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Human Rights Forum (HRF) Magazine

The HRF Magazine is a quarterly publication of PhilRights that tackles burning human rights issues and concerns. It gives special focus on Economic Social and Cultural (ESC) Rights.



Deadly Playgrounds: The Phenomenon of Child Soldiers in the Philippines (P250.00)

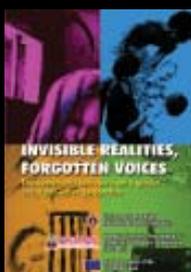
THE CHILD soldiers research project, a three-year collective undertaking of PhilRights, is a major achievement and contribution of the institution to the struggle to address children's involvement in armed conflict in the country.

The book presents findings of interviews with 194 child soldiers involved in government-backed paramilitary groups as well as armed rebel groups.



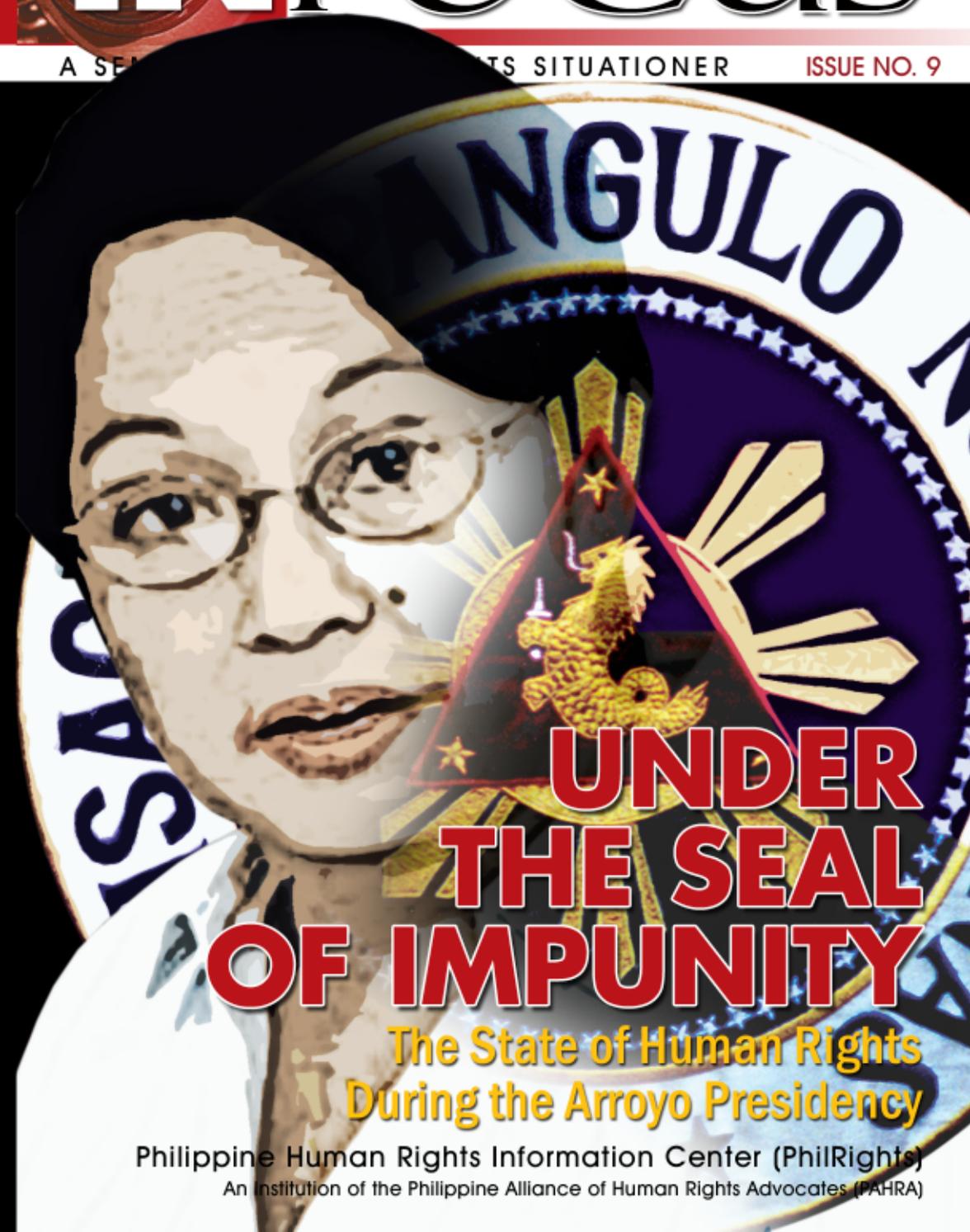
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UNDER THE SEAL OF IMPUNITY

The State of Human Rights During the Arroyo Presidency

Philippine Human Rights Information Center (PhilRights)
 An Institution of the Philippine Alliance of Human Rights Advocates (PAHRA)

Under the Seal of Impunity

The State of Human Rights
During the Arroyo
Administration



Philippine Human Rights Information Center (PhilRights)
An Institution of the *Philippine Alliance of Human Rights Advocates* (PAHRA)
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Introduction

Rotten to the core

SHE WAS hoisted into power by the grace of a people's uprising, replacing a president who was booted out of office for corruption.

In her inaugural address, on January 20, 2001, she outlined her four core beliefs as the nation's leader: poverty elimination, good governance through improved moral standards, a politics of genuine reform, and leadership by example. She committed herself to "create a fertile ground for good governance based on a sound moral foundation, a philosophy of transparency, and an ethic of effective implementation."

Most notably missing in that speech was the new president's human rights agenda. Not a word was said about improving the human rights situation in the country. The absence of any reference to human rights indicated Arroyo's indifference to the people's basic rights and foreshadowed her administration's putrid HR record in the years that followed: the escalation of attacks against HR defenders, lawyers, church workers, journalists, farmers and other basic sectors, done with utter impunity.

Almost nine years after Gloria Macapagal-Arroyo stood on that makeshift stage at the EDSA Shrine, what had become of those core beliefs?

She had more than ample time to fulfill those promises. She was, after all, the longest-staying Malacañang tenant, after Marcos.

Beyond the series of scandals that rocked her administration, Arroyo would be most remembered for her complete failure in combating poverty. In fact, during her tenure, poverty incidence worsened. According to official statistics, the number of poor Filipinos increased by 2 million between 2000 (the year before she took office) and 2006.

Her “new politics of genuine reform” had nothing new or anything reformist about it. She doggedly pursued what her predecessors had done before: automatically appropriate chunks of the national budget for debt servicing to the detriment of social services; push for charter change; open wide the country’s natural resources to foreign plunder.

To prove her “philosophy of transparency”, Arroyo issued, on September 28, 2005, Executive Order 464, requiring “all heads of departments of the Executive Branch of the government” to “secure the consent of the President prior to appearing before either House of Congress.” The EO, which covers officials not only of the executive departments but also the Armed Forces of the Philippines, the Philippine National Police and the National Security Council, was released on the very day that Brig. Gen Francisco Gudani and Lt. Col. Alex Balutan testified in a Senate hearing on the “Hello Garci” scandal. The EO helped in suppressing vital information related not only to the Hello Garci controversy, but also the subsequent scandals and scams such as the fertilizer fund scam, the North Rail controversy and the overpriced NBN-ZTE deal.

Quite a few times, Arroyo’s presidency teetered on the brink of collapse. Scandal upon scandal buffeted her and those very close to her. When the Hello Garci controversy hit the roof, the legitimacy of her presidency was put in question. But she grimly hung on.

As she is about to deliver her last state of the nation address (SONA), this special issue of *In Focus* takes stock of the performance of Gloria Macapagal-Arroyo, 14th president of the republic. – **JMVillero**



Condemning violations while commending the violators

Civil and political rights under the Arroyo government
January 2001 – March 2009



BY THE **TASK FORCE DETAINEES OF THE PHILIPPINES**

WHEN GLORIA Macapagal-Arroyo was sworn in as president in 2001, hopes were high that her administration would fulfil its human rights obligations. She was, after all, catapulted to power by the people's bold exercise of their rights and freedoms in what is now known as People Power II (*EDSA Dos*).

During Arroyo's first year as president, however, the people experienced a rude jolt. And it only got worse as Arroyo's rule lengthened.

The Arroyo government continued to perpetrate the same cases of human rights violations, either by commission or omission, that marred the records of previous administrations. It also tolerated – sometimes even supported and lauded – abusive acts committed by the military and police forces against the civilian population.

Neglect

Arroyo's state of the nation addresses for the past eight years hardly touched on civil and political rights, and on human rights in general. This just shows her administration's disregard for people's human rights.

Despite being a State Party to many, if not most, of the international human rights instruments, the Philippine government's implementation of its obligations remains questionable.



In October 2003, the United Nations Human Rights Committee (UNHRC)¹ reviewed the Philippine government's report on its implementation of the International Covenant on Civil and Political Rights (ICCPR), as well as the alternative reports submitted by the non-government organizations (NGOs). While positive aspects in the government's efforts were recognized, among the principal subjects of concern and recommendations² were:

- The absence of information regarding the status in domestic law of the Covenant and whether any Covenant provisions have been invoked in court proceedings. The Committee urged the Philippine government to ensure that its legislation gives full effect to the right recognized in the Covenant and that domestic law is harmonized with the obligation subscribed to under the Covenant.
- The lack of appropriate measures to investigate crimes allegedly committed by State security forces and agents, in particular those committed against human rights defenders, journalists and leaders of indigenous people, and the lack of measures taken to prosecute and punish the perpetrators. The Committee voiced its concern over reports that persons whose rights and freedoms have been violated have been subject to intimidation and threats.
- The pending legislation related to terrorism awaiting adoption by the Congress of the Philippines.³ The Committee was concerned by the exceedingly broad scope of the proposed legislation.
- The Committee also reminded the Philippine government to ensure that legislations adopted and measures taken to combat terrorism are consistent with the provisions of the Covenant.

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Robust economy?

In 2006, the Arroyo government boasted of an unprecedented growth in the Philippine economy. According to her State of the Nation

Address (SONA) in July, she said that

[T]he past year saw the country on a steady and sure growth, notwithstanding the internal political turmoil, the global oil crisis and rising prices of commodities that has threatened to disrupt and undermine the economic gains that have already been made.⁴

In the midst of such triumphalism, the daily news carried grisly stories of human rights violations such as arbitrary arrest and detention, torture, involuntary disappearance, and extrajudicial killings. The Arroyo government's strengthened campaign against insurgency only worsened the state of human rights in the country.

In the face of popular opposition, the administration implemented repressive policies, such as the calibrated pre-emptive response (CPR)⁵ and Executive Order 464,⁶ among others. And on February 2006, Arroyo declared Presidential Proclamation 1017 which put the Philippines under a state of national emergency. This was her administration's response to the alleged conspiracy between the extreme left and extreme right and their efforts "to bring down the duly constituted Government elected in May 2004." Amidst all these, the peoples' rights and freedoms were compromised.

Contributing to the people's discontent was the question over the legitimacy of the Arroyo presidency.

War against terrorism

When US President George Bush declared an all-out "war against terrorism," President Arroyo readily jumped into the bandwagon. She declared her all-out support for the war on terror and committed the country to the "coalition of the willing."⁷

In 2002, in line with the Arroyo government's war on terror, the Armed Forces of the Philippines (AFP) attacked the Moro Islamic Liberation Front – in spite of the fact that it could not establish a clear link between the MILF and Al Qaeda. The military offensive displaced about 400,000 civilians.



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Arroyo vowed to crush all terrorists in the country. She passed up the opportunity to ratify the Rome Statute of the International Criminal Court (ICC). Instead, in 2003, she quickly acceded to the Bilateral Immunity Agreement (BIA) with the United States. The BIA prevents the surrender of any American and Filipino national to an international tribunal, including the ICC, without the consent of the US or Philippine government.

In February 2003, a military offensive was launched to ferret out so-called lawless elements taking refuge in the Buliok complex in Central Mindanao. Fierce ground fighting ensued between government forces and the MILF. Again, this led to the displacement and evacuation of thousands of civilians.⁸

These military offensives in Mindanao only belied Arroyo's commitment to peace and her pronouncements of rebuilding Mindanao, which she made in her first national broadcast on January 30, 2001. In that broadcast, she said: "The war in Mindanao has exacerbated the sufferings of our brothers and sisters there. We must begin, in earnest, the task of rebuilding Mindanao, of achieving peace and oneness as a people, as a nation."⁹

In March 2003, Davao City's international airport was bombed. 21 persons were killed, and more than a hundred others wounded. Davao City Mayor Rodrigo Duterte and the military quickly blamed the MILF for the bombing. Muslim relatives of a victim were arrested and charged with the bombing. Mayor Duterte stressed the need to "bite the bullet" against terrorists. Almost a month later, the bombing of the Sasa wharf in Davao took the lives of close to 20 individuals, including Sr. Dulce de Guzman, a member of the Task Force Detainees of the Philippines (TFDP).¹⁰

The war against terrorism has resulted in outright violations of human rights and shortcuts in due process. Muslim communities have been raided under the guise of fighting terrorism. Muslim leaders and even ordinary Muslim citizens have been tagged as terrorists. Furthermore, the war against terrorism has led to further bias against and discrimination of Muslims.¹¹

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In July 2004, a strain developed in the relations between the Philippines and the US. This resulted from Arroyo's decision to pull out the Philippine contingent in Iraq to save the life of Filipino driver Angelo de la Cruz, who was taken as hostage by Iraqi militants. A few months after, however, Bush, like Arroyo, got another term in office. Both became determined to intensify their campaigns against terrorism.¹²

After much debate and protests from various groups, the Human Security Act (Republic Act 9372) or the anti-terrorism law, passed by the Philippine Congress in February 2007 and signed by Arroyo a month later, took effect on July 15, 2007. Numerous civil society leaders, religious figures and human rights advocates have criticized the law, and the UN special rapporteur on human rights and counterterrorism has called for the repeal of the law.

On March 21, 2008, Edgar de la Cruz Candule, an Aeta youth, was arrested in Barangay Carael, Botolan, Zambales. Candule, 23, was staying in a resettlement area in Baguilat, Botolan, Zambales before he was arrested.¹³

According to Candule, on the day of his arrest, he was having breakfast with friends when about 20 members of the Philippine National Police (PNP) of Botolan, clad in full battle gear and with long firearms, arrived and declared a raid. Candule's friends scampered in different directions, leaving the stunned Aeta youth behind. While some of the police went after his friends, the others searched the whole house and premises. About three to five policemen collared and handcuffed him while two alternately punched him on the chest. He was forced to admit membership in the New People's Army (NPA) operating in Zambales.

Candule was brought to the Botolan PNP office before he was transferred to Camp Conrado S. Yap in Iba, Zambales. There he was detained for three days. While in detention, he was interrogated and tortured. He was placed in a room where he was hit a couple of times and electrocuted. He was forced to admit that he owned a .45 calibre pistol, a magazine assembly for the pistol, and live ammunitions. His interrogators also threatened to kill him if he denied



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being an NPA member. The police also informed him that he and his group were already under surveillance for their alleged terrorist activities in the area.

On March 24, Candule was brought to the provincial jail in Iba, Zambales. On April 29, he was presented in court before Judge Consuelo Amog-Bocar of the Regional Trial Court Branch 71. He was charged with violation of Republic Act 9372 or the Human Security Act.

Currently, Candule is awaiting the resolution to the motion for the dismissal of his case which his counsel filed.

Political prisoners

Not once in all of Arroyo's SONAs did she mention anything about the existence of political detainees and political prisoners. The truth however is that the Arroyo government continues to keep political prisoners and even takes in new ones, usually through arbitrary arrests.

The Universal Declaration of Human Rights (UDHR), the ICCPR, the Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), and the Philippine Constitution, provide that no one shall be subjected to arbitrary arrest, detention or exile.

TFDP records since Arroyo became president in 2001 until 2008 show that there have been 830 cases of arbitrary arrest, involving 2,913 individuals, including those who were arrested during protest actions.

231 political prisoners and detainees continue to languish in various jails and detention centers nationwide. The Arroyo government, like the previous administrations, has denied the existence of political prisoners and detainees and has made a habit of charging political detainees with common crimes like kidnapping and robbery.

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According to Eduardo R. Serrano¹⁴, a political detainee, “the criminalization of political offenses, more importantly, tends to strip the political nature of the crime committed by political dissenters as they continue to be charged with common crimes, crimes against a person or property but not against a state power that oppresses and exploits the people. More than this, the criminalization of political offenses completely denies the justness and legitimacy of the grievances of political offenders.”¹⁵

These political prisoners and detainees who are innocent of any crime continue to languish in jail even as some well-known criminals, because of their “connections,” have been bestowed with privileges.

TFDP recalls the case of Ric Nalundasan, a political prisoner who was detained in Manila City Jail and had just been released recently. In 2004, while he was still under detention, Nalundasan requested for a pass from the Department of Justice so he could attend the wake of his father. The decision, although in the affirmative, came two months after the request was filed – long after his father had been buried.

Adding to the suffering of political prisoners – who are in jail for crimes they did not commit – is the subhuman condition prevailing in the country’s jails.

Torture

Despite being a State party to the CAT, the Philippine government still continues the inhuman practice of torture. Since 2001, when Arroyo assumed office, TFDP has documented 248 cases of torture, involving 519 individuals as victims.

Torture methods used include slapping, mauling, beating with the use of rifle or piece of wood, hanging by the neck and covering of the head with a plastic bag to induce suffocation. Often the victims were handcuffed, or hogtied and blindfolded. The purpose of torture was usually to force the victims to admit membership in or support of the NPA, the MILF, the Abu Sayyaf, or to admit participation in terrorist activities such as bombing.¹⁶



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Worse, there is still no domestic law that criminalizes the practice of torture. The anti-torture bill was recently passed on third reading at the House of Representatives. It is still pending at the Senate.

One of the many cases of torture documented by TFDP was that of Omar Ramalan. Ramalan was arrested by elements of the 64th Infantry Battalion in January 2004. He was blindfolded, stripped naked, hogtied, electrocuted, molested (his private organ licked by a dog), fed with dirty food and held incommunicado for three days. Ramalan was a suspect in the bombing in Parang, Maguindanao in Mindanao.¹⁷

TABLE 1. SUMMARY OF TORTURE CASES

Documented by Task Force Detainees of the Philippines January 2001 to March 2009

YEAR	NO. OF CASES	NO. OF VICTIMS
2001	9	13
2002	17	66
2003	23	37
2004	38	71
2005	15	32
2006	109	239
2007	17	29
2008	12	16
2009 (January to March)	8	16

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Enforced disappearance

The practice of enforced disappearance remains unabated in the Philippines. Like torture, there is no domestic law that criminalizes the act of enforced disappearance. An anti-enforced disappearance bill which seeks to define and penalize the act of involuntary disappearance has also been passed on third reading at the House of Representatives. The process is still ongoing in the Senate.

Since the time of Ferdinand Marcos until the end of February 2009, there were 1,782¹⁸ cases of disappearance documented by the Families of Victims of Involuntary Disappearance (FIND) nationwide. Of these, 1,113 are still missing, 416 surfaced alive and 253 were found dead.

TABLE 2. STATISTICS ON ENFORCED DISAPPEARANCE IN THE PHILIPPINES

Documented by the Families of Victims of Involuntary Disappearance (FIND)

	# of reported cases	# of documented cases	# of persons still missing	# of persons who surfaced alive	# found dead
Arroyo regime	278	165	54	94	17

Since enforced disappearance is not yet considered a crime under Philippine laws, the cases filed in court by some families with the assistance of FIND are lodged as kidnapping, murder or serious illegal detention or a combination of the last two offenses.¹⁹

Disregard for due process, summary execution and massacres

In the course of the Arroyo government’s campaign against insurgency and lawless forces, its armed forces and the police have violated the human rights of civilians tagged as “sympathizers” or members of the NPA, the MILF or the Abu Sayyaf. In military logic, those under suspicion may be treated as combatants.²⁰

Civilians – in most cases, peaceful rural folk – are arrested without warrant and then manhandled and subjected to various forms of abuse during detention. Civilians killed during raids or attacks are often reported as combat casualties to cover up the crimes.²¹

The number of cases of extrajudicial killings, especially of human rights defenders, has reached an alarming number. These political killings seem to be the order of the day. While military and police officials have been implicated in cases of summary executions, not one has been brought to justice. Some of them were even rewarded with promotions.²²

Take the case of retired Major General, now Party-List Representative Jovito Palparan, Jr.



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Photos by Task Force Detainees of the Philippines

TRACY PABICO



Photos by Task Force Detainees of the Philippines



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Photos by Task Force Detainees of the Philippines



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Photos by Task Force Detainees of the Philippines



Since the 1980s to the 1990s, when then Col. Palparan was assigned in Central Luzon, numerous cases of human rights violations have been linked to him. When he was assigned in Laguna in 2001 (through Task Force Banahaw), incidents of killings continued. From 2001 to early 2004 in Mindoro, a series of killings were credited to his command.²³

In February 2005, Palparan was transferred to Eastern Visayas, where once again, numerous cases of human rights violations – most of which were killings – took place. Palparan's human rights record earned him the tag “berdugo” (executioner). With all these human rights violations in his job portfolio, he earned a promotion.²⁴

Another disturbing phenomenon is the killing of media practitioners during the Arroyo administration. It must be noted that many, if not most, of those killed had exposed different cases of human rights violations or anomalies.²⁵

One of the many cases of summary execution during the Arroyo administration which was documented by TFDP happened in March 2005.

In March 2005, the massacre at Camp Bagong Diwa, Bicutan jail left 26 inmates dead and other prisoners wounded. Some of them were shot at close range, after the exchange of fire. This was perpetrated by the Philippine National Police Special Action Force (PNPSAF) led by then Department of Interior and Local Government (DILG) Secretary Angelo Reyes.²⁶

The Commission on Human Rights (CHR), an independent body mandated to monitor and investigate cases of human rights violations, released a report²⁷ of their findings on the case of the “Bicutan siege”. According to their report:

1. There was no life that was in danger; there was no real threat to life that could justify the use of police assault or the use of excessive force.
2. The response of authorities was not proportionate to the

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- force used by the persons who staged the failed escape attempt.
3. There were inmates who had no involvement or participation in the failed escape attempt but were summarily executed.
 4. Some inmates were maltreated after the police assault.

Harassment of human rights defenders

Though the United Nations has made a special resolution for the protection of human rights defenders, the Arroyo government has made an unwritten policy of impunity targeting these human rights defenders. The pronouncement of the government to end insurgency by 2011 plus its confusion in defining what constitutes an “insurgent” has put the human rights defenders community at risk.

Prof. Philip Alston, UN Special Rapporteur of the United Nations Human Rights Council on extrajudicial, summary or arbitrary executions, noted how senior government officials in and out of the military believe that many civil society organizations are fronts for the Communist Party of the Philippines (CPP) and that the CPP controls these groups.²⁸ This way of thinking then has made targets of all staunch oppositionists and human rights ground workers in the all-out war of the government.

On April 6, 2002, Jennylou Alehan, a leader of Kibalagon-Kisanday-Narukdukan-Manobo-Talaanding Tribal Association (KKINAMATTA), was killed by two unidentified assailants. KKINAMATTA was campaigning for their ancestral rights over a 601-hectare area that has been taken by the government. The land is currently used by the Central Mindanao University. Prior to his death, five other leaders and members have already been killed. All of these killings were connected to the land dispute. Multiple cases of harassment, demolition and destruction of properties, reportedly perpetrated by the university’s security guards, have been documented.²⁹

In 2005, Irma “Kathy” Alcantara, Secretary General of the Kilusan para sa Pambansang Demokrasya (KPD) in Bataan was killed by unidentified men in Country Resort in Abucay, Bataan at 9:00 in the morning.



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She was killed just after coming from a Luzon-wide Peasant and Fisherfolk Conference organized by the Pambansang Katipunan ng Makabayang Magbubukid (PKMM). Before her death, she had been receiving threats and was under surveillance by armed men who were allegedly elements of the Philippine Army under General Jovito Palparan.³⁰

Palparan was also linked to the death (on April 21, 2003) of human rights worker Eden Marcellana and of peasant leader Eddie Gumanoy.

In Arroyo's 2006 SONA, she condemned the series of political killings in the country. A few sentences later, she gave special commendation to General Palparan.

Also in 2006, the government launched Oplan Bantay Laya II, an all-out military offensive. This "all-out war policy" aimed to destroy, with all means necessary, all structures of "perceived enemies of the state," including legal organizations of the civil society movement.³¹

Through Executive Order 493, President Arroyo created the Inter-Agency Legal Action Group (IALAG). This group is said to "provide effective and efficient handling and coordination of the investigative and prosecutorial aspects of the fight against threats to national security." It is composed of representatives of the Office of the National Security Adviser, Department of Justice (DOJ), Department of National Defense (DND), DILG, National Intelligence Coordinating Agency (NICA), AFP, PNP, National Bureau of Investigation (NBI) and "such other units as may be tasked by the National Security Adviser."³² The task of IALAG is mainly to "neutralize" those whom they consider as "enemies of the state." Unfortunately, these include human rights defenders.

The IALAG is believed to be responsible for the arrest and detention of numerous human rights defenders being connected to the Hilongos Mass Grave³³ said to be perpetrated by the CPP-NPA in 1985.

Noli Narca, a human rights defender since the Marcos regime, was taken by men wearing civilian clothes on March 8, 2006. He was

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brought to Camp Kangleon, the PNP Headquarters in Tacloban City, after being presented to the Intelligence Service Unit of the AFP. He was sent to a lock-up cell before he was transferred to the Tacloban City Jail.³⁴

Randall Echanis, the Deputy Secretary General for External Affairs of the Kilusang Magbubukid ng Pilipinas, was arrested on January 28, 2008 while attending a consultation at the Farmers Training Center at Calumangan, Bago City.

The 15-men arresting team who wore bonnets were led by Police Inspector Robert Dejocus of Bago City. The arresting team had a warrant of arrest signed by Judge Ephraim Obando of Hilongos, Leyte.³⁵

Norberto Murillo, a technical consultant for the farmer's organization Life and Food for Leyte Evacuees (LFLE), was forcibly abducted on October 29, 2008 at around 10:00 A.M. while he was at the main lobby of the Department of Agrarian Refom (DAR) building. Three men who identified themselves as operatives of the Criminal Investigation and Detection Group (CIDG) took him. Murillo had just attended a meeting at the DAR to follow up the papers regarding LFLE's land claim for alienable and disposal land in Leyte.

On October 30, 2008, a day after the abduction, a FIND staff accompanied Violeta, Murillo's wife, to the CHR to report the incident.

Two days after the abduction, Major Libay of the PNP's Task Force Usig confirmed that Murillo was brought to the Custodial Center in Camp Crame, Quezon City on the evening of October 31, 2008.

His arrest was also in connection with the Leyte Mass Graves.³⁶

Impunity

During its administration, the Arroyo government has continued to promote a culture of impunity.

Despite the conduct of peace talks, the roots of insurgency have



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not been tackled and have remained unresolved.

Arroyo's "strong republic" has generally pushed to the brink the human rights of the people, while further expanding the field for plunder and corruption.

The outright abuses and/or collusion of government and military officials with criminals are either endorsed, supported, or condoned by official non-action.

Since coming to power, Arroyo has been the biggest stumbling block in the fulfilment of people's rights. Her government has adopted policies and pushed for legislative measures that further worsened the plight of the people.

The illegitimacy of the Arroyo administration stems from the failure of her administration to perform its obligation to respect, protect, and fulfil human rights.

NOTES

- ¹ Currently the Human Rights Council (HRC)
- ² UN Human Rights Committee. Concluding Observations of the Human Rights Committee on the Philippines. October 30, 2003. UNHCR meetings 2153rd and 2154th (CCPR/C/SR.2153 and 2154)
- ³ This refers to the legislation against terrorism which was later enacted into law as the Human Security Act of 2007 (Republic Act 9372)
- ⁴ <http://www.gov.ph/sona/default.asp>
- ⁵ According to Undersecretary Edwin R. Enrile, the calibrated pre-emptive response is **not** an exercise of any emergency power, but "is the responsible and judicious use of means allowed by **existing laws and ordinances** to protect public interest and restore public order" and is "a more pro-active and dynamic enforcement of existing laws, regulations and ordinances to prevent chaos in the streets."
- ⁶ President Arroyo on September 28, 2005 issued Executive Order 464 which requires "all heads of departments of the Executive Branch of the government" to "secure the consent of the President prior to appearing before either House of Congress." This EO also became known as the "gag order."

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- 7 The US-led coalition attacked Iraq in March 2003, even without any United Nations resolution supporting such attack. In September 2004, then-UN Secretary General Kofi Annan declared that the coalition's war against Iraq did not conform to the UN Charter, and was therefore illegal. (See Task Force Detainees of the Philippines. *Blood stains the Arroyo government. Human rights under the Arroyo government, January–December 2004*. June 2005.)
- 8 Task Force Detainees of the Philippines. *A fragile peace shattered, a string of rights violated. Human rights under the Arroyo government, January 1–March 31, 2003*. 2003.
- 9 Ibid.
- 10 Ibid.
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Making do with morsels

The right to food under the Arroyo administration



BY RAFFY REY HIPOLITO

SONA Promises

IN JULY 2001, President Gloria Macapagal-Arroyo laid down in her first State of the Nation Address (SONA) four elements in combating poverty. One of them is “a modernized agricultural sector founded on social equity.” Her top priority, she declared, would be “*murang bigas at masaganang magsasaka*” (affordable rice and productive farmers). The new president promised a million jobs in agriculture and fisheries and P20 billion yearly for the AFMA (Agriculture and Fisheries Modernization Act). Her administration, she said, intends to distribute under the Comprehensive Agrarian Reform Program 100,000 hectares of private agricultural lands and 100,000 hectares of public agricultural lands.

During her 2nd SONA, the President introduced the ‘Strong Republic.’ “*Ang malakas na Republika ay para sa mahihina, para sa mahirap, para sa walang trabaho, para sa nagugutom...*” (A Strong Republic for the weak, the poor, those without employment, the hungry). The Strong Republic was able to distribute 250,000 hectares of land under CARP; sold rice at P14/kilo in 1,000 rolling stores; allocated P24 billion for agriculture and created emergency employment for 30,000 out-of-school youth.

In 2003, President Arroyo was boasting that she focused on her priorities (jobs, food on every table, housing, education and peace) and this has resulted in stable prices of sardines at P8.50; cooking oil, P11; white sugar, P28/kilo; pork, P115/kilo and chicken,



P90/kilo. More than 500,000 hectares of land were distributed under the agrarian reform program and 360,000 hectares of ancestral lands strengthened, the President reported. Her nautical highways had substantially reduced the cost of transporting goods from Mindanao to Manila.

After declaring victory in a very controversial election in 2004, the Chief Executive proclaimed “*ang aking adyenda para sa maralita ay hanapbuhay, reporma sa lupa, tubig, gamot at kuryente.*” (My anti-poverty agenda include employment, agrarian reform, water, medicines and electricity.) For the 4th time, she called on Congress to enact a bill on farmland collateral.

In 2005, after the “Hello Garci” scandal and her “I’m Sorry” speech, President Arroyo delivered her shortest SONA. She called for charter change so that a federal form of government may be established to replace the current political system that “has become a hindrance to our national progress.”

The concept of the Six Super Regions was introduced in the 2006 SONA. The North Luzon Quadrangle and Mindanao were to be transformed into agribusiness hubs that would supply “plentiful and affordable” food. She likewise declared her administration’s plan to make the country’s labor cost globally competitive. The President said P200 million a month would be allotted for small irrigation projects and P200 million/month for farm-to-market roads.

“We must reform agrarian reform so it can transform beneficiaries into agri-businessmen and agri-businesswomen,” she declared in 2007. Mariculture parks or “*palaisdaan sa daga!*” would also be prioritized. The President ordered the Departments of Agriculture, Agrarian Reform and Environment to allocate 30% of the program budgets to Mindanao.

In 2008, PGMA openly stated that her priorities are: CARP with Reforms, food self-sufficiency, social safety nets from the Value-Added Tax (school feeding, cash transfer, etc.), the enactment of a Consumer Bill of Rights and Farmland as Collateral Bill, and clean water for the people.

The Reality

This year, President Gloria Arroyo will deliver her 9th (and hopefully her last) SONA. Since her first SONA in 2001, what has happened to the Filipinos' human right to food, a right guaranteed in the International Covenant on Economic, Social and Cultural Rights? Are there less hungry citizens today? Do tenants, farm workers, indigenous people and fisherfolks have greater access to productive resources such as land and municipal waters to adequately feed themselves? Is the Filipinos' right to safe, affordable and nutritious food being fulfilled by government programs?

Hunger and malnutrition

One of the fundamental rights of human beings is to be free from hunger as stipulated in Article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR). As a signatory to this international treaty, the Philippine State has the obligation to implement programs to eliminate hunger.

Since President Arroyo assumed power, surveys and studies done by government and private institutions show an increasing number of hungry Filipinos. The National Statistical Coordination Board (NSCB) reported in 2006 that the number of food-poor individuals (those living below the subsistence level) in 2000 was 12.2 million. The figure dropped to 10.8 million in 2003, but increased to 12.22 million in 2006. Bear in mind that in 2006 the price of rice had not yet jumped to P42/kilo, as what happened in March 2008. Definitely, the number of food-poor individuals will pass the 12 million level when the NSCB issues its next poverty and subsistence incidence report.¹

The Bureau of Agricultural Statistics (BAS) conducted a Survey of Hunger Incidence in the Philippines (SHIP) in August 2006. The survey covered more than 13,000 households in 80 provinces. It showed that 18.6% were suffering from hunger.²

Surveys conducted by the Social Weather Station (SWS), a private social research institution, reveal that since June 2004, the hunger



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incidence under the Arroyo administration has been in double digits. The highest was in December 2008 when it reached 23.7% or about 4.3 million households.³ This tapered down to 15.5% or 2.9 million families in the 1st quarter of 2009.⁴

Government data showed that in 2005 there were 3.7 million underweight (24.6% of total) and 3.9 million under height (26.3% of total) children in the 0-5 years old bracket. The regions with the biggest number of underweight pre-school children were the Autonomous Region of Muslim Mindanao (ARMM), 38%; MIMAROPA (Mindoro, Marinduque, Romblon, Palawan), 35.8%; Zamboanga Peninsula, 33.9% and Eastern Visayas, 32%.⁵ While government data reveal that the percentage of underweight pre-school children has declined from 30.6% in 2001 to 24.6% in 2005, the average yearly reduction has only been 1.2%. It will take at least 20 years to wipe out the 24.6% malnutrition rate (assuming it will not increase, which is unlikely). Among pregnant women, the nutritionally at risk has increased from 26.6% in 2003 to 28.4% in 2005. These undernourished pregnant women will most likely deliver babies who are vulnerable to under-nutrition and delayed psychological development. The percentage of underweight lactating mothers also jumped from 11.7% to 13.9% between 2003 to 2005.⁶

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The Food and Agriculture Organization (FAO) reported that between 2003-2005, the malnutrition rate of the country was 16%, compared to 21% between 1990-92 and 18% between 1995-97. However, in terms of absolute number, the 13 million malnourished children in 2003-2005 is the same as the number in 1990-92.⁷

Limited access to productive resources and employment

Providing people with access to productive resources (such as land, municipal waters, livestock, seeds) and employment are the most effective ways to ensure that persons can feed themselves and their families with dignity. In General Comment #12 (The Right to Adequate Food, 1999), the UN Committee on ESC Rights explained that one of the obligations of a State is the obligation to fulfill, which “means that the State must pro-actively engage in activities intended

to strengthen people's access to and utilization of resources and means of livelihood.”

FAO urged States to “respect and protect the rights of individuals to resources such as land, water, forests, fisheries and livestock without any discrimination ... Where necessary and appropriate, States should carry out land reforms and other policy reforms consistent with their human rights obligations.”⁸

In her 2008 SONA, the President claimed that 854,000 hectares of private farmlands and 797,000 hectares of public lands were distributed under CARP in the last 7 years. It must be pointed out, however, that most of the private lands that have been covered under CARP were through the Voluntary Offer to Sell (VOS) and Voluntary Land Transfer (VLT) schemes, and not through Compulsory Acquisition (CA). According to the accomplishment report of the Department of Agrarian Reform as of June 2008, only 279,651 hectares (7%) of private agricultural lands were distributed through the CA scheme; compare this to lands under VOS, 589,363 hectares (15%) and VLT, 668,643 hectares (17%). Private lands distributed under the VLT scheme should be reviewed as it has been often used by landowners to evade CARP. Under the VLT, landowners usually choose as beneficiaries their relatives or dummies who pretend that the land has been sold to them by the landowner. In reality, the landlord retains ownership of the land.

The big challenge today is the distribution of the remaining 1,173,786 hectares of private agricultural lands, mostly sugar lands and coconut lands owned by big landowners and influential government officials. The following is a breakdown of the private lands that must be targeted for distribution: 761,524 hectares of private lands owned by 75,297 owners in the 5-24 hectares category; 127,963 hectares owned by 3,841 owners in the 24-50 hectares category and 284,219 hectares owned by 2,403 owners in the above-50 hectares category.⁹

Will President Arroyo have the courage to confront the more than 81,000 landowners and cover their lands under CARP considering that these include the First Gentleman's family, her political allies in





the House of Representatives and local government units and big businessmen (like Danding Cojuangco, the Floirendos, the Alcantaras)? While she has declared that CARP must be reformed and extended, the president does not seem to be putting too much pressure on her allies in the House of Representatives and Senate to enact a law. Instead, the Congressmen and Senators passed two joint resolutions extending CARP when it expired last June 2008. In their last resolutions, they excluded Compulsory Acquisition as a means of acquiring land between January 2009 – June 2009. The President is probably more concerned in having a Constituent Assembly that would establish a parliamentary form of government where she can be the future Prime Minister. House Speaker Prospero Nograles, Congressman Ignacio Arroyo (the president's brother-in-law), Luis Villafuerte and Pablo Garcia have been introducing amendments to exempt sugar lands and coconut lands from the new agrarian law, promote corporate farming and allow foreigners to own land.

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A sector that has been neglected by the government and not even mentioned in past SONAs is the small fisherfolks. Their right to have access to the 15-kilometer municipal water as provided in Republic Act 8550 has not been adequately protected by the government. Commercial fishing vessels continue to enter municipal waters, depriving municipal fisherfolks of fish catch. A small fisherfolk from Navotas said they cannot compete with commercial boats that fish in the municipal waters of Navotas who use nets (popularly called '*hulbot-hulbot*' or '*zipper*') that enable them to catch fish in large quantities. This fishing method is destructive because even young fish are caught in the nets.¹⁰

In Batangas, the Provincial Fisheries Officer, Ms. Rosario del Mundo, claimed that commercial fishers who go to municipal waters can further deplete the resources, especially since commercial fishing is destructive in nature.¹¹ The Bohol Environmental Management Office (BEMO), on the other hand, urged local governments in Bohol to actively drive away commercial boats from Mindanao and other Visayas provinces who enter their municipal waters.¹²



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Photos by Task Force Detainees of the Philippines



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PEPE FRIAS



Access to employment, especially for the rural poor, is another effective means of realizing the right to food as it gives the people the income to procure food. FAO's Voluntary Guidelines encourages States to "adopt policies that create conditions that encourage stable employment, especially in rural areas, including off-farm jobs."¹³ However, the limited number of industries, the influx of imported products, the closure of many manufacturing establishments, the inadequate government support for local manufacturers, poor infrastructure and corruption have all contributed to a high unemployment and underemployment rate. Without a regular job, many informal settlers, farm workers, fisherfolks and indigenous people cannot buy enough nutritious food. Between 2001-2008, the percentage of people employed by the industry sector declined from 15.6% in 2001 to 14.7% in 2008. The agricultural sector's share of employment has declined very slightly from 37.4% in 2001 to 35.7% in 2008. What has grown is the services sector which employs 49.6% of the labor force in 2008 compared to only 47% in 2001.¹⁴

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Improper, wasteful use of and inadequate agriculture budget

"To the maximum of its available resources" is one of the principles laid down in Article 2 of ICESCR that should guide States in their goal of achieving progressively the citizens' economic, social and cultural rights, including the right to food. According to President Arroyo, her administration has been allotting P24 billion yearly for the Agriculture and Fisheries Modernization Program to build irrigation systems and farm-to-market roads, increase rice, corn and vegetable production and make food plentiful and affordable.

A special study made by the Commission on Audit, however, shows that from 2001-2005, the Agriculture and Fisheries Modernization Program received P81.73 billion only or P16.34 billion a year. Compare this to the budget for the Defense Department (P244.85 billion) and the Department of Interior and Local Government (P212.07 billion).¹⁵ The inability of the Philippines to feed its growing population can be attributed mainly to the neglect of the agricultural sector, especially the small agricultural producers planting basic

food crops. Irrigation, for instance, would substantially help in boosting rice production. But due to inadequate funds, the irrigated land of the country is only 1.5 million hectares as of June 2008 or only 45.8% of the 3.13 million hectares of irrigable area.¹⁶

Not only is the fund for agriculture insufficient. It is also improperly used and wasted. Again, a study of the Commission on Audit illustrates this. In 2005-2006, P1.13 billion was given to non-government organizations (such as Masaganang Ani Para sa Magsasaka, Philippine Social Development Foundation, Ikaw at Ako Foundation) but the amount remained un-liquidated as of December 2006; 17 farm-to-market roads amounting to P13.5 million in Region 2 were built within the town/barangay proper; out of the P1.13 billion allocation for the GMA Rice Program for agricultural supplies (like seeds), only P532 million was used for that purpose while P466 million paid for incidental expenses such as office equipment, repairs, travelling; irrigation projects worth P1.91 billion were built by NIA but were not being operated or were only partially operated.¹⁷

Food safety nets

Food for Work, Food for School, Tindahan Natin Outlets and the Pantawid Pamilyang Pilipino Program (cash transfer program) are just some of the food safety net programs the Arroyo government has implemented. In her 2008 SONA, the President said that more than 6 million children have benefitted from the Food for School program. The 9,934 Tindahan Natin Outlets have served 2.5M families between 2006-2008 while 270,000 families in Metro Manila have been given Family Access Cards to enable them to buy subsidized rice (sold at P18.25/kilo) from the National Food Authority (NFA).¹⁸ The Pantawid Pamilyang Pilipino Program (or 4Ps) aims to provide P500/month per family for nutrition and health expenses and P300/month per child (maximum of 3 children per family) within 5 years, targetting some 321,000 families.¹⁹

Food and other social safety net projects can be viewed and used as a populist measure to prop up the government's sagging image and to buy the political loyalty of the basic masses (like what the Arroyo administration is doing) or it can be seriously implemented



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as part of the government's obligation to fulfill. As early as 1999, the UN Committee on ESC Rights pointed out that "whenever an individual or group is unable, for reasons beyond their control, to enjoy the right to adequate food by the means at their disposal, States have the obligation to fulfill (provide) that right directly. This obligation also applies for persons who are victims of natural or other disasters."²⁰ After 5 years, FAO urged States to consider "to the extent that resources permit, establishing and maintaining social safety and food safety nets to protect those who are unable to provide for themselves."²¹

How were the above food safety net projects implemented by the Arroyo government? The Food for Work program was implemented for one month only instead of 6 months in selected provinces. The Food for School was implemented initially in selected areas and, later on, nationwide. However, as we pointed out in the Parallel Report on the Right to Food which we submitted in 2008 to the UN Committee on ESC Rights, there are more beneficiaries in the National Capital Region (NCR) than other poorer regions such as the Autonomous Region of Muslim Mindanao, CARAGA, Zamboanga Peninsula.

Regarding the Tindahan Natin Outlets which are supposed to sell the P18.25/kilo rice and other basic commodities, the usual complaint of consumers is the availability of the NFA rice for only a short period of time. Consumers in Navotas City that this writer talked with suspect that owners of Tindahan Natin stores divert a bigger portion of their NFA rice and sell it at a higher price to other rice traders. The NFA and local governments should exert more efforts in ensuring that the low-priced rice are sold to poor families.

One of the positive things about the implementation of the 4Ps is that the Department of Social Welfare and Development has been transparent regarding the beneficiaries by posting their names and residences in its website. Non-government organizations can therefore easily verify if the beneficiaries are real. Another positive thing we saw was in the selection of beneficiaries. The mayors of the towns/cities were not the ones who chose the beneficiaries whose usual criteria in selecting beneficiaries is political loyalty.

The cash transfer program, however, must not be used as a reason for the Arroyo government or by succeeding administrations not to implement asset reforms (agrarian, ancestral, urban land and fisheries reforms), provide basic social services and embark on an industrialization program which are the long-term solutions to eliminate social-economic inequalities, joblessness, hunger and poverty.

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Failing our students

The state of our right to education



BY **MON MAPA**

“Fundamental education includes the elements of availability, accessibility, acceptability and adaptability which are common to education in all its forms and at all levels.

... the right to fundamental education is not confined to those “who have not received or completed the whole period of their primary education.” The right to fundamental education extends to all those who have not yet satisfied their “basic learning needs.”

General comment 13 on the Right to Education
Art. 13 of the ICESCR

THE CONSTITUTION of the Philippines obliges the government to ensure free elementary and high school education. It further states that government will give the highest budget priority for education.

These constitutional guarantees, however, have not been translated into reality as indicated by the dismal performance of the education sector for the past several years.

- In 2003, NSO reported that more than 11.6 million of the country’s population aged 6-24 years old are out of school.
- Based on the Functional Literacy, Education and Mass Media survey (FLEMMS) conducted in 2003, 1 of 10 Filipinos or



5.2 million cannot read and write; furthermore, 1 in 6 Filipinos or 9.6 million are functionally illiterate.

- The 2003 Family Income and Expenditure Survey found that 44.5% of household heads only had elementary level education at most.
- Department of Education (DepEd) data reveal that elementary participation rate dropped to 84.4% in SY 2005-2006, from 90.1 percent in SY 2001-2002. It can be deduced that the drop out rate remains high.
- The Bureau of Alternative Learning System (BALS) placed the number of those not attending school in 2006 at 1.84 million for the 6 to 11-year old age group and another 3.94 million for the 12 to 15 age group.

Findings of a local education survey conducted in 2006-2007 by the Civil Society Network for Education Reforms (E-Net Philippines), a network of organizations pushing for Education for All (EFA), further validated these national data.

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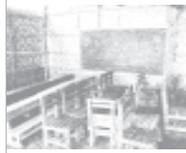
- A huge number of children were either out of school or were in levels not corresponding to their ages. In the Philippines, the officially prescribed school age is 6 to 11 years old for primary level and 12 to 15 for secondary level.
- A huge number of school-age children and youth do not attend school. Survey data (gathered from a sample population of 36,187 persons aged 6 to 24 years old) show that 27.7 % were not attending school.
- Attendance in school decreases with age. The same study found that 6.7% of children 6 to 11 years old were not attending school; 11.4% among the 12 to 15 years old were out of school; and 43.3% among the 16 to 19 years old were out of school.

- The average duration of schooling among those 6 years old and older was 7.3 years. Some 4.4% had not gone to school; 40.3% had at most elementary education; 36.0% reached high school; and 19.3% reached tertiary level.
- The children of indigenous peoples are disadvantaged, with lower educational attainment, lower enrolment rates and higher dropout rates.

In the Citizens Report Card by the Asian South Pacific Bureau of Adult Education (ASPBAE) and the Global Campaign for Education (GCE) in 2008, education performance under the administration of President Gloria Macapagal-Arroyo has declined. It noted, among others, the following:

- Sixty-six percent of pre-primary children are without access to education due to low investments for quality Early Child Care and Education (ECCE) teachers.
- Teachers remain underpaid and overworked due to the large class size that they have to handle.
- There remains a disparity in access and quality of education between urban and rural areas.
- Students in remote and conflict areas are deprived of quality and regular classes because teachers work in hazardous situations without the necessary support and incentives.

The report also underscored that it is imperative for government to implement comprehensive and quality education programs for the more than 11.6 million out-of-school children and youths as well as to actualize and give precedence to allocating a bigger budget for education.



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The myth of free education in a poverty-stricken nation

Despite the provisions in the Constitution that primary education is free, students are denied of their education due to various fees collected in various forms in public schools. Almost every school year, news on schools imposing “voluntary” contributions always comes to the fore.

Numerous studies have shown that these hidden costs put a stress on the family budget. Most often, these hidden costs prevent children from accessing, staying or finishing their schooling.

The table below indicates that education is a major expense for Filipino households even when children go to public schools.



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Education Watch Local Survey AVERAGE ANNUAL PER STUDENT COST OF EDUCATION by Level and Type of School

Cost Item	Pre-school		Elementary		High-School		College/Post-Grad	
	Public	Private	Public	Private	Public	Private	Public	Private
Total Fees & Direct Cost (books, workbook, supplies, uniform, sports, others)	1,647	3,706	1,437	6,842	2,473	8,781	10,714	27,442
Incidental Cost (transportation, tutor, rentals other incidentals, except school meals)	603	1,020	1,013	2,225	2,773	3,487	6,936	9,070
TOTAL:	2,250	4,726	2,450	9,067	5,246	12,268	17,650	36,512
Public: Private Ratio	1:2.10		1:3.70		1:2.34		1:2.07	

Table 1. Average Annual per Student Cost of Education, by Level and Type of School. Source: Asia South Pacific Education Watch. Philippines: Summary Report. Mapping Out Disadvantaged Groups in Education. Asian South Pacific Bureau of Adult Education (ASPBAE) and Civil Society Network for Education Reforms (E-Net Philippines).



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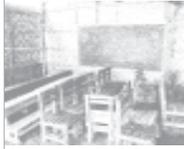
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In the survey conducted by E-Net Philippines, high cost of education is the major reason for not attending school.

Education Watch Local Survey REASONS FOR NOT ATTENDING SCHOOL

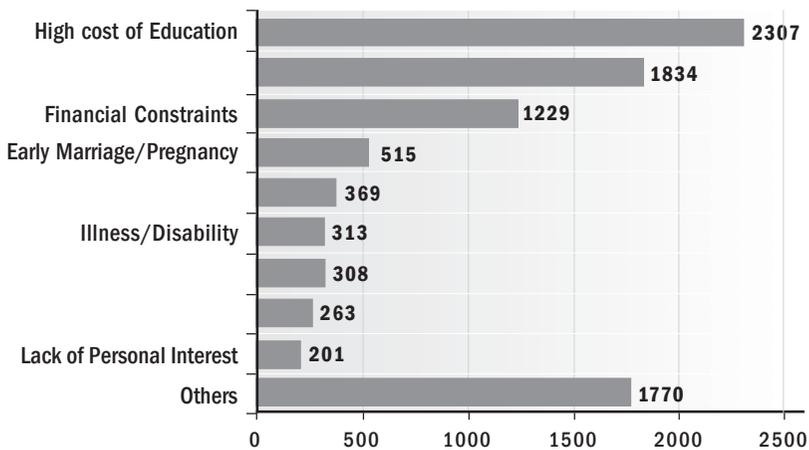


Table 2. Reasons for not Attending School. Source: Asia South Pacific Education Watch. Philippines: Summary Report. Mapping Out Disadvantaged Groups in Education. Asian South Pacific Bureau of Adult Education (ASPBAE) and Civil Society Network for Education Reforms (E-Net Philippines).

Failing our students

Poverty forces children to leave and stay out of school to work, look for jobs and help in the family livelihood. The National Statistics Office revealed that in 2001, there were more than four million working children aged 5 to 17 years old.

The quality issue

The FLEMMS 2003 reported other alarming findings about the quality of education Filipino children get.

Nearly 6% of elementary graduates could not read and write; and only 81.6% among them were functionally literate or could read, write and compute. Even worse, less than half or 45.3% were fully literate.

For those who moved on and have had some high school education, 89.5% were functionally literate and only 57.6% of them were fully literate.

These figures show the poor performance and outcome of basic education in the Philippines: children either drop out before functional literacy is achieved or continue schooling without learning enough. The survey shows the absurdity of Philippine education – while Filipinos are getting more schooled, they have become less literate.

The right to education should not be reduced to the right to schooling, and access to education need not be equated with emphasis on constructing more school buildings and placing children inside the confines of these schools. The right to education is undermined and meaningless if teachers are under-trained, learning curricula and materials are irrelevant and learning environment is unsafe and not conducive.

Underinvestment and neglect

E-Net Philippines believes that the Philippines' dismal education performance can be traced directly to years of neglect and underinvestment in the public education system.

Government expenditure under the Arroyo administration has declined such that in 2007, the allocation for basic education was down to only 11.9% of the national budget – from a high of 16% in the late 1990s.

National expenditure on basic education in 2005 went down to 2.1% of GNP compared to 2.5% in 2001 and 3.2% in 1997. This figure is way below the recommended benchmark of the UNESCO-Delors Commission: that education expenditure should be at least 6% of GNP.

Despite the Constitutional provision that government will have the highest budget priority for education, the government is under-spending in education. Because of the government policy of automatic appropriation for debt payments, budgetary allocation for education



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Failing
our students



is only a third of what is appropriated for debt payment.

A serious national burden

The quality of public education has deteriorated to such an alarming level that the country now ranks among the poorest performers in East Asia. Its cohort survival rate has fared no better than some of the poorest countries in Africa such as Burkina Faso and Ethiopia. The dismal state of education in public schools and the absence of programmatic and appropriate learning for disadvantaged adolescents and adults will result in grave social costs.

Without education, millions of children and youth face a very bleak future. Likewise, millions of adults are denied of their ability to develop their capabilities in full – a massive loss of human potential that could aid in eradicating poverty and in achieving sustainable development.

Understanding the right to education

As well as being a right in itself, the right to education is also an enabling right.

Education ‘creates the “voice” through which other rights can be claimed and protected.’ Without education, people lack the capacity ‘to achieve valuable functionings as part of the living.’

If people have access to education they can develop the skills, capacity and confidence to secure other rights. Education gives people the ability to access information detailing the range of rights that they hold, and government’s obligations. It enables people to develop the communication skills to demand these rights, the confidence to speak in a variety of forums, and the ability to negotiate with a wide range of community leaders, government officials and other persons in authority who wield power.

Our Constitution’s Bill of Rights provides that “No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.” Lack

of education incapacitates individuals from asserting and protecting their rights.

The Right of Suffrage provides that no literacy requirements shall be imposed on the exercise of the right to vote. However, lack of education compromises a voter's position to exercise their right to vote wisely for their benefit and that of their country's.

Education is a powerful tool that can provide people, especially the poor and vulnerable groups, with the necessary knowledge, awareness, skills and competencies to transform their conditions. It has a vital role in empowering women, safeguarding children from exploitative and hazardous labor and from sexual exploitation, promoting human rights and democracy, protecting the environment, and controlling population growth.

It is a tool for empowerment – a powerful means to overcome and defeat poverty.

Unfortunately, these ideas, however explicit, remain poorly understood and internalized by our “educated” policy and decision makers in government.

Twisted priorities and distorted values – even outright corruption – have crept in such that construction of buildings, purchase of school facilities, task forces and even feeding programs have become the milking cow of those in certain higher echelons of government.

Learning interventions, alternative education programs and other support services to address shortcomings of the educational system will remain as that – stop-gap, isolated and spotty no matter how heroic, noble and outstanding the efforts of certain public servants and civil society sectors are – because a makeshift solution can be sustainable only to a certain extent and can never take the place of a mandate and a policy on education bolstered by a Constitutional guarantee which is still to be fully implemented.

Neither the call for Charter Change nor the lip service of those in the business of education can bring about substantial change in the





education system.

Enlightened sectors in public and civil society need support and encouragement to enable them to show the way and serve as models for the process of education. Various issues affecting local populace can be opportunities for people’s organizations, community and area groups to galvanize and demand for their education needs and other rights. There has to be a consistent lobby for the state to deliver on its obligation on the right to education.

For so long as structural and material projects are given precedence in public investments by government to the detriment of education and other social development projects, the quality of education and, consequently, even our overall economy will remain poor and stunted.

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Philippine EFA 2015 Plan

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Cheating with statistics

The right to work under
the Arroyo administration



BY **SONNY MELENCIO**

WHEN GLORIA Macapagal-Arroyo took power as a result of Edsa 2 in 2001, the country's unemployment stood at 4 million workers. Today, unemployment still hovers around this number. The reported decrease in unemployment figure is not brought about by an improvement in the employment situation, but rather, by an "adjustment" in the definition of "unemployment".

Manipulation

According to the National Statistics Office's Labor Force Survey, the number of unemployed in January 2009 stands at only 2.9 million. This figure seems to be fewer (by about 1.1 million) than the 4 million unemployed workers in 2001. The rosy figure belies what is actually happening in the industrial front, where workers are losing jobs, and industries closing down, almost week after week (See Box 1).

This seeming contradiction is not difficult to explain. In 2005, the National Statistical Coordination Board (NSCB) put in place a new unemployment definition. This new definition has led to the decrease of the unemployment figure by around 20% since then.

The new definition removes a big number of the so-called "inactive unemployed" from the roster of the unemployed. The inactive unemployed are those persons with no job or business but are not considered seeking work, merely because they were not looking



for work during the past two weeks of the survey period. Any sane person would have surmised that those who have been looking for work for years on end could have given up looking for jobs in the 'past two weeks' time frame of the survey period.

This explains why prior to 2005, the inactive unemployed constituted about 70 percent of the total unemployed. After the adoption of the new definition in 2005, their share in the unemployed went down substantially.

These inactive unemployed are taken out of the unemployment roster and are reclassified as "not in the labor force" (NILF). The number of the inactive unemployed removed from the roster ranged from half a million to more than a million people in the years following 2005. In 2007, IBON Foundation reported that the new definition reduced the number of reported jobless by some 1.4 million and the unemployment rate by 3.5 percentage points. The new definition hides the fact that unemployment has been more or less continuously rising from 8.4% in 1990 to around 10.8% in 2007.

The so-called inactive jobseekers were mostly non-heads of households (82%), around 15-24 years old or those considered "very young" in the statistics (46.9%), and had secondary education (46.3%) or college education (33.4%).

Growing unemployment

This only means that the unemployment situation is far worse than the reported 2,855,000 figure. But even if we take the new definition as the starting point, the unemployment problem in the country has in fact not abated during the GMA years. There has been growing unemployment year after year. The unemployment rate in January 2009 was estimated at 7.7 percent, higher than the 7.4 percent posted in January 2008.

There is also a trend of growing unemployment among young workers (aged 15 to 24 years old). Youth unemployment rate at 16.6% was more than twice the national average of 7.7% for all age groups.

Hidden unemployment

The Labor Force Survey, which determines the number of population 15 years and older that can be considered part of the labor force, discriminates against women (those who are doing household and family duties), persons with disability, the elderly or retired, and those still studying. They are classified at once as outside the labor force and are not even asked if they want to be in the labor pool.

There is also a large number of hidden unemployment in the Autonomous Region of Muslim Mindanao (ARMM) which is predominantly Muslim. The ARMM has a per capita regional domestic product that is consistently the lowest in the Philippines. And yet it is the region which has consistently obtained the lowest unemployment rates over the years.

According to a study made by the Bureau of Labor and Employment Statistics (BLES), the Labor Force Surveys usually interviewed only the male members of the household, who would not admit that their women members are ready and looking for jobs. This explains the low level of labor participation rate of women in the ARMM region.

Sluggish employment record

Even if we take the revised statistical definition and the method of surveys as fair, the employment figure during the GMA years has

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AS WE go to press, the Social Weather Station, a reputable survey institution in the country, debunked the unemployment figure coming from the government. The SWS reported a record high of 34.2% unemployment rate in February 2009. In real figures, this means some 14 million Filipinos are out of work. The SWS is correctly using a definition of unemployment which is based on reality as opposed to the deceptive definition being used by the NSCB. The SWS defines unemployment as those respondents 18 years old and above who are not working and at the same time looking for work. The SWS avoids the "looking-for-job time frame" that the NSCB has been using.

According to SWS, of the 14 million unemployed, 13% voluntarily left their old jobs, 9% were laid off, 3% had their contracts finished and were not renewed, and 3% lost their jobs due to factory closures. Six percent of the unemployed had never worked before at the time of the survey.



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quite been sluggish. Employment grew by 1.7% per year, which means a net addition or new employment that is not even enough to absorb the 779,000 average new entrants to the labor force every year.

In January 2009, the services sector was the main source of growth in employment (3.8%). Little growth occurred in the combined agriculture, fishery and industry sector (0.4%). It was in the industry (manufacturing) sector that employment was on the slump (-2.4%). Employment was also reported to have fallen in construction (-112,000). Manufacturing absorbed the full brunt of the crisis as it posted the biggest employment cutback (-3.8%) across sub-sectors.

While this would tend to show that the workers in the formal sectors (industry and manufacturing) are the ones hardest hit by the ongoing economic crisis, the statistics also show that the number of self-employed workers (part of the informal economy) also fell (-156,000). This shows that both the workers in the formal and informal economy are reeling from the crisis.

Unemployment by region

Among regions in the country, the highest unemployment rate was recorded in the National Capital Region, at 14.0 percent in January 2009.

According to BLES, the three regions which suffered employment losses were Region XI (Davao Region), NCR, and CAR (Cordillera Administrative Region). However, reports from DOLE continue to show that the Calabarzon area (Region IV-A) is at the forefront of retrenchments.

Underemployment

Underemployment in the Philippines is becoming a serious matter. The underemployed, according to NSO, are those employed (with a job or business) who express the desire to have additional hours of work in their present employment, or to have a new job with longer working hours. Visible underemployment is evident among those



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working less than 40 hours during the reference week in survey. This is the working hours threshold except for agriculture and fishery which could have a threshold lower than 40 hours.

The underemployed numbered 6.24 million in January 2009 (18.2% of total employed). If we take both the unemployed and the underemployed as people seeking work in order to have decent standards of living, then we would have close to 26% of the labor force population crying for more work.

Bear in mind that the underemployed are usually in jobs with minimum amount of income and would include the growing numbers of tricycle drivers, vendors and others.

Dismal

What is the record of the GMA administration in implementing the right to work provision of the International Covenant, especially in terms of providing jobs for the people?

In 2001, during President Arroyo's first State of the Nation Address (SONA), she declared that her administration would pursue the "philosophy of free trade" as a guarantee for more jobs. But trade liberalization only proved to be a bane especially against farmers who lost their jobs due to massive dumping of imported agricultural products.

In 2002, GMA promised a million new jobs especially in agriculture. A year after, in her 2003 SONA, GMA declared that she only attained more than half a million of jobs and that she needed to put into law the land-as-collateral bill so as to provide for rural credit and capital.

In her 2004 SONA, no mention was made about job generation and job targets. The one million job target was all but forgotten.

In 2005, the tune was to create six million jobs in a year, which would be pursued through the development of 2 million hectares of agribusiness land, increased lending, and expansion of so-called key sectors of the economy (information and communications

technology, mining, housing construction and site development, public construction and maintenance, and economic zones).

In 2006, GMA bragged about an employment growth of 2.5%, or 803,000 additional employment from April 2005.

In her 2007 SONA, GMA talked about the business services sector providing 400,000 jobs.

In 2008, GMA reported that there had been an increase in workers' income ranging from P10 to P20. The President boasted of 9.7 million jobs generated in the five-year period starting 2004 to 2008. She however failed to specify that the data pertained only to jobs targeted by various government programs and was not adjusted to include jobs that were lost or workers terminated during the period covered.

Meanwhile, according to the IBON Foundation in the paper submitted to the Supreme Court Forum on Increasing Access to Justice (June 30-July 1, 2008), the Philippines has been facing record joblessness despite supposedly rapid economic growth from 2001-2007. With the average annual unemployment rate of 11.3% and underemployment rate of 18.9%, this period was the worst 7-year period of unemployment in the country's history.

The average annual job creation in this period was not able to meet the demands of the growing labor force. There were 597,000 more jobless Filipinos and 803,000 more underemployed in 2007 compared to 2000. By 2007, the report stated that there were 4.1 million Filipinos unemployed (back to the 2001 figure) with another 6.8 million underemployed labor force.

Record number of OFWs

The inability of the Arroyo government to provide jobs to the people pushed record numbers of Filipinos to seek work abroad. According to the Commission on Filipinos Overseas, there are about five million OFWs worldwide (not counting the 3.6 million permanents), including some 900,000 undocumented ones who managed to find work abroad.





Lack of social services

Another proof of the GMA administration's callous attitude to the right to work provisions of the International Covenant on Economic, Social and Cultural Rights is its low priority for social services in the national budget, despite the increasing misery and poverty of the people.

In the 2009 budget, the government would spend P7,391.54 per person for debt servicing while allotting only P2,050.98 per person for education, P301.52 for health, P57.48 for housing and P112.80 for social services. In a crisis situation, such a budget is clearly anti-people and anti-human rights.

Bogus stimulus package

The Arroyo administration has proposed a P330 billion "economic stimulus package" to allegedly ease up the effects of the global financial crisis amongst the poor and to stimulate the economy.

As it turned out, the multi-billion package would come from the funding for infrastructure and social services which are already allocated by the national budget, the tax breaks given to corporations and entrepreneurs, and the budget earmarked for "temporary short-term jobs" such as street sweeping and cleaning, tree planting and a goat dispersal program. The funds for the latter are nothing more than vote-buying tactics by the administration, with national elections less than a year from now.

The government is also proposing the use of P12.5 billion from SSS funds for the stimulus package. The Bukluran ng Manggagawang Pilipino, a labor group which has been feeling the brunt of union losses due to factory closures and retrenchments, calls this "squeezing the blood out of working people and a blatant attempt to get the working class to pay for the crisis caused by the government and the capitalist system."

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HOW CAN WE HAVE 'THE RIGHT TO WORK' WHEN WE DON'T HAVE JOBS?

THIS is the growing lament today of workers in the Philippines who find themselves jobless and unable to find decent living.

Joblessness is becoming widespread as the impact of the global economic crisis hits the country. The most immediate and serious impact of the crisis are felt in the continuing retrenchments in industries, especially in export-driven industries such as electronics, car assemblies, garments and textiles, and other manufacturing. The global crisis is also felt in the reduction of remittances by overseas Filipino workers.

According to economist Benjamin Diokno, 11 million workers could lose their jobs as the full impact of the crisis hits the economy in 2009. In 2008, according to International Labor Organization researchers, some 250,000 workers in plant and machine operation and assembly were retrenched. If we include the workers in the electronics and the garment and textiles industry, the total number of retrenched will be over 300,000 last year, mostly since October when the economic crisis hit the country. The ILO figures belie the claim of the Department of Labor and Employment that only some 40,000 workers were laid off in 2008.

Some of the industries hardest hit so far are garments, textiles and electronics. Women account for 72.3% of the work force in the electronics and 86.5% in the garments sector. The Calabazon area has been hardest hit. Seven to eight out of ten laid off workers in the export processing zones (EPZs) are women. The workers facing layoff in four electronics factories at the Cavite Economic Zone in Rosario, Cavite, are mostly women. Women workers in the EPZs are also suffering big reductions in wage incomes due to compressed

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work week schemes, with women workers only allowed to work for two to three days a week.

Meanwhile, thousands of OFWs are returning home as factories close overseas. Those most affected include factory workers in Taiwan and domestic workers in Singapore, Hongkong and Macau, a majority of whom are women. And workers who are still employed are facing a major attack on their wages and working conditions through wage cuts as a result of reduced working hours, suspension of implementation of wage orders, contractualization and outsourcing, as well as cutbacks in overtime and holidays.

While there has been an increasing unemployment and decreasing income for workers in the Philippines, the administration of Gloria Macapagal-Arroyo has not put in place a coherent strategy to deal with the crisis.

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Sonny Melencio is the vice-chairperson of Bukluran ng Manggagawang Pilipino (BMP).

In coma Healthcare under GMA



BY **CANDY DIEZ**

WHILE THE Arroyo government remained preoccupied with the series of political crises that hounded its administration, healthcare, just like the rest of the social services that should be prioritized by the state, was swept aside.

The Philippines' health situation suffered a seizure under the Arroyo government. Within almost a decade-long tenure of office, GMA's healthcare program seemingly went into coma. Measures supposedly addressing healthcare barely made a dent on the problems of accessibility, affordability and quality of services, and at times even exacerbated the dismal health situation.

MDG compliance

In the United Nations Millennium Development Goals, reduction of child and maternal mortality was prioritized along with the universal access to reproductive healthcare and combating HIV, malaria and other diseases.

Statistics from the National Statistical Coordination Board (NCSB) reveal the probabilities of achieving the said goals. Goal No. 4 which aims to reduce child mortality through the decrease in under-five mortality rate and infant mortality gained a high level of probability in being attained. Latest data from the National Statistics Office (NSO) show that infant mortality rate went down, from 28.7% in 2003 to 24.9% in 2008. Under-five mortality similarly decreased from 39.9 % in 2003 to 33.5% in 2008.



Improving maternal health as stipulated in Goal No. 5 has a lower chance of being achieved. The maternal mortality ratio of 0.014 falls short of the required annual rate of – 0.031. Proportion of births attended by skilled birth personnel reached 67% in 2005, the actual average annual rate at only 0.008, significantly lower than the required annual rate of 0.40.

TABLE 1. PROBABILITY OF ATTAINING THE MDG: GOALS 4 & 5

Goal 4: Reduce child mortality							
Goal/ indicator	Baseline 1990	Latest	Source of data	Target (2015)	Actual average annual rate	Required annual rate	Probability
Under five mortality rate (%)	80.0	32.0 (2006)	NSCB TWG on Mortality Statistics & NSO	26.7	-0.038	-0.028	High
Infant mortality rate (%)	57.0	24.0 (2006)	NSCB TWG on Mortality Statistics & NSO	19.0	-0.036	-0.028	High
Proportion of 1 year-old children immunized against measles (%)	77.9	83.7 (2005)	DOH	100.0	0.017	0.040	Low
Goal 5: Improve maternal health							
Maternal mortality ratio (%)	209.0	162.0 (2006)	NSCB TWG Mortality Statistics & NSO	52.3	-0.014	-0.031	Low
Proportion of births attended by skilled health personnel (%)	58.8	63.7 (2005)	DOH	100.0	0.008	0.040	Low

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TABLE 2. TRENDS IN CHILDHOOD MORTALITY RATES, WITH STANDARD ERRORS AND CONFIDENCE INTERVALS, PHILIPPINES

Survey Year	Approximate calendar period	Infant mortality				Under-five mortality			
		Rate	Standard Error	95% Confidence Interval		Rate	Standard Error	95% Confidence Interval	
				Lower bound	Upper bound			Lower bound	Upper bound
1993	1988-1992	33.6	-	-	-	54.2	-	-	-
1998	1993-1997	35.1	2.3	30.5	39.7	48.4	2.8	42.7	54.1
2003	1998-2002	28.7	2.3	24.1	33.3	39.9	2.8	34.4	45.5
2008	2003-2007	24.9	2.1	20.7	29.1	33.5	2.5	28.6	38.5

Sources: 1993 National Demographic Survey, 1998, 2003 and 2008 National Demographic and Health Surveys



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TABLE 3. PERCENTAGE OF CHILDREN FROM 12-23 MONTHS WHO RECEIVED SPECIFIC VACCINES AT ANY TIME BEFORE THE SURVEY, PHILIPPINES: 2003 AND 2008 NDHS

Vaccinations	2003	2008
BCG	90.8	93.9
DPT 1	89.9	92.5
DPT 2	85.9	89.6
DPT 3	78.9	85.5
Polio 1	91.3	92.4
Polio 2	87.3	90.0
Polio 3	79.8	85.2
Measles	79.7	84.4
All	69.8	79.5
No vaccinations	7.3	5.6

**TABLE 4. MATERNAL MORTALITY BY MAIN CAUSE:
NUMBER, RATE/1000 LIVEBIRTHS & PERCENTAGE DISTRIBUTION**

Cause	2002			2003*			2004**		
	Number	Rate	Percent	Number	Rate	Percent	Number	Rate	Percent
1. Other complications related to pregnancy occurring in the course of labor, delivery and puerperium	779	0.5	43.3	811	0.5	45.1	844	0.5	46.0
2. Hypertension complicating pregnancy, childbirth and puerperium	533	0.3	29.6	479	0.3	26.6	520	0.3	28.4
3. Postpartum hemorrhage	327	0.2	18.2	319	0.2	17.7	315	0.2	17.2
4. Pregnancy with abortive outcome	161	0.1	8.9	189	0.1	10.5	152	0.1	8.3
5. Hemorrhage in early pregnancy	1	0.0	0.1	-	-	-	2	0.0	0.1

* Percent share to total number of maternal death

Last Update: January 11, 2007

**Percent share to total number of maternal deaths (Total = 1,833)

Last Update: February 12, 2008

While the level of attaining Goal No. 5 (Reducing Maternal Mortality) is low, several improvements were noted such as the increase in percentage of women receiving antenatal care from a health professional, from 87.6% in 2003 to 91% in 2008. The number of births delivered by a health professional also registered improvements from 59.8% in 2003 to 61.8% in 2008.

**TABLE 5. SELECTED MATERNAL CARE INDICATORS, PHILIPPINES:
2003 AND 2008 NDHS**

Indicators	2003	2008
Percentage of women age 15-49 with one or more live births in the 5 years before the survey who received antenatal care for the youngest child from a health professional ¹	87.6	91.0
Percentage delivered by a health professional among all births in the 5 years before the survey	59.8	61.8
Percentage delivered in a health facility among all births in the 5 years before the survey	37.9	43.8

¹ Doctor, nurse, or midwife

While these figures reveal statistical improvements in child mortality and maternal mortality rates, actual amelioration, however, is far from being felt by the population. Policies that will significantly recognize the right to health of the people remain unlegislated and inefficiently enforced. Worse, policies that greatly undermine the health needs of the public are aggressively implemented.

Such is the case of the Reproductive Rights bill which remains pending at the House of Representatives, in spite of its increasing acceptance among the public. The bill is battling fierce lobbying from the religious Catholic sectors which aggressively launched anti-RH campaigns around the nation.

The Social Weather Stations (SWS) has released the results of a survey conducted in September and December 2008 and another survey done in February of this year. The polls reveal that 68% of Filipinos believe that there must be a law mandating the government to distribute condoms, IUDs and pills. 64% of Manila residents also favored the creation of the said law in spite of the existing contraceptive ban in the city of Manila.

When asked about their position on the existence of a law that mandates the teaching of family planning among the youth, SWS polls reflect that 76% of Filipinos are in favor of such a law. In summary, the SWS polls reveal that 71% of Filipinos are in favor of the Reproductive Health bill.

In the face of increasing lobby efforts from both the Catholic Church and the pro-RH advocates, the Arroyo administration continue to display safe and neutral positions regarding the said bill. In her State of the Nation Address in 2008, the president encouraged natural family planning methods as a means of birth control.

A similar survey was also conducted by Pulse Asia in October 2008. Their 2008 *Ulat ng Bayan* Survey showed that 63% of Filipinos support the RH bill. Despite public support for the bill, the president, through presidential deputy spokesperson Lorelei Fajardo, said that she stands by her position on natural family planning but will consider public opinion when both houses pass the bill to Malacañang for signing.





Another challenge to the respect for reproductive health came in the form of a nine-year contraceptive ban imposed by then Manila Mayor Jose “Lito” Atienza on the residents of Manila.

Executive Order No. 003 discouraged the use of artificial family planning methods, virtually banning the use of contraceptives within the city of Manila. Because of this ban, women residents of Manila found it difficult, if not impossible, to avail of contraceptives. An NGO clinic promoting artificial family planning was closed down. A case study published by Linangan ng Kababaihan (LIKHAAN) revealed that the said ban affected the relationship of couples, resulting in domestic violence.

EO No. 003 was challenged by 20 Manila residents before the Court of Appeals, who argued that they were deprived of the right to accessible health care. In July of 2008, Mayor Alfredo Lim reversed the contraceptive ban with the issuance of an Executive Order promoting the use of artificial family planning methods.

Spending less for health

The World Health Organization (WHO) has pegged the ideal percentage of public health spending of developing countries at 5%. Health expenditure in 2005 increased by 9.4 percent, which amounts to P180.8 billion compared to the previous year’s budget of P165.3 billion.

However the share of health expenditure to GDP was reduced. In 2005, it only reached 3.3 percent, compared to 3.4 percent in 2004. This figure is still far from the 5% WHO standard for public health spending.¹

Apart from the low health spending, budget appropriations are often subject to misuse and questionable utilization.

To obtain the much needed funds for social services, the Alternative Budget Initiative (ABI) identified other funding sources in the National Expenditure Programs. These alternative sources are under the discretion of the President and contain vague and sometimes no



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details or special provisions on how the funds will be utilized.

According to the ABI, the Special Purpose Funds are included in the alternative sources of funds. Appropriations under the SPF are often subjected to frivolous utilization.

In 2008, ABI proposed the transfer of the SPF items for the target social services such as health. Among the proposed SPF items for reallocation are the Miscellaneous Personnel Benefits Fund which amounts to P 41 billion. Another proposal was to allocate P20 billion of this fund for the benefit of health workers and teachers.

Amidst efforts to improve public health spending, the lack of respect for the right to accessible health care of the Filipinos continues to manifest in the Arroyo government's policy decisions.

One such case involves the budget for tuberculosis control. In 2008, a budget increase for the national TB program was proposed by the ABI-Health cluster along with its ideal funding source – the P 20.3 billion appropriations for debt servicing. The increase of the TB budget from P280 million in 2007 to P400 million in 2008 sought to make TB drugs available to patients.

The proposal was scrapped by President Arroyo through a direct veto of the fund sources, claiming that the prohibition of disbursements of funds for interest payments before they are renegotiated is a clear encroachment of the constitutional guarantee of non-impairment of contracts.²

Clearly, the health and well being of Filipinos is far from the priority list of the Arroyo administration.

Sending mixed signals

Indeed, the Arroyo administration is insensitive to the health needs of its constituents.

While the passage of laws such as the Cheaper Medicines Law gained the applause of the public, its slow and anemic enforcement

is increasing the ire of those in dire need of affordable medicines.

Similar scenarios of inefficient enforcement have occurred in the previous years. Failure to effectively implement the Generics Act of 1988 led to its eventual amendment in a provision in the Universally Accessible Cheaper and Quality Medicines Act of 2008.

The implementation of the Hospital Detention law prompted the Philippine Hospitals Association to threaten the nation with a hospital holiday. Months after the law was passed, reports of hospital detention in both public and private facilities continue amidst the supposed protection granted by the law.

The exodus of Filipino health workers continues by the thousands. To encourage doctors to serve their own country, the DOH has reactivated the Doctors to the Barrio Program, which provides scholarships to medical students in return for services in government hospitals. A similar project was launched for midwives. The DOH is also encouraging midwifery students to avail of the Midwives Scholarship Program to help resolve the inequities of health care delivery in the regions.



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TABLE 6. HEALTH FACILITIES AND GOVERNMENT HEALTH MANPOWER 2001-2006

Item	2001	2002	2003	2004	2005	2006
1. Hospitals	1,708	1,739	1,719	1,725	1,838	1,921
a. Government	640	662	662	657	702	719
b. Private	1,068	1,077	1,057	1,068	1,136	1,202
2. Government Health Manpower						
a. Doctors	2,957	3,021	3,064	2,969	2,967	2,955
b. Dentists	1,958	1,871	1,946	1,929	1,946	1,930
c. Nurses	4,819	4,720	4,735	4,435	4,519	4,374
d. Midwives	16,612	16,534	17,196	16,967	17,300	16,857
3. Barangay Health Stations	15,107	15,283	14,490	15,099	15,436	16,191
4. Rural Health Units	1,773	1,974	2,259	2,258	2,266	...



TABLE 7. DEPLOYMENT OF HEALTH WORKERS ABROAD, 1995-2003

Year	Doctors	Nurses	Midwives	Caregivers
1995	69	7,584	161	No data
1996	47	4,734	142	No data
1997	82	4,242	113	No data
1998	55	4,591	149	No data
1999	59	5,413	66	No data
2000	27	7,683	55	No data
2001	61	13,536	190	465
2002	129	11,867	312	5,383
2003	112	8,968	276	18,878

Source: Figure derived from POEA, CFQ records, 2005; ILO study, 2004

Just this month, the Salary Standardization Scheme was passed into law, to the dismay of those in the nursing profession.

In yet another piece of unimplemented legislation, Republic Act 9173 or the Nursing Act of 2002 states that new nurses should be considered at Salary Grade 15 and should be receiving a monthly salary of P25,000.00. Without seeing the improvements brought about by the Nursing Act of 2002, the Salary Standardization Scheme reduced the nurses' salary grade to 11 which pegs a monthly salary of P12,000.00.

Philippine Nurses Association national president Teresita Barcelo said that with the current Nurses to Patient ratio of 1:50, Filipino nurses are burdened with work. A very low salary scheme makes it extremely difficult for nurses to fulfill the financial needs of their families if they continue working within the country.

The absence of the DOH in the entire issue was felt by health workers' groups. Ernie Espinosa, president of National Center for Mental Health Workers Association, said that the DOH secretary and DOH directors did not lobby for the health workers' rights.

Indeed, the state of the Filipinos' right to health under President Arroyo is in a state of coma, awaiting much-needed resuscitation that under the current administration will most likely come too late.

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- ¹ Based on the 2005 Philippine National Health Accounts, Securing Financing for MDGs Amidst Economic Challenges-Alternative Budget for Health-Alternative Budget Initiative Technical paper
- ² Trajano, Rose, Monitoring the 2008 Budget for Tuberculosis Drugs, Alternative Budget Initiative – Health Cluster, February 2009

If the price is right

The Arroyo administration's war against the notion of water as a human right



BY THE **FREEDOM FROM DEBT COALITION**

“Malaki ang pag-unlad sa pangunahing pangangailangan — malinis na tubig, health insurance, tirahan, paaralan, aklat.”

- **State Of the Nation Address, 2004**

IN HER 2004 State of the Nation Address (SONA), President Gloria Macapagal-Arroyo boasted of general improvements in the basic services sector, including clean water provision. Actual data, however, shows just the opposite: clean water provision, or access to improved water sources in the Philippines, has been on a steady decline since 1990, and Arroyo's regime has accomplished little in countering or slowing this trend.

In the 1990s, studies estimated access to improved water sources in the Philippines at 87%. By 2002, a year after GMA had assumed office, studies showed this number to have declined to 85%. Contrary to President Arroyo's 2004 statement, clean water provision continued to decline during her administration. In 2006, the number had dipped to 80%.¹ This estimate represents the percentage of the entire Philippine population with access to different levels of potable water systems, including household taps or level 3 systems (44%), community taps or level 2 systems (10%), as well as community wells and other point source or level 1 systems (25%).

The decline in actual access coverage, as well as GMA's misleading (or misinformed) pronouncements, both result from a common root cause: a policy direction centered on the abdication of the state's



obligation in protecting and promoting human rights, including the right to water. Policies and programs undertaken during President Arroyo's administration consistently prioritize support for water utilities that are "financially viable" – those that are able to charge users with full cost including a reasonable rate of return – over utilities that maintain a general policy of public service and that thereby require national or local government subsidy for continued operations. This selective allocation of an already insufficient budget has proved fatal to many LGU-run systems, leading to a further decline in the Philippines' overall potable water coverage.

Philippine Medium-Term Development Plan

The Philippine Medium-Term Development Plan (MTDP), broadly covering the entire period of Arroyo's second term (2004-2010), pursued an ambitious target of providing potable water to the entire country by 2010, with priority given to at least 200 "waterless" barangays in Metro Manila and 200 "waterless" municipalities outside Metro Manila. A Presidential Priority Program on Water (P3W) was subsequently initiated through the National Anti-Poverty Commission to implement the water and sanitation program set forth in the MTDP.

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Under the first part of the MTDP, on the state's programs for economic growth and job creation, an entire chapter is dedicated to the management and utilization of the environment and natural resources. The Arroyo administration's general directions for watershed management as a strategic response to shortages in water supply for irrigation, industrial and domestic uses are laid down in the said chapter, notably without any consideration of access to water as a human right that the state is obligated to pursue and protect.

Government projects and programs catering to the demands and directions of the MTDP have been specifically designed with a framework of water provision as a business investment to be measured by the generic business criteria of supply, demand, investment returns, and price elasticity. In determining the strategies that the government will adopt in developing water provision, the MTDP jumps off from a misdirected frame that attributes issues besetting the water sector to "disparities in water supply coverage

across regions, depletion of groundwater especially in Metro Manila and Metro Cebu, *lack of cost recovery on investments, institutional weaknesses and low willingness of consumers to pay.*" (emphasis supplied)



Under such a framework, Arroyo's administration completely abandons any concept of state obligation to ensure the sustainable provision of water. No mention is made whatsoever to the insufficiency of budget allocations for the water sector, or to the unsustainable wastage of water resources by industrial plants and large-scale providers. Under the framework adopted by the MTDP, underdevelopment in the water sector is caused by the lack of investments, both public and private. Lack of investments, in turn, are caused by the lack of cost recovery on existing investments. The lack of cost recovery on existing investments, finally, is caused by the "*low willingness of consumers to pay*".² Simplistically speaking, the MTDP is founded on the incomprehensible notion that underdevelopment in the water sector exists because people are not too eager to pay for water. Euphemistically speaking, water is being wasted because Filipinos *have not been trained* to view water as an "economic good".

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This framework sculpted the very strategies adopted in the MTDP, among which was the pursuit of a "**raw water pricing mechanism**" which would charge a metric fee for the utilization and extraction of water from all freshwater sources. The proposed implementation of the said mechanism, which was admitted to result in significant hikes on the costs for irrigation, industrial water use, and domestic water use, was introduced to be a means by which the "real value" of water could be reflected and "appreciated". As stated in the MTDP,

Pursue raw water pricing to effect efficient allocation and conservation. Raw water is not currently priced to reflect its real value leading to wasteful practices and allocations that are not in the best interest of the country. Water should be priced and allocated according to its economic value so as to attain efficiency and sustainability in the development and allocation of the resource.³



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A national policy of raw water pricing, introduced by the Arroyo administration, continues to be pursued to this day, and a study has already been undertaken by the National Water Resources Board⁴. It has also been introduced to the legislative body through its integration in various bills filed in the 13th and 14th Congress. If successfully implemented, such a policy will invariably diminish the poor's access to water, throwing us five steps backwards in the pursuit of ensuring the right to water for food, health, and a life of dignity.

The framework on which the MTDP rests, that which stresses water as an economic good and views development as dependent on strengthening the full recovery of costs through consumer billings, shows its hand in the implementation of other targets and strategies pursued by the MTDP. Some specific strategies in the MTDP related to the 2010 target for potable water provision include:⁵

- Ensuring that all barangays/municipalities that will be provided with water supply services have the corresponding sanitation facilities for proper disposal of wastewater/septage;
- Continuing to provide capacity building programs and technical assistance on water supply and sanitation planning, management and project implementation for all Water Service Providers (WSPs) needing assistance;
- Developing technology options for water supply (e.g. solar desalination for isolated islands, windmill technology, etc.);
- Promoting private sector or public investment in the provision of water to waterless barangays and municipalities;
- Conducting groundwater resources and vulnerability assessment covering 310 priority LGUs;
- Monitoring drinking water of selected poor communities through the Tap Watch Program;
- Completing the groundwater resource inventory/



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assessment in major urban areas and surface water in rural areas, controlling extraction through moratorium/stringent requirements in the grant of water permits in water-deficient areas and completing registration of all water pumps, metering of water pumps, etc.

While the strategies generally provide guidelines on how the right to water can be further ensured in a sustainable manner, the absence of any specific commitment for public spending in the pursuit of these strategies has proven to be a loophole within the MTDP. Despite such pronouncements in the MTDP, the Arroyo administration has committed only small allocations of the national budget to water supply development. From 2001 to 2007, only 3.83% of public expenditures on water-related projects went to water supply development, with 42.3% going to irrigation projects and the remaining 53.64% to flood control investments.⁶

Agencies primarily responsible for the implementation of the other strategies in the MTDP have also been provided very little in terms of national budgetary allocations. This may be seen in the continued dependence of such agencies to overseas development assistance and foreign loans in pursuing the objectives set forth in the MTDP. The National Water Resources Board, the apex body that coordinates the different initiatives of all water-related agencies and heir-apparent to the universal regulatory mandate of the former Public Service Commission with regard to water utilities, still retains a grossly insufficient annual budget allocation that has not exceeded 35 million pesos for the past decade.⁷ Though tasked with a national mandate in the allocation of water resources through the issuance of water permits and monitoring of water use and levels, it does not have a single regional or local office. The overwhelming task of regulating water utilities all over the archipelago, including the issuance of CPCs for these utilities, is still being undertaken from a single office site located at the 8th floor of the National Irrigation Authority Building in Quezon City. As a consequence, **only 383 utilities are being effectively regulated by the NWRB, from an estimated number of more than 3,000 utilities nationwide.**⁸ In the absence of effective regulation of tariffs and standards, consumers of more than 2,600 water utilities remain susceptible to

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over-pricing, arbitrary disconnections, and connection policies that impinge on their right to water.

Since 2000 to 2007, project investments extended by the Local Water Utilities Authority to water districts all over the archipelago have also been undertaken with minimal allocations from the National Budget. Locally-funded projects of the LWUA have amounted to only **Php 198,465,752** in the course of eight years, paling in comparison to the **Php 6.883 billion** in investments carried out by LWUA through foreign assistance in the same period.⁹ With costs for the development of water districts shouldered largely through foreign loans and grants, the probable recovery of these costs and payment of the loans undertaken have taken central consideration in the distribution of investments among water districts.



TABLE 1. LWUA ANNUAL PROJECT INVESTMENTS

	Foreign-Assisted Projects	Locally-Funded Projects	Congressional Initiative Fund	Others
2000	397831894	53562129	28830661	266501511
2001	606596677	30399709	3819998	71289624
2002	1036632661	62206678	9356188	104323652
2003	1186802277	22695706	6545525	429091159
2004	1611282896	16720911	3939539	764599261
2005	1294520193	11397438	2350874	357305669
2006	658683216	1186632	663400	578959881
2007	90535866	296349	-	189630384
Total	6.883 B	198.5 M	75.5 M	2.762 B

Source: Department of Budget and Management

Preference for financially-viable and credit-worthy water districts in the distribution of available investment funds has been immense. With the end view of strengthening water utilities' financial viability so as to attract private investment, the administration has been concentrating much of its budget for water provision on beefing up large and "credit-worthy" water districts or GOCCs. The credit-worthiness of water utilities and their ability to collect full payment of costs and interests from consumers have become the predominant qualifications in determining which utility will be able to

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access loans for infrastructure development, and which utilities will be left to wither.

Ultimately, improvements in local water distribution are awarded to localities where the notion of water as an economic commodity has been entrenched, while communities and municipalities that continue to resist the state's abdication of its primary obligation are punished with the deterioration of their water supply services. Local government units, on whom most of the estimated number of water utilities often depend for financial support, are criticized by international agencies for being "too" vulnerable to political pressure, i.e. public protest. The same mindset has been consistently toed by President Arroyo's administration. Consequently, by 2005, almost half of all water utilities in the Philippines, most of them small-scale LGU-run systems, had become non-operational.¹⁰

As such, when President Arroyo speaks of improved coverage, she unwittingly refers to the increased coverage of large market-viable water districts, and is oblivious to the fact that the whole picture shows a downward trend in actual coverage of water service. It does not take into account the dwindling number of communities that are still able to rely on old well systems; neither does it seem to consider the decrease in LGU-run systems outside Metro Manila .

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In her 2008 SONA, President Arroyo pointed at an increase in her government's annual allocation for clean water, highlighting an increase from Php 500 million in 2008 to Php 1.5 billion in 2009. The stated amount of Php 1.5 billion for potable water provision could be found in the 2009 GAA designated as a special allocation to the Department of Health under whose administrative control LWUA had been transferred a few months earlier. During Lower House committee deliberations on the proposed 2009 GAA, DOH officials could not provide any action plan for implementation in the use of the said special allocation, stating that the amount had been hastily added under the DOH budget, in the same manner that LWUA had been hastily placed under the department's administration through President Arroyo's executive order. LWUA officials also present in the said hearings could not offer any implementation plan for the allocation as well.

President's Priority Program on Water

The People's Priority Program on Water, which provided a blueprint for the implementation of the Arroyo administration's stated goals in the MTDP, deviated from the plan's set target of universal coverage by 2010 by instead setting a program target of increasing access to water supply and sanitation services coverage to at least 50% by 2010. This general target in the P3W was further minimized by setting only a 20% target increase in the poor's access to water supply and sanitation services by 2010. In contrast to the MTDP's target of universal coverage as a means of alleviating poverty, the P3W lowered the bar by decreasing the general target and by minimizing the program's supposed focus on poverty alleviation.

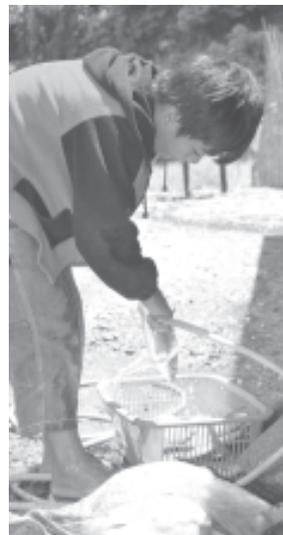


TABLE 2. STATUS OF WATER SYSTEMS

	Level 1 Systems				Level 2 Systems			
	Target	Not Started	On-going	Completed	Target	Not Started	On-going	Completed
LUZON	221	41	6	174	95	52	22	21
VISAYAS	118	54	8	56	91	57	18	16
MINDANAO	7	7	0	0	85	51	28	6
TOTAL	346	102	14	230	271	160	68	43

Source: P3W, NAPC

Even with these minimized targets in the P3W, the program has dragged along. From all indications, it will fail to meet these targets for 2010. As of January 2009, the program was severely lagging. With only a year remaining in its implementation, the program has managed to achieve only 41.16% of the total target coverage. A total of 262 water supply projects meant to be included in the program have not yet been started. Only 272 projects have been completed, with the least accomplishment in Mindanao.



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¹ LCP, 2007.

² NEDA, 2004.

³ Ibid.

⁴ NWRB, 2008

⁵ Ibid.

⁶ Soriano, 2008.

⁷ Ibid.

⁸ NWRB, 2009.

⁹ Ibid.

¹⁰ Ibid.

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Financing Arroyo's failures

A review of the Arroyo administration's fiscal policy¹



The eight years of Mrs. Gloria Macapagal-Arroyo as the chief executive of the Republic has been tumultuous, to say the least. But on matters of fiscal policy, her administration has been characterized by an almost consistent zeal in a mission to trim the budget deficit – with the rhetoric persisting (albeit toned down) even during an economic crisis, when the public needed the money the most. Incidentally, her fiscal policy had also been a consistent failure – in achieving a balanced budget, in addressing poverty, hunger, and misery, and, in the context of the current international recession, in preparing our national defenses to fight off waves of global economic convulsions.

BY THE FREEDOM FROM DEBT COALITION

SO MUCH is Arroyo's preoccupation with the subject of budget deficit, that during her first State of the National Address (SONA) in 2001, she could not help but highlight that "from a budget surplus in 1997 of more than a billion pesos under President Ramos, my government inherited [from Estrada] a deficit exceeding 140 billion pesos." She then took it upon her administration to trim this figure, employing aggressive rationalization, expenditure cuts, and taxation policy in the process – the primary strategies employed by government to reduce budget deficits.

For Arroyo, the problem is not the policy we have of unquestioningly paying our debts. Rather, it is the policy of living beyond our means, i.e. spending above our revenues and borrowing to cover our expenses. So consistent was she that seven years after her first



SONA, she is still preaching the same sermon of the scourge of deficit and deficit spending: “Deficit spending inevitably leads to large government debt that necessarily requires debt servicing which eats up the budget.”

This, of course, comfortably ignores the context of a humongous stock of debts which we are paying year in and year out. As of end-November 2008, the NG outstanding debt was pegged at PhP4.236 trillion pesos. For 2009, this huge debt stock will cost us PhP631.42 billion, roughly four times the entire budget for the Department of Education. In this context, such a fanatical zeal for achieving “balanced budgets” shows a completely lopsided appreciation of the debt problem.

This paper aims to examine the fiscal strategies Arroyo employed during her presidency – basically in comparison to the administrations of her predecessors, but also and most importantly how they fit to her overall outlook, methods, and practices on public finance itself.

■ **2008 Budget Proposal: (Almost) Living the (Balanced Budget) Dream**

Financing
Arroyo’s
failures

Arroyo’s dream of a balanced budget was most pronounced in her 2008 proposed national government budget, where she counterposed the problem of resolving the budget deficit by resolving the debt problem itself. To quote her: “The debt problem is over. The budget is balanced at last.”

In her 2008 budget message, Arroyo claimed that the proposed 2008 National Government budget is a “balanced budget”, the first time in ten years, and two years ahead of her own pre-set schedule. The PhP1.227-trillion proposed budget program for 2008 is to be funded by about PhP1.236-trillion of projected revenues. She declared this to be the ultimate solution to the debt problem, which she claims is rooted in the continued practice of borrowing for deficit spending.

The administration’s definition of a balanced budget is controversial, to say the least, and has been attacked on all fronts by public finance and accounting experts. But even as the experts deal with the

technicalities (such as whether principal payments for debts can be considered as expenses or not), the definition is challenged by a valid question: Can a budget which places utmost priority on debt payments at the cost of social spending – notwithstanding the fact that most of these payments are for illegitimate debts – be considered “balanced” in the truest sense of the word?

Eventually, Arroyo failed to reach this target of a balanced budget. In the end, she only managed to produce PhP1.202 trillion worth of revenues. And, with expenditures reaching PhP1,271 trillion (slightly larger than planned), her administration ended up with a PhP68 billion deficit for 2008, the highest since 2005. In her 2008 SONA, Arroyo unapologetically blamed exogenous forces: “*Malapit na sana tayo sa pagbalanse ng budget. We were retiring debts in great amounts, reducing the drag on our country’s development, habang namumuhunan sa taong bayan. Biglang-bigla, nabaligtad ang ekonomiya ng mundo...* Whatever the reasons, we are on a roller coaster ride of oil price hikes, high food prices and looming economic recession in the US and other markets. Uncertainty has moved like a terrible tsunami around the globe, wiping away gains, erasing progress.”

Arroyo’s appreciation of the need to respond to abrupt waves of global economic turmoil via deficit spending ignores the fact that in the first place, much of our expenditures are for debt servicing and not for social investments. If Arroyo’s fiscal logic is pushed to its conclusion, we can even say that her policy is to increase debts (by way of increasing deficit spending) in order to pay for obligations and mandates we can pay for because we need to pay our debts. Let us look further into Arroyo’s logic.

Debt servicing and borrowings

In her 2006 SONA, GMA confidently declared that because of her good fiscal management, “now, we have the money to pay down our debt and to build up our country.” But it seems that of the two [debt or social investments], debt servicing remains her administration’s top priority. For her last full year in office, what is supposed to receive the highest budgetary allocation – education – is merely a



third of what the Arroyo government will be spending on debt (PhP158.21 billion compared to PhP631.42 billion). The situation for health is much more horrendous – it’s only 4% of what we will be spending on debt (PhP27.88 billion). Even if you add up the total proposed spending on education, health and agriculture , this will still be less than interest payments alone by as much as PhP62.84 billion.

TABLE 1. BICAMERAL CONFERENCE COMMITTEE – PROPOSED SPENDING FOR 2009 (IN BILLION PESOS)

Debt Service	631.42	Department of Education	158.21
Interest Payments Principal	252.55	Department of Health	27.88
Amortization	378.87	Department of Agriculture	3.62

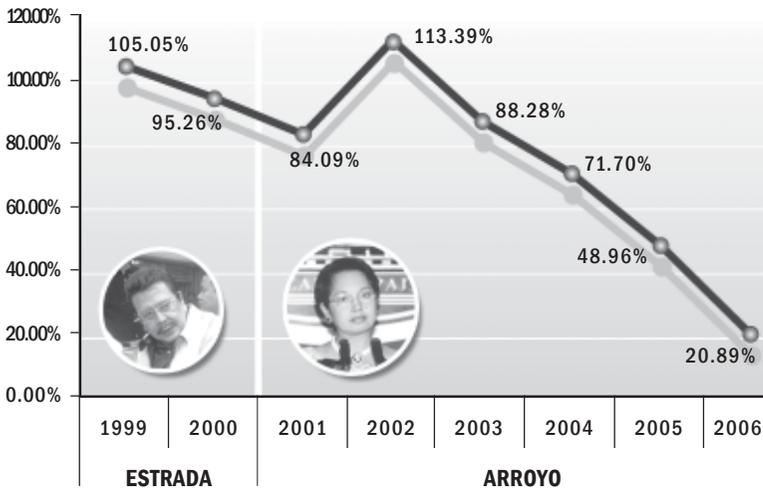
Note: Breakdown of totals may not sum up due to rounding of digits.

Proposed 2009 National Budget. Source: Budget of Expenditures and Sources of Financing (BESF) Fiscal Year 2009. Department of Budget and Management (DBM).

It was not enough that debt got the lion’s share of the budget. There have been allegations of *over-prioritizing* debt service, as revealed by even the most fiscally conservative of politicians. Former Senator Ralph Recto, for example, criticized the overstating of foreign exchange assumptions as a means of padding debt service. Before the bicameral committee decided on the 2007 budget, he revealed that interest payments may have been padded by at least PhP6.6 billion since it had been computed at the exchange rate of \$1=PhP53 instead of the more realistic \$1=PhP50.

Where does the Arroyo government get the money to pay for these debts? Former NEDA Director Felipe Medalla [2007] observed that until 2003, servicing the public debt did not completely compromise non-interest expenditures of government because interest payments were largely refinanced. However, from 2003 onwards, the government increasingly serviced interest payments out of its own revenues. The effect of using tax revenues for debt servicing is to compress non-interest spending.

FIGURE 1. REFINANCED INTEREST PAYMENTS



Refinanced Debt. Source: The Philippine Economy: Recent and Future Trends by former NEDA Director Felipe Medalla. Note: To get the refinanced interest payments, you first obtain the primary surplus by subtracting the non-interest payment expenditures with the revenue. You then take the ratio of primary surplus and the interest payments.

From 2002, when the government depended entirely on financing to pay off its interest expenditures, refinanced interest payments dropped to merely 20.89% (2006). This means that only one-fifth of the interest expenditures was financed through new debts. The rest of the interest payments, therefore, the Arroyo government paid from its revenues.

In deciding whether to pay for debt service or to allocate for social services, the Arroyo administration unhesitatingly chose the former. In order to maximize the appreciating peso due to the massive inflows of foreign currency, the government prepaid at least US\$220 million of debt owed to the International Monetary Fund (IMF) – allowing it to save about \$50-100 million in the process – and US\$72 million to the Asian Development Bank (ADB). Clearly, the Arroyo administration is striking while the iron is hot; it is paying and pre-paying debts while the peso is strong and the country is awash with dollars. This strategy is commonly employed by countries which want to gain independence from IFIs and other foreign creditors, but we know that this is not the case with the Arroyo government.





There is an ongoing phenomenon in government policy of allocating the majority of the country's revenues to debt service, causing the government to finance its deficit through loans. President Ramos allocated a yearly average of 61.99% of the country's revenues to debt payments, while President Estrada allocated 70.22%. Arroyo, on the other hand, allocated 97.69%.

But if there is a case of over-spending on debt, there is likewise a practice of over-borrowing. Borrowing during the Arroyo administration always exceeded the budget deficit. The Philippine government is so dependent on debt that financing the deficit has just been one reason for borrowing. Another reason for borrowing is to repay existing debt. The Arroyo government, its loudmouthed claims notwithstanding, is borrowing even more than to simply cover principal payments.

TABLE 2. DEFICIT FINANCING

Deficit Financing from 2001-2008 (in billion pesos)								
	2001	2002	2003	2004	2005	2006	2007	2008
Deficit	-147.0	-210.7	-199.9	-187.1	-146.8	-64.8	-7.4	0.0
Net Financing	175.2	264.2	286.8	242.5	236.0	110.1	84.5	17.8
Variance	28.2	53.4	87.0	55.5	89.2	45.3	77.1	17.8

Sources: National Government Fiscal Position CY 1999-2006, Bureau of Treasury, for 2001 to 2006 values; Budget of Expenditures and Sources of Financing (BESF), Fiscal Year 2008, Department of Budget and Management (DBM) for 2007 and 2008 data.

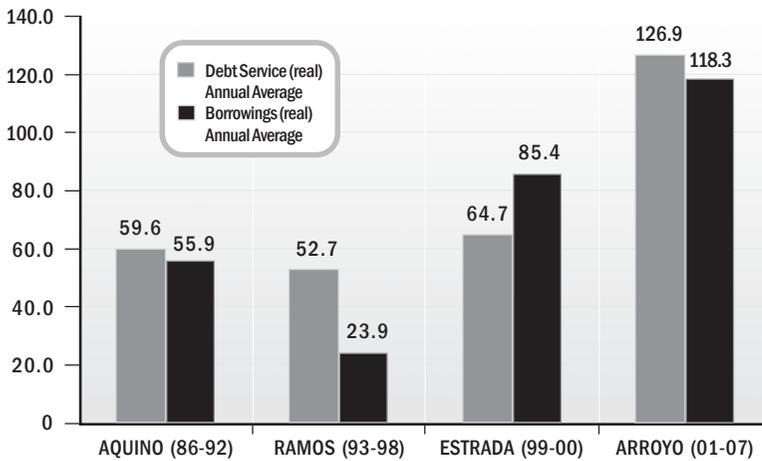
The practice of borrowing more than what is needed increases the country's debt stock, and with it the debt-servicing requirement. This should be clearer to Mrs. Arroyo than to other post-dictatorship presidents. After all, she holds the record of being the biggest borrower and biggest debt payer among presidents since Marcos. In fact, her borrowings and payments are bigger than the combined borrowings and combined payments of her predecessors. This is true whether the amount is nominal or adjusted for GDP growth.

TABLE 3. DEBT SERVICE AND GROSS BORROWINGS, 86-06

	Aquino (86-92)	Ramos (93-98)	Estrada (99-00)	Arroyo (00-06)
Debt Service (Interest + Principal)	596.069	776.420	433.239	3,465.228
Gross Borrowings (Domestic + Foreign)	565.659	372.339	571.568	3,385.101

Source: Bangko Sentral ng Pilipinas

FIGURE 2. DEBT SERVICE AND BORROWINGS, IN REAL (1985) PRICES, ANNUAL AVERAGE (IN BILLION PESOS)



Financing Arroyo's failures

Expenditures: Reneging on the budget's promises

In Arroyo's 2007 SONA, it was clear that one of the primary purposes of imposing "fiscal discipline" is for "investing hundreds of billions in human and physical infrastructure." So let us take a look at the other non-debt expenditures. While debt expenditures are being padded, other expenses are being cut. Looking at the half-year expenditure performance of the government in January to June of 2007, there had been an under-spending of about PhP37.9 billion. Most of the under-spending was in the *Others* item which includes allocations for education, health, social welfare and infrastructure. It registered a PhP24.8 billion difference between the actual and programmed allocation.



**TABLE 4. JANUARY-JUNE 2007 SPENDING PERFORMANCE
(IN BILLION PESOS)**

	Program	Actual	Variance
All Expenditures, of which:	589.2	551.3	-37.9
IRA	97.1	99.8	2.7
Subsidy	3.2	10.6	7.4
Others	333.3	308.5	-24.8

Spending Performance 2007. Source: Department of Finance.

As of September 2007, programmed non-interest expenditures exceed the actual non-interest expenditures by as much as PhP14.78 billion (PhP644.358 programmed versus PhP629.578 actual). In other words, in order to keep her promise of managing the deficit, Mrs. Arroyo is cutting down on non-debt spending.

Non-debt expenditures have consistently been under the knife with the Arroyo administration. The 2006 spending performance, for example, reveals that actual total expenditures were PhP54.6 billion lower than what was programmed. The variance was actually caused by an underspending of PhP68.4-billion in “Other” expenditures. Non-debt spending in 2005 also suffered a PhP50.3-billion cut. What meager amount the Arroyo government allocates in the budget for genuine social needs is still being pared down in order to make the deficit numbers look good.

As the table below shows, the 2005 and 2006 savings on interest expense generated by the Arroyo government did not go to basic social services and social justice. The latter in fact were slashed more radically than the savings on interest expense. In 2005, a peso saved on interest expense was accompanied by a cut of PhP2.72 in “Other” spending (non-interest spending such as basic social services). In 2006, the cuts in social spending amounted to PhP1.87 for every peso saved on interest expense.

**TABLE 5. 2005-2006 SPENDING PERFORMANCE
(IN BILLION PESOS)**

	2005			2006		
	Program	Actual	Variance	Program	Actual	Variance
All Expenditures	963.2	942.2	-21.0	1,099.0	1,044.4	-54.6
Interest and Net Lending	320.3	301.8	-18.5	348.3	310.2	-38.1
IRA	120.2	160.6	40.4	134.1	174.7	40.6
Subsidy and Equity	4.9	12.4	7.5	6.1	17.4	11.3
Others	517.8	467.5	-50.3	610.5	542.1	-68.4

Spending Performance 2005 and 2006. Source: Department of Finance.

Notice that Internal Revenue Allotment (IRA) is always beefed-up; so are subsidy and equity. This, one speculates, is to ensure support of local politicians and the economic elite. Interest payments may have gone down, but this was mainly because of, as Recto pointed out, inaccurate estimation of the currency exchange rate.

The Arroyo administration has been spending much less on Social Services than her predecessor, former President Joseph Estrada, in terms of percentage of NG spending. The share of her economic services allocation dropped considerably compared to that during the last years of the Marcos regime. In contrast, the percentage of her debt service interest is very high, second only to that of former President Corazon Aquino who took it as a policy to honor and repay all debts of the Marcos dictatorship.



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TABLE 6. SECTORAL SHARES OF NATIONAL GOVERNMENT SPENDING (IN PERCENTAGE)

	Marcos (1981-85)	Aquino (1986-92)	Ramos (1993-98)	Estrada (1999-00)	Arroyo (2001-04)
Economic Services	36.2	23.1	25.5	24.2	20.6
Social Services	21.9	22.2	28.0	32.2	29.8
Defense	9.9	7.1	6.8	5.5	5.5
General Public Services	16.1	13.7	18.3	18.1	17.1
Net Lending Debt Service	4.3	4.4	0.5	0.5	0.6
Interest	11.6	29.5	20.7	19.5	26.8

Sectoral distribution of national government spending. Source: Prof. Benjamin Diokno's data on per capita spending, titled "Two Decades of Suffering", used in his presentation, "The Real State of the Nation".

This decrease in allocation by the Arroyo government for social services is more evidently seen in the per capita and per student spending of various administrations for health and education, respectively. As the tables below show, the Arroyo government is outdone by the government of Joseph Estrada in terms of per capita spending on health and per pupil spending.

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TABLE 7. CONSOLIDATED PER CAPITA HEALTH SPENDING, BY ADMINISTRATION, 1981-2004 (IN 2000 PRICES)

	Marcos (1981-85)	Aquino (1986-92)	Ramos (1993-98)	Estrada (1999-00)	Arroyo (2001-04)
National Government	240	278	321	360	303
Local Government	203	247	160	159	119
Total	37	31	161	201	184

Consolidated per capita health spending in 2000 prices. Source: Prof. Benjamin Diokno's data on per capita spending, titled "Two Decades of Suffering", used in his presentation, "The Real State of the Nation".



TABLE 8. AVERAGE NATIONAL GOVERNMENT SPENDING FOR BASIC EDUCATION 1981-2004 (IN 2000 PRICES)

	Marcos (1981-85)	Aquino (1986-92)	Ramos (1993-98)	Estrada (1999-00)	Arroyo (2001-04)
Per pupil spending, 2000 prices	3,027	4,478	4,959	5,830	5,467

Average National Government Spending for Basic Education. Source: Prof. Benjamin Diokno's data on per capita spending, titled "Two Decades of Suffering", used in his presentation, "The Real State of the Nation".

This is in direct violation of the spirit of the Philippine laws. The Philippine Constitution puts prime on education above all spending. According to Article XIV, Section 5.5 of the Constitution, education is supposed to receive the highest budgetary allocation:

Section 5.5. The State shall assign the highest budgetary priority to education and ensure that teaching will attract and retain its rightful share of the best available talents through adequate remuneration and other means of job satisfaction and fulfillment.

The table below shows that since 2003, the growth rate of revenues for each year has outpaced the growth rate of non-interest expenditures, except for 2007. This means that the increase in revenues does not necessarily translate to an expansion of government spending for the public except in 2007 when economists and credit rating agencies began to publicly criticize this practice. This trend is upheld in the proposed 2008 budget, with the planned growth of revenues registering at 9.67% while the proposed growth of non-interest expenditure is lower at 6.24%.





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TRACY PABICO



Photos by TRACY PABICO



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TABLE 9. GROWTH RATES OF NON-INTEREST EXPENDITURES AND REVENUES (IN PERCENT)

	2003	2004	2005	2006	2007*	2008
Non-interest Expenditure	1.64%	3.21%	4.78%	10.74%	21.21%	6.24%
Revenues	10.60%	10.47%	15.49%	20.03%	18.34%	9.67%
Variance	-8.96%	-7.26%	-10.71%	-9.29%	2.87%	-3.43%

Growth rates of non-interest expenditures and revenues. Sources: Public Finance and Fiscal Indicators, Bangko Sentral ng Pilipinas for 2003 to 2006 data; General Appropriations Act of 2007 (Republic Act 9401) for 2007 data; Budget of Expenditures and Sources of Financing (BESF), Fiscal Year 2008, Department of Budget and Management (DBM) for 2008 data. *January to November 2007.

Clearly, the primary strategy to “balance” the budget is, virtually, by cutting back on non-debt expenditures, not pumping up revenues. Clearly, non-debt expenditures such as infrastructure, social spending, agrarian reform and the like are taking a back seat to debt service under the Arroyo administration. This becomes obvious when we look at the revenue growth rate. The targeted revenue for this year, which is pegged at PhP1.23 trillion, is only 9.67% higher than last year’s revenue. This is the lowest since 2003.

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Revenues: All that it takes

But while cutting on expenditures is the key to her fiscal austerity, she must also address where the money should come from. In her 2007 SONA, Arroyo said: “With the tax reforms of the last Congress, and I thank the last Congress, we have turned around our macroeconomic condition through fiscal discipline, toward a balanced budget.”

This brings us to the revenue generation strategy of the administration. Since the fiscal crisis of 2004, the Arroyo administration has made it a point to increase uncompromisingly both its tax and non-tax revenues. From 2006 to 2007, revenues went up by as much as PhP139 billion, with revenue effort rising from 14.91% to 14.92%² over the same period. The projected revenue for 2008 is PhP117 billion more than programmed for 2007.

TABLE 10. NATIONAL GOVERNMENT REVENUE PROGRAM, BY SOURCE, 2006-2008 (IN MILLION PESOS)

	2006	2007	2008
Tax Revenues	859,856	973,576	1,108,889
Taxes on Net Income and Profits	376,992	419,633	477,552
Taxes on Property	1,114	1,276	1,471
Taxes on Domestic Goods and Services	283,143	328,913	374,817
Taxes on International Trade and Transactions	198,607	223,754	255,049
Non-Tax Revenues	119,781	145,185	127,339
Fees and Charges	30,979	34,904	40,502
BTr Income	74,446	55,089	57,275
Privatization	5,815	55,192	29,562
Total Revenues	979,637	1,118,761	1,236,228

Revenue Program, Including New Measures, By Source, FY 2006-2008. Source: Table C.1. Budget of Expenditures and Sources of Financing, Fiscal Year 2008.

To accomplish this, the Arroyo government used an aggressive taxation measure, focusing on consumption taxes (R-VAT, or Republic Act 9337), in order to beef up revenues. The Department of Finance itself admitted that 70% of the revenues generated from R-VAT would go to debt service in the first six months of implementation, with only 30% going to social services and infrastructure programs [Hizon, 2006].

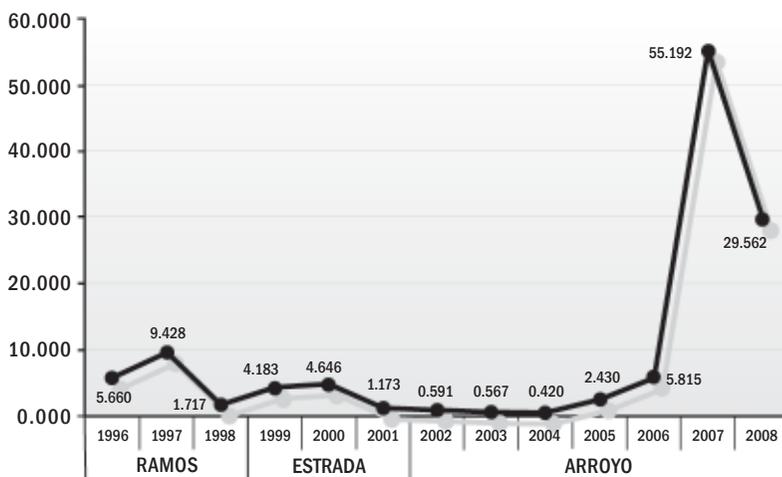
The administration also undertook aggressive privatization measures, including the 120-hectare Food Terminal Inc. (FTI) in Taguig City, estimated at about PhP15 billion; state-owned assets such as the Philippine Telecommunications Investment Corp. (PhP25.2 billion); the 20 percent stake in Philippine National Oil Company-Energy Development Corp. (PhP16.6 billion); the remaining stake in PNOC-EDC (PhP32 to PhP36 billion); the 4.6 percent stake in Philippine National Bank (PhP998 million); and the stakes in San Miguel Corp. (PhP50 billion) and Manila Electric Co. (PhP10 billion). The government also sold a 54-hectare property at the old Iloilo Airport, valued at PhP1.2 billion.

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This only expresses the administration's commitment to trim the government, as it believes that too much government is not "prudent" and "crowds out" private initiative. We need only look at the data on privatization proceeds to confirm this.

FIGURE 3. PRIVATIZATION PROCEEDS (IN BILLION PESOS)



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Privatization Proceeds (1996-2008). Sources: National Government Revenues, Bureau of Treasury for 1996-2006 data. Revenue Program, Including New Measures, By Source, FY 2006-2008 (Table C.1. of Budget of Expenditures and Sources of Financing, Fiscal Year 2008) for 2007-2008 data.

The Arroyo government is selling off whatever it can in order to pick up the slack in its tax revenues – the targets of which it has not been able to meet. The problem here, however, is that one can only sell one's asset once. Privatization is clearly not a sustainable way of generating revenues. The only way to sustain revenues is by collecting taxes from those who earn more and have more, by reducing corruption and smuggling, and by improving tax administration.

Relying on privatization is essentially an attempt of the Arroyo government to mask its failure to reach its tax targets. The January-September 2007 revenue performance, for example, shows that the government is PhP24.72 billion away from its January-September target, with tax shortfall reaching as high as PhP56.02 billion.

TABLE 11. REVENUE PERFORMANCE (JANUARY-SEPTEMBER 2007)

	Program	Actual	Variance
Revenues	836,978	812,257	-24,721
Tax Revenues	738,995	682,975	-56,020
BIR	566,902	521,920	-44,982
BOC	164,988	152,957	-12,031
Other Offices	7,105	8,098	993
Non-Tax Revenues	97,983	129,282	31,299
BTr Income	43,656	57,201	13,545
Fees & Charges	29,034	29,560	526
Privatization	25,293	42,393	17,100
Grants	0	128	128
Expenditures	890,953	852,267	-38,686
o.w. Interest Payments	246,595	222,689	-23,906
Surplus/Deficit	-53,975	-40,010	13,965

National Government Revenue Performance (January to September 2007). Source: Department of Finance.

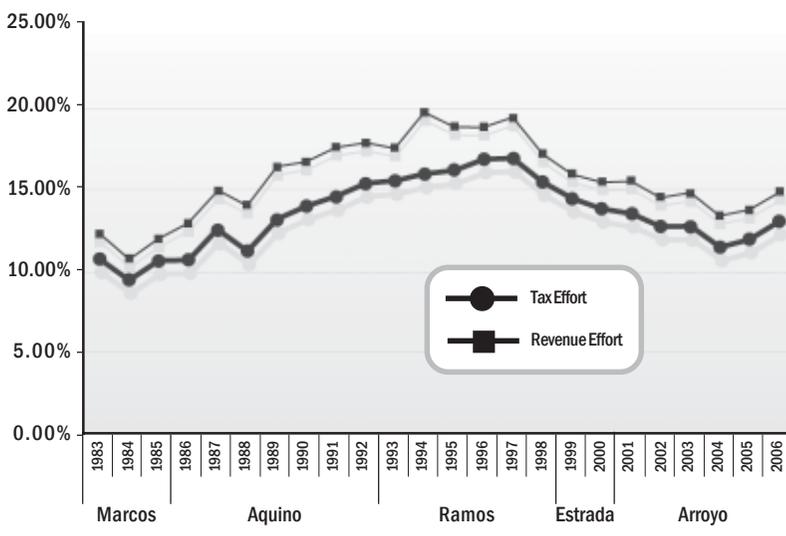
No wonder Bureau of Internal Revenue Commissioner Jose Mario Buñag was sacked in early 2007 for failing to meet the BIR's collection targets. If we will remember, this is not the first time Buñag failed in his target. Revenue data for 2006 show that the BIR had a shortfall of at least PhP23.42 billion (see revenue performance table below).

This is only evident of the lackluster tax performance of the Arroyo administration, which actually registered the lowest tax effort since 1988 (a mere 11.53% in 2004). Revenue effort was also low that year, pegged at 13.47%. This has since risen to 15.00% as projected in 2008, but is nowhere near the revenue effort during 1994, pegged at 19.86%. Compared with neighbors like Thailand, Malaysia and Indonesia, with average revenue efforts from 2001 to 2005 ranging from 17.1% to 22.8%, the Philippines rates very poorly indeed.

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FIGURE 4. TAX AND REVENUE EFFORT (83-06)



Tax and Revenue Effort. Source: NSCB for GDP, BSP for Tax and Revenue proceeds. Note: To get Tax and Revenue Effort, divide Tax and Revenue proceeds with GDP.

Arroyo's imbalanced priorities

The main impetus for having a balanced budget is clearly the implicit recognition of the problem of debt. By avoiding deficit spending, the administration would be able to lessen its reliance on borrowing – the primary root of the debt problem according to the existing government paradigm. However, since only interest payment on the debt is in the budget, the government would still have to borrow to pay for principal amortization.

A balanced budget would necessarily mean that we have to raise more revenues. But with the government's poor performance when it comes to collecting tax revenues, it will most likely rely on (a) consumption taxes which are easiest to collect, (b) privatization, and (c) raising revenues by the Bureau of Treasury, more likely than not through padding or getting interest from borrowing its own treasury bills. Failing to meet revenue targets would thus mean cutting back on expenditures, since payment for debts is automatically appropriated. As we have shown, there has been a

deceleration of growth in non-interest spending.

The government, pushed by its own self-imposed administrative constraints towards a contractionary economic policy and a conservative fiscal policy, does not recognize the problem of automatic payments as the primary cause of budget deficit. No wonder it proposes instead an austere spending program which cuts social spending. This solution, while it may satisfy creditor standards of correct fiscal governance, will have serious developmental ramifications due to lack of government investment in physical and social infrastructure. FDC insists on solving the debt problem, not through palliative measures of expenditure compression or through cannibalistic measures of selling public assets, as in privatization, or eating up people's purchasing power, as in aggressive imposition of consumption taxes. Rather, we must attack the source of the whole debt quandary itself.

And as proven by the experiences of the Arroyo administration, such a dream in the face of a policy to automatically pay huge debt service will never be realized. In fact, for the proposed 2009 budget, National Economic Development Authority (NEDA) Secretary Ralph Recto himself said that the country's budget deficit this year could range from P200 billion to P257 billion if tax collections and revenues from privatization proceeds fall short of target. Given limited revenues, the only feasible way to raise money is through debt.

Clearly, the root of the problem is the government's policy of relying heavily on creditors to finance social projects highly susceptible to corrupt practices – a policy which, ironically, would have been unnecessary had the government chosen to allocate more to social services than debt payments. In fact, there is no shortage of cases of loan-financed projects going to waste due to inefficiency or corruption.

The solution would be to stop this policy at once. It is true that especially in times of crises, we should allocate more to building our socio-economic infrastructure. But this should be undertaken with drastic reductions in debt servicing by 1) knowing what we should pay and not pay through a Congressional Debt Audit which





will be able to screen out illegitimate debts, 2) paying ourselves first, investing in social welfare and in the domestic/local economy through the repeal of the Automatic Appropriations Law on debt service, 3) immediately discontinuing the elitist practice of shouldering private sector debts through sovereign guarantees, and 4) and putting debt-creating activities such as bilateral loan agreements with export credit agencies under full public scrutiny and participation.

NOTES

- ¹ The article is largely derived from and a rewritten version of FDC's "Sustaining the Momentum of Debt and Underdevelopment: Debt and the Proposed 2008 National Government Budget" (December, 2007).
- ² Using projected nominal GDP (low) as contained in the BESF 2008 and the programmed revenues for 2007