housing, health-related risks and high population growth.

that managed to grow at an average of 7 percent a year continuously in 25 years. This kind of growth happened only in the latter half of the 20<sup>th</sup> century or after 1950 when the world economy is more open and globalize. This is the benchmark, at least until this present period, that it will take 25 years with an average 7 percent GDP growth to transform a country. The highest GDP growth average for 10 years in the case of the Philippines was 6.5 way back in 1950-60. The failure for the economy to grow at sustainable higher rates explained much of the current poverty in the Philippines. Since 2002 – 2007, the Philippines has posted an average of 5.8 percent GDP growth and it has been widely accepted among policy observers that recent macroeconomic performance has been satisfactory. However, given the WB Growth Commission benchmark of 7 percent, this is not enough to get a better Outcome situation. The proof of this is that poverty worsened in 2006 compared to 2003 figures based on FIES data despite growth in the economy.

Many factors are at work in the growth and development process, but in the long run, the country's prosperity and the welfare of its people are determined by the accumulation of physical and human capital, their efficient utilization, technological progress and equitable access to the opportunities that the growth and development process generates. What factors have been hindering these in the Philippines? The ADB (2007) study on Philippine Critical Development Constraints using a variety of evidence - macroeconomic, financial, and social indicators; findings from investment and business surveys; regression analysis; insights from in-depth case studies; and benchmarking with other similarly situated countries—the study determined that the following are critical constraints to growth and poverty reduction in the Philippines:

Critical constraints to growth are:

- continuing tight fiscal situation
- inadequate infrastructure, particularly in electricity and transport;
- weak investor confidence due to governance concerns, in particular, corruption and political instability; and
- inability to address market failures leading to a small and narrow industrial base.

Critical constraints to poverty reduction are

- lack and slow growth of productive employment opportunities;
- inequitable access to development opportunities, especially education, health, infrastructure, and productive assets; and
- inadequate social protection and social safety nets.

Many of these critical constraints are interlinked. Only when the fiscal situation sufficiently improves will the Government be in a position to allocate more resources to infrastructure investment. However, improved infrastructure alone is not enough to lower the cost of doing business and to stimulate private investment. Better infrastructure has to be accompanied by significant improvements in investor confidence, which can be done through the Government adequately addressing governance concerns by implementing initiatives aimed at reducing corruption and improving political stability. Removing these three constraints (e.g., tight fiscal space, inadequate infrastructure, and weak investor confidence) will result in increased private investments from domestic and foreign sources. But, to ensure that growth can be sustained at a high level similar to that achieved by many Southeast and East Asian economies in recent decades, the



Government will also need to address the market failures (such as information and coordination externalities) in order to encourage investments in diversifying and expanding the manufacturing sector and exports, and in upgrading the level of technology.

Sustained and high growth, resulting from removing its critical constraints, will create more productive employment opportunities. This is essential because insufficient employment is the most critical constraint to poverty reduction in the Philippines. But expansion in employment opportunities may not lead to significant poverty reduction unless inequalities in access to development opportunities are reduced and removed by instituting good governance and better policies. Removal of constraints due to unequal access will greatly help accelerate the pace of poverty reduction, but they may not suffice to reduce poverty sufficiently unless the inadequacies in the social safety nets are addressed so as to keep the most vulnerable groups, such as the old-aged and destitute, from extreme deprivation. Similarly, people who graduate from poverty may still be vulnerable to natural disasters or economic shocks unless the inadequacies in the social protection are addressed.

### **5. Other Important Factors Affecting Outcomes**

- External factors – US recession starting from the sub-prime crisis; oil and food price surges, lower investments and capital flight; long term: FDI and ODA trends; developments in global trade especially market access for the developing country agricultural exports
- Continued external migration – remittances reaching almost US\$14.5 billion dollars in 2007; has positively affected the economy and poverty reduction through multiplier effects but also may have negative consequences related to moral hazard
- A slow decline in population growth
- Increased social risks due to changes in the natural environment (e.g. climate change) or conflicts at the community or regional levels
- Improvements in communications and information technologies which may positively affect the data deficit at various levels of governance

## **UNDP Contributions in the Attainment of Outcomes**

### ***Summary of UNDP Strategic Contribution to the Attainment of the CPAP and CCF Outcomes through the Projects of the Portfolio (see Annex C for Project Description)***

#### ***CPAP Outcome (2009) and CCF II Outcome #2***

- The MDG related activities supported by UNDP with its partners principally UN agencies and NEDA have contributed in mainstreaming MDG in the planning framework of the country more so in government but also in private sector's corporate social responsibility (CSR) planning. Although much of the credit should be given first to the government, then the office of the UNRC, and the UN Country Team, a Special Committee on the MDGs was created in the House of Representatives of the Congress of the Philippines, and the latter has formulated an MDG Legislative Agenda prioritizing legislative measures attuned and responsive to early realization of the MDGs.

- The **Social Watch Philippines**, an NGO partner of UNDP, led the joint NGO-legislators alternative budget advocacy campaign. The campaign resulted in an increase of Php22.7 billion in additional proposals for MDG-related activities, and approval of Php5 billion pesos for the 2007 national budget. The same organization, with support from the UN and NEDA, led the formulation and advocacy for an 'alternative budget' for MDG-related expenditures, the first time in 105 years of budgeting, contributed to increased expenditures for health, education, agriculture and environment, and reduction of debt interest payments by P17 billion. Prioritization of MDGs in the preparation of national and local budget proposals formed an important part of the policy guidelines and procedures issued by the DBM.
- The support in the strengthening and harmonization of statistical data for monitoring MDG progress has done well enough to support the generation of quality progress reports through the efficient response also of national statistical agencies.
- The MDG progress reports, UNDP-commissioned studies of financing the MDGs, and related activities are very much influential in directing support of resources to attainment of the goals not just in government but also among private and civil society organizations. The high level quality of the content of the MDG Midterm Progress Report will definitely impact on planning in government as well as independent initiatives in the private and civil society sectors in the years to come before 2015.
- An advocacy agenda on reducing the country's debt to achieve the MDGs primarily based on a UNDP-commissioned study on debt conversion and the MDGs by Joseph Lim under PIDS has been written and presented to UN agencies, government agencies, civil society groups, ASEAN special meetings; and call to the United Nations to consider the proposal for wider Debt-for-Equity arrangements to fund MDG-related programs and projects. The Permanent Mission to the UN of the Philippines is proposing on the UN to spearhead an international campaign to change the concept of debt sustainability from "capacity to pay" to "level of debt" that allows developing countries, like the Philippines, to achieve the MDGs without increasing debt, and where financing the MDGs is not obstructed or hampered by debt service burdens.
- Included in the above midterm report were computations of sub-national (regional) MDG progress of indicators. A related activity was a costing guide for each project and activities recommended in the LGU Guide Options/Guidebook or Manual on MDGs Localization to be piloted. The costing guide presents the estimated cost for the proposed project and activities under various categories of municipalities and cities. This has no direct contribution yet at the outcome level but deserves to be mentioned to be monitored in the short period.
- The portfolio was able to ride and continue on successful past projects starting from the SIMCPAE outputs that have been influential in providing data for national planning. SIMCPAE I activities were responsible in the formulation and piloting and eventually adoption of the Annual Poverty Indicators Survey (APIS) way back in 1999 and still conducted by the NSO in 2002 and 2004. How APIS (mostly MBN data) are actively utilized for targeting and poverty related programs and projects remains to be evaluated. This has been UNDP's strategic support which is to make sure that the poverty-related data such as APIS will be utilized for actual planning and implementation by national agencies. From the analysis of the outcomes status above, there remains a lot of work and challenges in cooperation and coordination mechanisms at the national level in targeting and upscaling of programs and it could be several times more at the LGUs' level.

- The SIMCPAE was also key in the formulation of the CBMS 13/14 core poverty indicators in 2002-03 through a support and partnership with DILG. The CBMS was endorsed by national agencies for widespread adoption at the local level. How LGUs adopted the CBMS remains a challenge to become widespread and be utilized for planning. The capacity of LGUs as discussed above needs to be addressed. For example, if CBMS is beyond LGUs budget capacity, it does not need to do a full census by excluding first relatively well-off areas or it can selectively conduct CBMS in geographic pockets of poverty stricken communities. There have been attempts also to use incentives in encouraging the use of CBMS by supporting projects identified through the CBMS database. What is strategic for UNDP in this endeavor is to translate knowledge and experience from this incentive-scheme to a national policy level of institutionalized incentives for LGUs in the conduct and utilization of CBMS (see recommendation below).
- The SIMCPAE output on Poverty and Social Protection studies were instrumental into the adoption of the Social Protection official definition by the NEDA – Social Development Committee and the eventual institutionalization of social protection programs in a national and wider scale in the country.
- The CLIPPS project of DOLE-BRW was the key instrument in the adoption of the official definition of the Informal Sector as well by the NEDA - SDC and its eventual program funding under DOLE in the GAA for 2008. The effective mechanisms in partnership with LGUs still have to be worked out by DOLE-BRW for efficient planning and implementation. Indeed there is so much strategic intervention needed at the LGU level because even with available funds and budget for the informal sector, the capacity to absorb and move funds for poverty-related projects could be very low.
- The institutionalization and enhancement of national and local HIV-AIDS response mechanisms, including the creation of local AIDS councils and strengthened capacities of organized groups to support people living with HIV-AIDS. The UNDP program supports the 2005- 2010 mid-term strategy of the Philippine National AIDS councils (PNAC) to strengthen local initiatives on HIV-AIDS.
- The project on leadership for change in response to HIV-AIDS has a very appropriate project design for UNDP to influence planning and policy on behalf of this specific vulnerable sector of persons living with HIV/AIDS (PHAs). The focus on leadership in providing models of proper response and approach in the problems related with HIV/AIDS is strategic towards the attainment of the outcome because the sector needs a “more personal” approach in the knowledge and building of trusts within the community, i.e. for PHAs to come out and acquire the right information as well as avail of the services.
- The project care and support services for person with HIV/AIDS (PHAs), their families and children is also strategic to the outcome since the DSWD as an institution and its social welfare officers as professionals handling psycho-social aspects of PHA cases will generate best practices from the project’s pilot activities. The best practice will fill in the huge gap of handling PHAs from the psycho-social and welfare approach (family and community including LGUs capability, education, livelihood, and burial) in addition to the current medical practice of handling cases by the DOH. The project opens the best opportunity in learning for both NGOs and the DSWD through collaboration in handling PHA cases and in producing systems and manuals for institutionalization.
- In addition, the HIV/AIDS’ project “central challenge” similar with other UNDP-supported projects is the institutionalization of proper response and information flow

(with care on protecting the PHAs) at the LGU and community levels. The crucial role of the LGUs being in the frontline is again confirmed. However, the factor that can impede the attainment of the project outputs is the work overload of social welfare officers. The challenge, given that a national social protection strategy will be established (as recommended in this evaluation) UNDP can consider advocacy of increasing the miniscule budget of the DSWD and other social protection implementers and units of the government to maximize the achievement of this CPAP Outcome.

- PHDR publications and related activities - These have contributed in changing mindsets of national and local policy makers in terms of the concept and measure of sustainable human development and key development issues like gender equality, education, employment, conflict and institutions. Because the studies related to the reports are done by respected academics and practitioners, the outputs are very credible and well recognized by local decision-makers and by experts abroad.

### ***CCF Outcome #1 on improve participation and access of the poor to resources***

- The Portfolio has supported projects in four (4) different sectors of poor populations in the country: indigenous peoples, the informal sector, entrepreneurial poor, and the agrarian reform beneficiaries of CARP. From assessment and reports, the UNDP support to the first three sectors was very strategic in contributing to the outcome because they have strong policy component.
- The IPRA is already the Policy where IP-centered development planning is realized. The EIPSDADS I and II, with support from NZAID, is key contributor in the strengthening of NCIP as institution in implementing the IPRA – principally the work in delineating ancestral domains through CADCs/CADTs – and the formulation of the ancestral domain development plans in targeted AD-areas. Although hampered by administrative problems of delay and institutional coordination (i.e., NCIP was under NAPC, was transferred to DAR, and currently transferred to DENR, and the nearly 1 year without effective start up operations of EIPSDAD II because the major stakeholders of the project in 2006 could not agree on the management and implementation structure), NCIP and the project's outputs remain strategic for the outcome above. No other government institution exists that has a clear mandate based on the IPRA and despite some imperfections the NCIP is an institutional model of empowerment of the indigenous peoples in Asia in securing their access to their ancestral land.
- The Portfolio through the MSSP was a key player in the expansion of microfinance services in the country with its very successful MSSP I although AusAID discontinued its support for the MSSP II. The three MFIs supported by the project namely CARD, LifeBank, and CCT are leading microfinance institutions in the country. As of the end of the MSSP I in 2005 it had contributed to almost one quarter (25%) of the national target of one (1) million clients by helping CCT, LifeBank and CARD expand their outreach using the ASA methodology. The three (3) MFIs reported a 134% increase in clients over the baseline set 18 months at the start of the project. As a confirmation of this achievement, MSSP I was also rated as the best performing UNDP-supported program among 66 countries evaluated in a survey sponsored by the Consultative Group to Assist the Poor (CGAP), a worldwide consortium of 28 public and private development agencies working together to expand access to financial services for the poor. The high rating is mainly due to the capacity building methodologies that resulted in this huge expansion in outreach.

- The CLIPPS project for the informal sector was very much successful in policy formulation (see above on IS definition) that it translated as well into a budget allocation of the GAA in 2008 for the informal sector development. The IS project at DOLE-BRW has always been supported consistently by two Undersecretaries of DOLE one after the other. Maybe given the inherent difficulty of the informal sector economic situation, initiatives on what specific projects on livelihood, training, technical assistance, social and health insurance and how they to be implemented and scaled up nationwide remain a challenge.
- The supported activities in DAR were very specific to targeted agrarian reform communities (ARCs) in six provinces (in the case of SARDIC). However successful the specific interventions were, these projects were not designed for strategic policy intervention, unlike in MSSP and CLIPPS and to a lesser extent EIPSDAD (but EIPSDAD is strategic in institutional strengthening of NCIP which has bearing on national policy). It should be noted though that recent studies of ARCs confirmed positive development outcomes (see related section above on poor groups access to resources).
- In the case of DAR-EARBETS this could have strategic contribution to the attainment of the Outcome if it had a strong policy component. The alternative dispute resolution component was designed to expedite settlement of agrarian cases but the project was not modeled to elevate such experiences for policy institutionalization that would have wider effects. UNDP and DAR could have been more sensitive to policy implications of institutionalizing alternative dispute resolution and their likely effects on shortening the period of the entire land transfer process. Some cases have been cited to have been settled through the ADR manifesting shortened time to settle cases and reducing the number of cases elevated to the region and central offices of DAR.
- The TESDA women support project did not have a strong policy component therefore the project had minimal influence on the outcomes.

***CCF Outcome #3 on private sector participation in poverty alleviation.***

- UNDP support on the attainment of this Outcome has been targeted at strategic groups particularly the microfinance sector, women and the Philippine Business for Social Progress (PBSP), a network of corporations practicing corporate social responsibility. UNDP in the future may wish to broaden its network in the private sector and may hire experts to develop a medium term framework of engagement with the private sector for medium-term projects on MDGs and poverty reduction.
- As mentioned above, in terms of micro finance (access of poor to resources), the MSSP I in 2005 had contributed to almost one quarter (25%) of the national target of one (1) million clients by helping CCT, LifeBank and CARD expand their outreach using the ASA methodology an increase of 134% in their client base over 18 months.
- *TESDA Women's Project* Strengthened the capacity of TESDA Women's Center and partners to provide women in SMEs with training, market information and technology assistance in selected pilot areas. Increased technical skills, economic and entrepreneurial opportunities for women, evidenced by a critical mass of women entrepreneurs with access to various support services (training, credit, markets) in pilot areas.
- More recently, under CPAP, there is a partnership among UNDP, NEDA and the Philippine Business for Social Progress in localizing MDGs. A publication entitled "Strategic Business Action to Achieve the Millennium Development Goals (MDGs) A Portfolio of Options" was made available for the private sector. In 2004, PBSP's

Center for Corporate Citizenship (PBSP-CCC), together with UNDP and the NEDA, organized a series of *square table discussions* (composed of representatives from government, business leaders, civil society and funding agencies) 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*,” which was launched in December 2004 during PBSP’s 34<sup>th</sup> Annual Membership Meeting. The *Roadmap* 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.

### **Financial Contributions**

Budget and expenditures in 2004-2008 were more to policy related activities and projects with nearly half of all the amounts budgeted as well as spent. UNDP major and strategic contributions were really in the policy arena and this is well reflected in their expenditures. Next to policy is HIV-AIDs related activities accounting for 25 and 29 percent in total budget and expenditures respectively. The least in terms of resource allocation and spending were the informal sector (DOLE-BRW program which is now supported by GAA budget) and women’s direct services (TESDA Project on Women). These sectors were just one percent each of total UNDP resources. Please see the table below for details.

### **Sector/Area Dispersion of UNDP Resources**

<b>Sector/Area</b>	<b>Total Budget 2004 - 2008</b>	<b>% of Total Budget</b>	<b>Total Expenditure 2004 - 2008</b>	<b>% of Total Expenditures</b>
I. Policy	4,432,629.68	0.48	3,269,870.00	0.46
1.1 Policy Advocacy	1,997,829.56	0.23	1,132,837.44	0.17
1.2 Institutional/ Policy Strengthening	2,224,584.13	0.25	1,902,876.39	0.29
II. Indigenous Peoples	1,330,465.12	0.15	775,827.00	0.12
III. Agrarian Reform Communities	75,000.00	0.01	67,267.17	0.01
IV. Microfinance	154,431.16	0.02	147,724.85	0.02
V. Informal Sector	75,001.00	0.01	74,860.13	0.01
VI. Women’s Services	72,662.15	0.01	42,168.16	0.01
VII. HIV-AIDS	2,224,584.13	0.25	1,902,876.39	0.29
VIII. Agriculture Services	717,704.75	0.08	517,424.94	0.08
		1.00		1.00

## UNDP Partnership Strategy

UNDP's CCF II and CPAP documents lay the ground for its cooperation and partnership strategy with other stakeholders in the development arena. The following are highlights of its principles and strategy:

### ***Building Consensus and Ownership Among Stakeholders***

The partnership strategy of UNDP's country programme is guided by the principle that the attainment of the desired outcomes is possible only with the support and concerted action of stakeholders. Building consensus and creating a deeper sense of ownership and a higher level of accountability of the process and the intended outcomes among partners is therefore critical in achieving results. For this reason, attention has been given to the process of building partnerships and how partnerships are strategically utilized to achieve the outcomes set forth in the Country Programmes.

***Partnerships toward Convergence*** UNDP will expand and reinforce its partnership and resource mobilization strategy, building on existing collaboration with various development partners and stakeholders, including United Nations organizations, bilateral and multilateral aid agencies, international financial institutions, the Global Environment Facility, civil society, the media, the private sector and community-based organizations. Based on the UNDAF, country team partnerships are being accelerated to pursue policy and programme convergence. This would contribute to more effectiveness and efficiency in achieving target outcomes and impacts.

***Resources Mobilization through Partnership*** The comprehensive partnership and resource mobilization strategy will guide the engagement and outreach to donors and partners. Limited UNDP core resources will continue to serve as a catalyst to leverage additional mobilization of non-core resources from bilateral/multilateral donors and non-traditional private sector donors. In selected programmes, UNDP will continue to lead in programme and donor coordination. For example, UNDP will continue to have a significant role in the creation of a multi-donor trust fund for Mindanao in line with the ongoing peace process between the Government and the Moro Islamic Liberation Front. Mainstreaming volunteerism and providing international/national volunteers in critical areas of intervention is also part of this strategy for human resource mobilization.

***Identifying the Role and Contribution of Key Partners*** Given its unique role in brokering partnerships, UNDP will lead the formation of multi-sectoral initiatives that address the challenges faced by the country. It will also lead in resource mobilization and make available to its national partners the wealth of knowledge that UNDP has gathered through the years based on its experience in various programme countries. Where appropriate, UNDP may also implement certain elements of this country programme.

***National and Local Governments.*** As most of the results aimed for in this Country Programme involve mainly government agencies and institutions at the national and local level, these agencies and institutions will continue to be the main implementing partners for UNDP's assistance to ensure delivery, ownership and sustainability of results. NEDA, as the Government Coordinating Authority for this CPAP, plays a key role in providing policy directions in monitoring its progress, and in mainstreaming certain development approaches such as gender and rights-based approach, results

based management, and other capacity development approaches in government planning, programming, budgeting, implementation and monitoring and evaluation. NEDA also has the strategic position to influence the effective and efficient use of ODA towards the achievement of the MDGs. This has become the basis for cultivating a partnership towards improved aid coordination.

*UN System.* Under the UNDAF, the UN agencies are valuable partners in contributing to the achievement of the MDGs and in ensuring sustained peace and development in Mindanao. Aside from joint programme implementation, activities which may be done jointly include resource mobilization, monitoring and evaluation, and other activities under the simplification and harmonization initiatives of the UN. Specialized agencies may also implement activities under this country programme.

*NGOs/CSOs.* Recognizing the unique role of civil society in development advocacy and monitoring government performance, UNDP will continue to work with them in pushing for reforms. They will also augment government capacity in serving and assisting hard-to-reach poor areas. Community-based organizations, on the other hand, will be tapped in community mobilization and in introduction and implementation of sustainable development initiatives at the community level.

*Bilateral Donors and the EU.* These institutions will serve as partners in aid coordination and project cofinancing and implementation. Active exchanges of insights about development strategies and shared outcomes will be pursued in various donor fora and other venues.

*International Financial Institutions.* As in the previous cooperation, IFIs are effective partners in conducting large-scale advocacy initiatives and in conducting sector-wide assessments and interventions. Project co-financing will also be further explored with IFIs.

*Academic and Local Resource Institutions.* As capacity building is a major component of this country programme, UNDP will partner with academic and local resource institutions for a broader reach and sustainability of capacity-building interventions, especially for local government units and community-based organizations.

*Private Sector.* Cooperation with the private sector will expand to include their contribution to MDGs and income generation. Initiatives to partner with the private sector in co-financing anti-corruption activities are already underway.

### ***Assessment of the Partnership Strategy***

#### ***On Building Consensus and Ownership***

Among many donors, UNDP has been in the forefront of developing multi-stakeholder partnerships in programmes and projects to achieve greater impact for its work with the poor and marginalized. As can be gleaned from its documents, UNDP's partnership strategy is well defined and well meaning. It has adequately addressed the clamor of partners from government to the civil society sector to build consensus and ownership of programmes and projects, an important ingredient for the success of various initiatives. This can be seen in specific projects implemented under CCF II and CPAP e.g. advocacy of alternative financing for MDGs or the advocacy in promoting the Philippine Human Development Report. UNDP and its partners become intermediaries for a



common action on a specific issue notwithstanding the various motivations and perspectives of diverse stakeholders.

### ***On Resource Mobilization***

UNDP has also successfully leveraged its funds for resources of other donors in various projects and programmes especially in this area of achieving MDGs and poverty eradication. The key projects here are: 1) the NZAID-assisted project for indigenous peoples which has contributed to the institutional strengthening of NCIP and facilitated the process of CADCs and CADTs in targeted areas; the AusAID supported Microfinance Project which was a great factor in the expansion of microfinance clients by the hundreds of thousands for at least 3 microfinance institutions, however, AusAID did not continue to support another phase of the project; and last but not the least, the NZAID-supported Philippine Human Development Reports (PHDRs) which has been a source of high quality reporting as well as valuable knowledge on Philippine issues. Again this is a result of good networking and credibility among the donor community. Also UNDP has tapped international and domestic volunteers to augment the existing human resource constraints of implementing agencies and partners. While UNDP has already initiated partnerships with the private sector, it has not fully maximized the potential of this sector for both financial and human resource mobilization.

### ***On Partnerships with Civil Society***

Again, among multi-lateral and bilateral donors, UNDP leads the way in forging partnerships with civil society e.g. NGOs, POs and community groups. Successful examples include those with NGOs in Social Watch Philippines and those with academics and policy makers in the Philippine Human Development Network. A case in point is the joint initiative of NGOs led by Social Watch and legislators to present a case for more funds for MDG-related projects. The alternative budget advocacy campaign not only resulted in an increase of PhP 22.7 billion in additional proposals for MDG-related activities but also the approval of the PhP 5.5 billion for the 2007 national budget. Some PhP 5.3 billion are allocated for the construction of more than 17,000 classrooms; PhP 2 billion to support the food supplementation and nutrition program; PhP 873 million for the hiring of new teachers; and PhP 65 million for additional scholarship fund for tertiary education. This civil society led campaign demonstrated that vigorous advocacies can influence decision and policy makers in developing MDG-responsive policies, activities and programs. The PHDR meanwhile has contributed much in upgrading the analysis of key human development issues – gender, education, labor market, conflict, etc. and disseminating such plus well thought out recommendations to key policy makers. The PHDR has also been acclaimed by various national and international award giving bodies.

In addition, the UN as a whole but again led by UNDP, has established the UN Civil Society Advisory Council which is represented by NGO and PO leaders from a broad section of civil society in the Philippines. While this mechanism is still fledgling, it has a lot of potential. However, political issues and constraints which the civil society sectors have been concerned with (e.g. human rights, corruption, etc.) which affected its relationship with government sometimes also constrain their relationship with UNDP and other donors e.g. the Philippine Development Forum incident.

One sub-group of civil society which UNDP needs to engage with are those involved in labor migration issues given the increasing role of OFWs in the country's economic growth and development. Together with these groups UNDP may explore possibilities of

tapping remittance and OFW expertise in tackling poverty and in promoting rural development.

### ***On Partnerships with the Private Sector***

The business sector is increasingly playing a larger role in solving social ills and the Philippine business sector is one of the more active ones in Asia in corporate social responsibility. (see additional discussion above on how the private sector has contributed in the goal of poverty reduction). Thus, it is important for UNDP to forge deeper partnerships with the private sector aside from the microfinance sector and PBSP. Currently, its partnership has been limited to specific project implementation with the said sectors. Maybe UNDP should start exploring partnerships with other corporate foundations through the League of Corporate Foundation or through the Association of Foundations in terms of MDG related activities and poverty reduction especially those engaged in education, health, population and HIV-AIDs.

## **Recommendations**

### ***The Local Governments Once Again***

The role of LGUs in the attainment of outcomes has always been highlighted . Unfortunately, LGUs are overburdened with a lot of responsibilities but are capacity and resource-constrained (unfunded mandates and obligations). This has been a reality since decentralization of 1991. Thus, activities leading into the strengthening of roles by the LGUs must be promoted e.g. advocacy for increased funding for MDG-related and poverty reduction programmes, fiscal powers and revenue raising authorities plus capacity building in the delivery of services related to MDG and poverty reduction. This would entail greater coordination among donors, government agencies and the civil society sectors. UNDP in its Achieving MDG and Reducing Human Poverty Programme has dealt indirectly, albeit minimally with LGU organizations i.e. the various Leagues especially at the regional and provincial levels. While there is a tinge of politics in dealing with these organizations, it is strategic that this UNDP Programme engage them especially if it wants more policy-related outcomes guiding the effective delivery of poverty programmes and projects. Since the Fostering Democratic Governance Portfolio possibly has dealings with the Leagues, a cross-portfolio programme may be established focusing on policy advocacy related to LGU governance for poverty reduction.

### ***Tackling the Information Deficit***

A pre-requisite for MDG-responsive planning or integration of people centered approaches in planning is the availability of adequate information. On data and information gathering at the local levels for sound policy decisions on MDGs and poverty eradication – need for a comprehensive national strategy for this as well as targeting. It is important to accurately know where and who the poor are. Of course, there are strides in here – small area estimates, CBMS, etc. While CBMS is the ideal method, an incentive scheme has to be institutionalized at the national level for the LGUs to respond positively and this could be through the projects of Social Protection because MBN data of CBMS are specific on social indicators. UNDP can support a study on tying up CBMS data with the national statistical data and then to be used in Social Protection targeting. The incentive for LGUs is big if government will pursue its current pronouncement to expand social protection (subsidies) to be funded by the revenues from E-VAT which

has a recent quoted figure of 70 billion pesos per year. (Logically, the institutionalized incentives could have been through the IRA but it is not appropriate anymore to introduce new rules into the IRA.) There should also be smooth and efficient information flows from the national to the regional to the provincial to the municipal to the barangay levels and vice versa.

***A Need for a Strategic Policy and Programmes for the Poorest of the Poor*** (the chronic poor). It is important to accurately know where and who the poor are – especially the chronic poor. Tackling poverty also implies tackling sectors and areas where poverty incidence is high. So far, programs for the informal sector, agrarian reform and microfinance deal with certain poverty groups. However, one critical group, the poorest of the poor (e.g. in perennially disaster and conflict prone areas) has not been dealt with so much. These should include a menu of programmes which may include transfers in cash or kind, income generating activities (e.g. public works employment), human capital protection (conditional cash transfers, health insurance, etc.). Other agencies though like the DSWD are starting to implement programs for this like the conditional cash transfers. However, a more strategic policy orientation must be done for this - possibly incorporated in a national social protection strategy.

#### ***A National Social Protection Strategy***

Poverty and vulnerability must be tackled jointly. The concern for vulnerability underscores the centrality of social protection policy mechanisms as potent poverty reduction tools. In addition, the existence of large numbers of transient poor might suggest that current poverty rates are under-reported or misleading as they would not adequately account for those who are not currently poor but are still at risk of poverty in the future. If chronic poverty is predominant, then this may be suggestive of a more prominent role for structural problems such as poor infrastructure, low human capital, and underemployment. However, empirical evidence on income smoothing suggests that social protection may be necessary even to mitigate chronic poverty. (Tandon and Hasan, 2005)

#### ***Strengthening Institutions for Coordination and Monitoring;***

Enhancing multi-stakeholder partnerships through well defined roles in information sharing, project or programme implementation, monitoring and evaluation, and even in resource mobilization. The first step is the improvement of coordination for poverty policy and planning through the enhancement of NAPC (both the secretariat and the council). Its possible roles have been well defined by Medalla (2007). It is probably time for a review of the law RA 8425 (Social Reform and Poverty Alleviation Act) to strengthen NAPC, clearly define its role vis-à-vis other coordinating and monitoring bodies especially NEDA and provide remedies to correct its institutional flaws. A memorandum of agreement with NEDA during the terms of Secretary Deles in NAPC and Secretary Dante Canlas can provide a starting point for coordination between the two key agencies in the fight against poverty. These initiatives could be done in tandem with the formulation of a national social protection framework and strategy.

***A Focus on the Agricultural Development as Pathway to Poverty Reduction*** Again this recommendation is not new. In fact, it is a reiteration of the recommendation of the Mid Term MDG Progress Report. Mobilizing resources for agricultural and rural development is key. According to by the International Food Policy Research Institute (IFPRI), if East Asia and the Pacific countries like the Philippines are to successfully achieve the Millennium Development Goal (MDG) of halving poverty and the number of

hungry people, these countries must be prepared to spend no less than \$2.52-4.42 billion collectively for agriculture every year until 2015.<sup>13</sup> The World Development Report 2008 also calls for greater investment in agriculture in developing countries if the goals of halving extreme poverty and hunger by 2015 are to be realized. It adds that while 75 percent of the world's poor live in rural areas in developing countries, a mere 4 percent of official development assistance goes to agriculture and that for the poorest people, GDP growth originating in agriculture is about four times more effective in raising incomes of extremely poor people than GDP growth originating outside the sector. Agricultural development will provide employment for the rural poor, increase demand for industrial products as incomes of farmers and rural workers go up, provide for food self sufficiency, and increase foreign exchange reserves through substitution of food imports and exportation of our surplus produce. Local Government Units (LGUs) must be assisted in terms of developing their capacity to expand economic activities for agriculture through better infrastructure (farm to market roads, irrigation, etc.) and technical expertise to assist farmers and farm workers.

***Policy Orientation and Dissemination of Good Practices*** To optimize limited resources, it is recommended that any type of intervention should always be formulated in the perspective of being able to advance a policy or programme at various levels of governance –from local to national. Insights gained from UNDP's programmes and projects and partners if elevated into feasible policy recommendations and/or programmes/projects that can be replicated or adopted elsewhere may then maximize impact and outcomes of various interventions.

## Lessons Learned

***Multi-stakeholder partnerships are really beneficial on many levels*** Successful policy advocacy through multi-stakeholder partnerships. For example, the alternative budget advocated for MDGs by Social Watch and the partnership with academics in the Human Development Network in the dissemination of PHDR with policy makers. Social Watch is an agglomeration of civil society leaders dedicated to the achievement of MDGs and poverty eradication while the Human Development Network gathers together top notch economists, social scientists, academics and policy makers involved in human development concerns. Pooling resources is also a product of multi-stakeholder partnership as donors, the private sector and civil society leverage their limited funds to create larger scale programmes that deliver bigger impact. Three groups that UNDP needs to engage with more deeply are the Leagues of LGUs (especially the sub-national units at regional and the provincial levels), private sector corporate foundations and civil society groups involved in labor migration issues.

***The important role of information for policy and programme formulation*** either from pure data and statistical gathering or from collection of viewpoints and perspectives through participatory mechanisms. Insufficient and asymmetric information problems cause both market and governance failures. In the latter, this results in massive leakages, coordination and monitoring failures. Proper targeting, efficient coordination

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<sup>13</sup> Even Governor Jose Ma. Salceda, the de facto economic adviser of the President has resurfaced the need to push for agricultural development to accelerate poverty reduction in the country

and timely monitoring are crucial elements for successful poverty eradication programmes. A smooth flow of vertical and horizontal information is important for policy making at all levels of governance. Current technologies must be harnessed to facilitate these.

***Strategic interventions do not always need large resources*** as shown by examples from the UNDP interventions in the informal sector (DOLE-CLIPPS), and microfinance through MSSP. The above projects have very strong components for policy influence and were quite successful. EIPSDAD of NCIP is a large resource project but still it has strong component on strengthening institutions (the NCIP and the CADT process up to its management and development) which practically is the strengthening of the policy/IPRA implementation. Pilot projects of direct project implementation types could be very small or large but what is significant is that project implementers have very strong sense of accountability to translate experience and knowledge into potential policy change or its institutionalization and mainstreaming. This can be facilitated if there are key persons (or maybe champions) that are closely coordinating with the project implementers primarily because of its strategic learning and policy implication. Thus if UNDP remains to be strategic in policy influence, projects supported should have clear components on pursuing policy change that has immediate effects at the Outcome Levels. This is the UNDP's strategic role in policy coordination, to pick up knowledge and learning from very small or large projects being implemented and translate them to good policies and replicable programmes.

***Successful poverty programmes are done through coordinated local level responses*** through a combination of a system of incentives and support from various stakeholders. The CIDSS and KALAHI-CIDSS provide the models for successful local level coordinated multi-stakeholder responses. This poverty programme brings together various national agencies, local governments, donors, and community organizations in the pursuit of poverty reducing projects. Several pilot cases of the UNDP funded CBMS institutionalization also are prime examples of successful coordinated responses. The elements for these successful initiatives must be further studied and analyzed and transformed into policies and frameworks so that such may be multiplied or adopted in other localities in the country.

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## **UNDP Documents**

UNDP Guidelines for Outcome Evaluators  
UNDP Handbook on Monitoring and Evaluating for Results  
UNDP Results-Based Management  
United Nations Common Country Assessment (CCA) for the Philippines  
United Nations Development Assistance Framework (UNDAF) for the Philippines (2005-2009)  
UNDP Second Country Cooperation Framework (CCF II) for the Philippines  
UNDP Country Programme Action Plan (2005-2009)  
UNDP Strategic Results Framework  
UNDP Multi-Year Funding Framework (MYFF) (2004-2007)  
UNDP Results-Oriented Annual Report (ROAR) for the Philippines (2001-2004)  
UNDP Philippines Results Reporting documents (2005-2007)  
UNDP project documents, project monitoring reports, project evaluation reports, and terminal reports  
UNDP National Human Development Reports for the Philippines  
Philippine MDG Progress Reports (2003, 2005, Mid-Term, sub-national)  
Medium-Term Philippine Development Plan (2004-2010) and other key national policies, strategies, and plans related to the outcome

## **Selected Interviews**

This external review was undertaken from 01 June – 31 May 2008 including time for report writing, review of key documents and project evaluation reports, budget and expenditures data, and others, while interviews were undertaken with selected responsible partners and important stakeholders. The Reviewers acknowledge the valuable assistance by Ms. Fe Cabral and Ms. Ness Sychangco of the UNDP.

The following key informants were interviewed:

- National Anti-Poverty Commission: Secretary Domingo Panganiban; Ms. Teresita Lalap
- National Economic and Development Authority: Director Erlinda M. Capones, Ms. Luz Bautista
- Department of Agrarian Reform: Ms. Caridad Aspiras; Ms. Lucienne Pulgar; Ms. Sally Manuel;
- National Commission for Indigenous Peoples (NCIP): Mr. Ed Sumangil
- Department of Labor and Employment- Bureau of Rural Workers: Mr. Cielo Cabatungan, Ms. Rowela Grande;
- Department of Social Welfare and Development: Marilyn B. Moral; Hazel T. Militante
- Positive Action Foundation Philippines, Inc.: Vice-President Celestino A. Ramirez
- Caucus of Development NGO Networks: Sixdon Macasaet
- United Nations Development Program: Ms. Corazon Urquico, Ms. Fe Cabral;

## Annexes

### ***Annex A: Indicators from the Strategic Results Framework***

CPAP Outcome has been synthesized into:

#### ***Comprehensive operational MDG-responsive development planning institutionalized.***

Indicators of success include the following:

By 2009, the following CPAP thrusts/initiatives integrated in identified planning documents with corresponding budgets:

- 1) MDG-responsive strategies/activities in local development plans for all target cities and municipalities that generated data through CBMS
- 2) MDG-responsive programs/projects in the Medium Term Public Investment Program (MTPIP) of about 90% of agencies under the NEDA board
- 3) STI/HIV/AIDS minimum response systems in local development plans for all target cities and municipalities
- 4) Informal sector-supportive provisions in local development plans, for all target cities and municipalities
- 5) 5% annual rate of decline (from 2005 figures) of Agrarian Law implementation and DAR Adjudication Board (DARAB) cases in DAR Annual Plans for 40 provinces

Starting 2008,

- 1) All 17 regions have utilized MDG indicators in the DEVINFO for local planning and budgeting
- 2) 60% of the target number of trained LGUs used the MDG based templates as basis for budgeting
- 3) Operational MDG-, results, human rights based, poverty monitoring and mapping system established
- 4) Enhanced capacity in development of livelihood projects provided
- 5) Strengthened national and local responses to HIV/AIDS established



**Annex B: List of CCFII/CPAP Projects**

1. CARP	DAR	CCF
2. TESDA Women's Center Project	TESDA	CCF
3. Empowerment of Indigenous Peoples (NCIP - EIPSGAD)	NCIP	CCF
4. MSSP Project (NAPC - Microfinance)	NAPC	CCF
5. Capacity Building for the Informal Sector (DOLE – CLIPPS)	DOLE	CCF
6. Empowering ARBs through Tenurial (DAR – EARBETS)	DAR	CCF
7. "SIMCPAE, Phase II" (NEDA - NAPC)	NEDA - NAPC	CCF
8. ICT for IPs GOP counterpart (Technical Assistance to NCIP)	NCIP	CCF II
9. HIV prevention and care		CCF II
10. Development and Publication of HDRs	HDN	CPAP
11. Enhancing Capacities on Sustainable Agriculture	ANGOC	CPAP
12. Case Studies in Support of the Indigenous Peoples (commissioned research case studies already published by UNDP/ILO)	UNDP/ILO	CPAP
13. Drafting and Development of the 2nd MDG Report	NEDA	CPAP
14. Mainstreaming and Advocating the MDGs (NEDA)	NEDA	CPAP
15. Millenium Project Report Launch	NEDA	CPAP
16. Leadership for Change in the Response to HIV Aids	UNDP	CPAP
17. Pro-Poor Policy Reform	NEDA	CPAP
18. Poverty Monitoring and Mapping	NEDA	CPAP
19. Strengthening SMEs		CPAP
20. Pro-Poor Sustainable Dev't	NEDA	CPAP
21. Capacity-building on HIV/AIDS	(LGA – DSWD)	CPAP

## ***Annex C: Description of CCFII/CPAP Projects***

### ***DAR - SARDIC***

This project supports the agrarian Reform Programme of the Philippines. It works through the Agrarian Reform Communities in the country through various interventions that would enable these communities to become viable and sustainable. Interventions include organizing, training, livelihood, market matching.

By the end of the UNDP-ADB collaboration, about 22 investment projects have implemented out of the 49 packages prepared. The project conducted a total of 92 capability-building activities ranging from various types of trainings and cross-visits to prepare the proponent ARC cooperatives for the implementation these investment projects. Moreover, the Project has effectively mainstreamed to the DAR Provincial Offices resource mobilization activities and other sustainability measures aimed at implementing the remaining packages prepared under the project.

### ***DAR – EARBETS***

It specifically aims to accelerate land tenure improvement and delivery of agrarian justice through capacity building in alternative dispute resolution (ADR) within DAR and among agrarian reform beneficiaries and local institutions. The project will enhance DAR's in-house and grassroots capacities in alternative dispute resolution to facilitate the settlement of agrarian conflicts outside of the courts of law. This intervention is expected to expedite the resolution of land disputes, de-clog pending agrarian cases, and promote acceptance and better understanding of substantive and procedural laws on agrarian reform by those involved in the litigation processes. This undertaking will specifically train a group of mediators and trainers for mediation and paralegal skills within DAR and paralegals at the grassroots.

### ***DAR Program Support for Agrarian Reform Initiatives (PSARI)***

UNDP support to DAR has evolved as the ARC development strategies have been revised over the past years. UNDP-supported activities in 2006 to the PSARI project were concentrated on paralegal training, mediation and conciliation, and in the formulation of a training module for enterprise development.

To accelerate the attainment of the growth and equity objectives of the Comprehensive Agrarian Reform Program, the DAR in 1993 embarked on an area-focused strategy, i.e., the development of the Agrarian Reform Communities (ARCs). ARCs are barangays or cluster of barangays in which a critical number of agrarian reform beneficiaries organized to undertake integrated development of the area and/or their organizations/cooperatives. In 2003 DAR developed the KALAHI Agrarian Reform Zones (KARZones) approach wherein at least one KARZone, or a combination of ARCs, would be developed in each district; this year, DAR modified the KARZone approach in order to accelerate activities related to agribusiness planning and development. This ARC Cluster Development strategy is the operational framework now pursued by DAR in 2006 as mechanism for increasing coordination among ARC. As of December 2007, there were a total of 1,959 ARCs confirmed covering 1.18 million ARBs in 8,147 barangays nationwide, and a total of 98 KARZones delineated.

### *TESDA Women's Project*

- Strengthened the capacity of TESDA Womens Center and partners to provide women in SMEs with training, market information and technology assistance in selected pilot areas.
- Increased technical skills, economic and entrepreneurial opportunities for women, evidenced by a critical mass of women entrepreneurs with access to various support services (training, credit, markets) in pilot areas.
- Development of gender – sensitive Entrepreneurial Training Modules (ETMs) and Technology Enterprise Manuals (TEMs). These manuals are designed to improve the technology of entrepreneurship training and enterprise operations.
- Introduced electronic market matching to women entrepreneurs. The Project conducted a Forum on e-MMW (electronic market match for women) attended by 167 participants from NGOs and government agencies, including women entrepreneurs. The forum featured two websites namely [www.b2bpricenow.com](http://www.b2bpricenow.com) and [www.winner-tips.org](http://www.winner-tips.org).
- Conducted Training Programs on Labeling and Packaging of Food and Non – Food Products attended by women entrepreneurs.

### *NCIP – Empowerment of Indigenous Peoples and Sustainable Development of Ancestral Domains (EIPSDADS) I Project*

The project aims to promote and protect the rights of IPs to development as recognized by both national and international laws. It has three components, namely: Sustainable development and Management of Ancestral Domains, Strengthening of IPs governance, and Strengthening the NCIP.

The main objective of the Empowerment of Indigenous Peoples and Sustainable Development of Ancestral Domains (EIPSDADS) is to support the effective implementation of the Indigenous Peoples Rights Act (IPRA) of 1997, in particular through the formulation and pilot implementation of the Ancestral Domain Sustainable Development and Protection Plans (ADSDPPs) among indigenous groups that have been awarded their titles and capacity building of IP communities especially the leaders, youth and women. The ADSDPPs lay-out future development plans of the community and enable its members to effectively govern themselves, improve and promote the sustainable utilization of their resources, and improve quality of life of indigenous peoples (IPs) communities based on their self-determination.

Through the project, it obtained CADT in 3 AD areas that cover a total of 200,000 hectares in:

1. Kitaotao, Bukidnon
2. Alilem, Ilocos Sur
3. Nagtipunan, Quirino

The project achieved its objective of empowering indigenous peoples based on the original and revised documents although not in the scope and magnitude as initially envisioned. The process of securing a Certificate of Ancestral Domain Title (CADT) for specific sites was undertaken resulting in the issuance of CADTs in the identified sites.

### *NCIP – Empowerment of Indigenous Peoples and Sustainable Development of Ancestral Domains (EIPSDADS) II Project*

The EIPSDADS II has the following objectives:

- Support the full and effective implementation of the Indigenous Peoples Rights Act (IPRA) of 1997, in particular through the formulation and implementation of the ADSDPP's.
- Improve the development of IP communities and their Ancestral Domains (ADs) through the formulation and effective implementation of ADSDPPs. Increase the capacity of IP communities for self-governance and more sustainable management of resources, through the formulation and implementation of the ADSDPP's.
- Increase the capacity of IPs and IP Communities as well as relevant institutions such as the National Commission on Indigenous Peoples (NCIP), the National Anti-Poverty Commission (NAPC), Local Government Units (LGU's), Non-government Organizations (NGOs) and Local Government Units (LGU's) in policy formulation and project design, implementation and management in support of the development of IPs through the ADSDPP process.

As of 2008 the following are the progress of activities in EIPSDADS II:

Activities undertaken under the Portfolio include the following:

- Thirteen target sites/ancestral domains identified for ADSDPP implementation;
- Program Advisory Committee (PAC) has been convened to discuss the work plan and terms of reference for the implementation of one of the components of the project, the ADSDPP formulation;

#### *NCIP – ICT Project*

The development of NCIP's Information System and Technology

- NCIP's Information Systems Development Plans (ISSP) developed
- NCIP website and database developed and operational.
- NCIP Resource Center established.
- Capacity building for NCIP staff on website development and management and use of ICT conducted.

#### *NAPC – Microfinance Sector Strengthening Project (MSSP)*

The MSSP II, which should have been undertaken by the NAPC through its Microfinance Unit, is a third phase in a series of projects being supported by the UNDP. The first two phases provided several microfinance institutions in the country with technical support in the introduction of the ASA technology; the second phase was more focused on three institutions, the Center for Agrarian Reform and Development, the Center for Community Transformation and the Lifebank. Operations and training manuals were provided by the two previous projects.

The MSSP II activities in 2006 were not undertaken because the expected support by the Australian Aid Agency (AusAid) was not approved. The project planned to respond to the need for an exponential increase in the supply of microfinance services to three million entrepreneurial poor by increasing coverage to the very poor and underserved, including women, and hard-to-reach areas. The challenge for the Portfolio, however, is to further identify future areas of support for microfinance in the country; a scoping study can be undertaken, which incorporates the following issues: effectiveness of subsidies versus investment support; type of technological innovations necessary; development of a credit bureau and appropriate institutional mechanisms; and, role of existing

government and non-government agencies, such as the People's Credit and Finance Corporation, the National Credit Council, among others.

The MSSP I has the following objectives:

1. At least 3 MFIs trained in microfinance best practices.
2. Developed trained national counterpart trainers for wide-scale replication of best practice microfinance.
3. Set of manuals on ASA and their best practice developed.
4. Policy and operating environment for microfinance improved

The project addressed the strengthening of capacities of microfinance practitioners in order to provide greater access of the poor, especially women, and was consistent with the Government's priority given to this sector. An important emphasis was its low-cost, rapid expansion technology with minimal auxiliary activities. The capacity building targeted MFIs that were planning to expand their operations speedily and will build on previous experience in capacity building. Other activities of the program would include an assessment, documentation, and production of best practice manuals in the sector as well as training a core of practitioners in microfinance best practice.

Based upon the figures and ratios that the three MFI's have produced, the evaluation team considers the MSSP as a success. The growth in outreach combined with healthy OSS and FSS ratios is evidence that a best practice microfinance methodology can combine the goals of outreach and sustainability and that the three selected MFI's and the ASA consultants were the right institutional partners to do so.

*DOLE-BRW-Comprehensive Action Agenda for the Development of Policy, Legal and Institutional Framework and Programs for the Promotion and Protection of the Informal Sector.*

It provides capacity building assistance aimed at increasing access of informal sector workers to productive resources, expanding coverage of social protection to the sector, improving their working conditions, and strengthening the sector's participation in decision-making. Currently, the national government through the GAA has provided budget for the Informal Sector through DOLE in partnership with LGUs.

The DOLE-UNDP project had its beginnings in May 2001 when the DOLE entered into an agreement with ILO and UNDP to spearhead the implementation of the project on the promotion and protection of the Informal Sector. In 2003, a Bridging Project was initiated whose milestone achievement was the approval of the NEDA Social Development Committee in February of that year of a country program for the Workers in the Informal Sector (WIS) that integrated the program and policy formulation processes of the sector in local government units. Informal sector plans were formulated, informal sector desks were created and livelihood programs were implemented in selected cities and municipalities in the National Capital Region, Cordilleras, Eastern Visayas and Southern Mindanao.

The Project also resulted in the approval of methodologies to measure the informal sector and the integration of the sector into the programs of the Social Security System and the Philippine Health Insurance Corporation. By 2008, the DOLE aims to a nationwide implementation with the LGUs serving as the frontline institutions. To prepare for that a Master Plan will be formulated and deemed back up with an Executive Order. The DOLE has currently assigned focal persons for the WIS in its regional offices and

soon to be in the provincial offices for the roll out of the program. The CLIPPS work plan for the 2006 – 2009 period incorporates improvements in project interventions for the sector, such as redesigning the Employment Training Cum Enterpreneurs Program (ETCE) into Self-Employed Workers Entrepreneurship and Enterprise Development Program (SWEED), the development of Community-Based Social Protection Schemes; and, the establishment of a Public Self-Employment Development Unit under the Public Employment Service Offices of the DOLE.

*NAPC – Strengthening Institutional Mechanisms for the Convergence of Poverty Alleviation Efforts III (or SIMCPAE-3)*

The SIMCPAE-3 is a continuation of the UNDP-assisted SIMCPAE-2, which was undertaken from January 2003 to June 2005, that provided assistance in strengthening participation of the basic sectors in policy formulation and assessment, especially within the NAPC, development of a design for convergent social protection programs (programs that would assist sectors that are vulnerable to transient poverty), support for local government units in formulation of their local poverty reduction action plans and adoption of a poverty diagnosis tool, strengthening regional and provincial convergence groups that would help integrate the different package of public and private anti-poverty assistance to priority areas of government, formulation of anti-poverty program targeting and output, and outcome monitoring, databases at the NAPC and the National Economic and Development Authority, and, implementation of communication activities and private-public sector partnerships in poverty reduction.

The SIMCPAE-3, SIMCPAE-2's successor project, was formulated to continue the strengthening work of these major outputs, in terms of strengthening capacities of basic sectors to advocate their policies and programs in government, provision of support to regional (and later provincial) Kapit-Bisig Laban sa Kahirapan (KALAHI) convergence groups, support for local government planning and monitoring of anti-poverty programs and projects, and operationalization of social protection mechanisms. A Plan of Action for Poverty Reduction (PAPR) was later added as part of the plans under the project; the PAPR was originally envisioned as a means to integrate basic sector advocacies in the formulation of the 2004- 2010 Medium Term Philippine Development Plan (MTPDP), but was later revised as an operationalization strategy for converging anti-poverty programs under the MTPDP in the country.

It aims to deepen the institutional mechanisms and strengthen coordination in support of for poverty-focused planning, poverty monitoring, and assessment, and to enhance the capacities of the national government agencies, local government units and basic sectors in effectively undertaking and participating in anti-poverty programmes and policy development.

The evaluation report stated that “Project planners have take cognizant of the fact that engagement of the basic sectoral organizations is not permanent and their development, needs, capacities are uneven. As for the capacities of LGUs for poverty reduction, the dependence on availability of budget and keenness of local executives on anti-poverty reduction programs and projects should be fully considered. On the other hand, the institutional capacities of NGAs in doing poverty assessment, analysis, monitoring and interventions have great potential for being institutionalized. There is a need, however, for a unified, comprehensive and synchronized anti-poverty monitoring tool. The participation of business and private sector groups in poverty reduction efforts through

the implementation of poverty-focused projects that are co-managed by these groups is the weakest area so far.”

The key activities undertaken in 2006 by the SIMCPAE-3 include the following:

- A National Executive Workshop on ‘Macroeconomic Benchmarking of Poverty Reduction Projects’ was undertaken; the workshop resulted in the development of an inventory of on-going pro-poor programs of the national government that will be integrated in the PAPER;
- Proposed legislation from the basic sectors were consolidated and provided to Congress; a ‘Microeconomic Benchmarking’ study is being finalized to assess implementation and consolidate legislation of important basic sector concerns;
- A policy database is being developed for integration into NAPC planning mechanisms;
- Launching of the publication on social protection, vulnerability measurement and development of poverty estimates of sectors; these were outputs of studies undertaken in the previous round of UNDP assistance to NAPC, and were disseminated for discussion purposes; and,
- Publication of the NAPC Poverty Monitor Bulletin that provided updates on poverty issues, poverty reduction policies, programs and projects on poverty by the national government.

#### *Philippine Human Development Reports (PHDR) and Related Activities*

One of the areas being supported by this output is the publication of an impressive string of high-quality and evidence-based PHDR, undertaken by the Human Development Network Foundation Inc. (HDN), which is a loose network of development practitioners from various (mainly, social science) disciplines. The PHDR 2005 on social conflict and development is the fifth in a series prepared by the HDN since 1994.

The objectives of the 2005 PHDR were to (i) examine whether and how the state of the country’s ‘unpeace’, manifested in the GOPs conflict with the CPP-NPA and Muslim secessionists, has weighed down human development at the community, sub-national and national levels, and (ii) identify where current institutional responses (i.e. executive, legislative, armed forces, civil society) may be improved.

In its final form, the Report was 151 pages long, including four chapters and technical annexes. The four chapters were (1) Human Security and Armed Conflict, the main theme chapter (2) The evolution of the armed conflict on the Moro front, condensed from the background paper of Santos [2005]; (3) The evolution of the armed conflict on the communist front, also condensed from Santos [2005]; and (4) Human development, Gender Equity and Human Poverty, which discussed the state of the nation in terms of updated HDI-related indicators on a provincial level. The technical annexes included Technical Notes and ten statistical annexes.

Advocacy of the 5<sup>th</sup> PHDR was also conducted the objective of which is to disseminate the key messages of the 5th PHDR, sustain and deepen the discussion on its findings and recommendations, and generate greater and more varied public involvement in the pursuit of peace and human security. A second objective is to undertake preparatory research activities for the 6th PHDR anticipated in 2008.

### *UNDP-ILO-NCIP Case Studies*

Its objective was to improve the policy and decision making of key governance institutions both, public and private, by developing empirical evidence of key issues relevant to the Indigenous Peoples (IP) of the Philippines. This was done through the development and publishing of case studies in areas of concerns relevant to the IP sector in the country. In general, the case studies were expected to contribute meaningfully and substantively to the body of information being generated to serve as basis for a review and improvement of the implementing rules and regulations (IRR) of the IPRA.

Specifically, the Project aimed at developing 14 case studies and publishing a total of 26 case studies on various concerns relevant to the implementation of the IPRA in the Philippines. It started implementing in 2005. By the end of 2007, it has the following accomplishments:

- Printed 1,000 copies of “A Journey of Hope: Implementing the IPRA in the Philippines”, a three-part volume of 12 case studies — The first volume focuses on the efforts of IPs to reclaim their ancestral domains. Volume 2 looks at indigenous knowledge systems and practices in the Philippines that have survived successive waves of colonization and the onslaught of modernization. The third volume documents customary laws and their application to the community that leads to the strengthening of indigenous socio-political institutions and systems of governance. It was launched in 2006.
- Developed and printed 13 case studies, instead of 14, that was compiled in the book “The Road to Empowerment: Strengthening the IPRA” — The publication has two volumes and documents the various aspects of the IPRA law to support further policy and program development. It was launched in 2007.

### *NEDA-SDS MDG Progress Reports and Related Activities*

In the Philippines, the monitoring of the MDGs is being carried out with the close collaboration between the Social Development Committee (SDC) of the NEDA Board, the Multi-sectoral Committee on International Human Development Commitments (MC-IHDC), and the UN Country Team (UNCT). The preparation of the First Philippine Progress Report on the MDGs in January 2003 and the Second Progress Report on June 2005 were multisectoral efforts, involving government, civil society and the UN agencies. There were no activities in 2006 in the Poverty Portfolio that relates to MDG monitoring.

Activities during the project period including the drafting of MDG Progress Reports in eleven out of seventeen regions while the formulation of the remaining six regional reports are being undertaken as part of the localization efforts to integrate MDG tools at the sub-national level, and the launching of an MDG Watch website in coordination with the National Statistical Coordination Board.

The MDG-related activities reported in 2006 are continuing efforts that have been undertaken since 2001 to mainstream the MDGs into the national and sub-national development fabric, of which much has been achieved. The main activities and corresponding outputs achieved in 2006 are:

- A final draft of the policy study on the methodology for financing estimates of the MDG has been written by Dr. Rosario Manasan of the Philippine Institute for



Development Studies (PIDS) and is being reviewed by the government; a popularized version of the policy study that provided the framework for estimating the MDG financing needs, "Moving Forward with the MDGs: May Pera Pa Ba?," has been published;

- A study on debt conversion and the MDGs written by Dr. Joseph Lim of the Ateneo de Manila University for the PIDS has been written and presented to UN agencies, government agencies and civil society groups;
- MDG advocacy materials in the form of kit, primer, roadmap, brochures, videos and musical album were produced;
- A forum on the Convention on the Elimination of Discrimination Against Women which led to the formulation of a gender mainstreaming work plan in MDGs, were conducted; the link between gender and MDGs have been mainstreamed into the process of budget analysis and formulation.

It is hoped that through the 2nd Philippine MDG Report, the intended readers from government, NGOs, donors, and other development partners will be given a clear and comprehensive picture of the progress in achieving the MDGs, not only at the national level, but also at the local (provincial) level. The report should also give a more accurate picture of resources available, including national and local resources and public and private funds. With locally disaggregated information, the readers will be able to make appropriate policy decisions with regard to targeting of programmes and allocation of resources to where it is most needed. The report shall also identify and analyze the challenges in attaining the MDGs.

#### *Strengthened national and local responses to HIV/ AIDS*

This Portfolio output is being undertaken by the Department of Interior and Local Governments, particularly the Local Government Academy (LGA), and the Department of Social Welfare and Development. The program was undertaken in order to respond to HIV-AIDS issues as one of the practice areas of the UNDP. The key activities are the institutionalize national and local HIV-AIDS response mechanisms, including the creation of local AIDS councils and strengthened capacities of organized groups to support people living with HIV-AIDS. The program supports the 2005- 2010 mid-term strategy of the Philippine National AIDS councils (PNAC) to strengthen local initiatives on HIV-AIDS. Activities undertaken include in 2006 include the conduct of two training seminars for local government units on the institutionalization of local AIDS councils.

Informants suggested that the development of HIV-AIDS baselines in key cities would be important in order to better the target areas that would be included in the program. In this regard, improvements in HIV sentinel surveys being undertaken by the Department of Health and the development of local baselines could be an important priority regard. Work towards capacitating local government units in HIV-AIDS issues could also be integrated with other efforts in strengthening LGUs. An implementation issue, however, is the capacity of LGA to undertake the project because of its lack of expertise on the issue; the acceleration of partnership with the Philippine National AIDS Council and its members may help address this issue and should be supported.