



TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

II. SETTING THE CONTEXT

Ms. Deborah Landey, UN Resident Coordinator

Hon. Romulo Neri, National Economic Development Authority
Director General

III. UTILIZING THE MILLENNIUM PROJECT REPORT

Prof. Jeffrey Sachs, Millennium Project Director

IV. PANEL OF REACTORS

1. Dr. Arsenio Balisacan, SEARCA Director

2. Dr. Jaime Galvez-Tan, UP Manila Vice Chancellor & National
Institute of Health Executive Director

3. Dr. Rodel Lasco, World Agroforestry Centre Philippines
Programme Director

4. Dr. Josef Yap, PIDS-NEDA Research Fellow

V. KEYNOTE ADDRESS

Her Excellency President Gloria Macapagal Arroyo



I. EXECUTIVE SUMMARY

A. INTRODUCTION

UN Resident Coordinator Ms. Deborah Landey said the “**Millennium Project Report**” is a practical blueprint on how to attain the Millennium Development Goals (MDGs) by the Year 2015. It does not only revisits the destination but provides a discussion on how to get there. Philippine efforts to fulfill the MDG targets are currently being implemented.

On the other hand, NEDA Director-General Mr. Romulo Neri was optimistic the Philippines can attain its MDG goals. Notwithstanding the roadblocks, its gross domestic product (GDP) has accelerated to 6.1% in 2004 from 4.7% in 2003 resulting an improved growth of per capita GDP of 3.7% in 2004 from 2.3% in 2003.

Along this line, the President has made six pledges for the poor. These targets have already been outlined in MTPDP’s plans and projects in line with the country’s MDGs commitments. Likewise, the Philippine progress report on the MDGs showed targets are attainable.

B. Utilizing the Recommendations of the UN Millennium Project Report

Millennium Project Director Professor Jeffrey D. Sachs boldly declared the Philippine was “among the best of the best around” because its plans are exactly the philosophy stated in the report “*Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*”. To achieve its goals, the country’s investments must be targeted in three critical areas: investment in people, investment in the physical environment and investment in infrastructure. These three overarching areas spell the difference between life and extreme poverty. Thus, the goal of this investment program is “not only to fight poverty” and eliminate it but also “speed up economic growth.”

The Philippines is considered a middle-income country. But there remains pockets or areas where intense poverty, under nutrition, maternal and child maternal mortality rates and rural underdevelopment are still prevalent and comparable to low-income countries. These and such problems as floods arising from environmental degradation and improved disaster related management programs must be addressed in line with the country’s MDGs.



Hence, the Philippine medium-term strategy must ensure investments actually achieve the MDGs. It can be financed through expenditures and savings, increased tax revenues and tax collection. Identification of potential international financing plays an important role that includes official development assistance and debt relief.

C. Panel Presentations

1. Presentation One: Poverty Reduction and Food Security

SEARCA Dr. Arsenio M. Balisacan, Director acknowledged the Philippines is on track as regards MDG One: halve, between 1990 and 2015, the proportion of people under extreme poverty and to halve the proportion of people who suffer from hunger. Simply halving extreme poverty is not enough, however, because it is alarmingly high. The Philippines is still lagging behind its Asian neighbors as regards efforts to reduce poverty, increase agricultural productivity and sustain economic growth.

Dr. Balisacan was of the belief, as Asian experience had shown, the only way to win the war is rapid but sustained economic growth in a poverty reduction strategy. He recommended the following as part of the government's MDGs:

- Focus investment on agriculture and rural development
- Given the country's fiscal situation, move away from populist policies that merely serve political ends instead of really advancing poverty reduction objectives.
- The national strategy for poverty must address fundamental causes of low productivity.

2. Presentation Two: Maternal Health in the Philippines

UP Manila Vice Chancellor and National Institutes of Health Philippines Executive Director Dr. Jaime Z. Galvez Tan described as a "national tragedy" the maternal health situation in the Philippines. He said these daily maternal deaths could have been prevented had there been the urgency to deal with the situation. New technologies and strategies have already been laid out in the Millennium Report. What the Philippines needs instead are courage, the commitment and political will to act and putting our money where our mouth is.



Dr. Tan enumerated “**Quick Wins**” to enhance Maternal Health and achieve the MDGs:

- a. Every local government chief executive (barangay, municipal and provincial level) must be made accountable for every maternal death in his or her respective locality.
- b. Ensure community involvement in maternal care.
- c. Establish a network of functional emergency obstetrical care services in key health facilities nationwide.
- d. Install community based financing schemes for maternal health complimented national health programs already in place.
- e. Ensure every girl and every boy finishes basic education as a long-term strategy to sustain the reduction of maternal mortality ratios.
- f. No let up in efforts to improve the status of Filipino women.

3. Presentation Three: Environmental Sustainability

World Agroforestry Centre Philippines Programme Director Prof. Rodel Lasco enumerated the various levels of environmental degradation in the Philippines focusing on areas covered by the MDGs: forest resources and bio-diversity, water resources, the problem of urbanization and green house gas emissions. Given the above, he mentioned possible ways to handle environmental sustainability as well as community-based natural resource management programs to help attain the country’s MDGs in environmental sustainability.

4. Presentation Four: Trade and Debt

PIDS-NEDA Research Fellow Dr. Josef Yap expressed disappointment the Philippines is still saddled with a debt problem that remains unsolved. Hence, debt servicing was also high. Further, government’s social spending - or expenses for education and other social services - was lower than other countries.



D. Keynote Address of the President of the Republic of the Philippines

The country's MDGs was launched to build prosperity for all Filipinos and "mop up the breeding grounds of terrorist recruits." The President emphasized this saying terrorism has a great deal to do with poverty. Further, the President was thankful the UN and other experts have agreed the country's plan was in conformity with Millennium Report and that the MDGs mirrored her ten-point pro-poor legacy agenda. For this, she vowed to provide "the political will to drive its implementation forward to fruition." Likewise by raising revenues, the President promised to stop financing country's development with incessant borrowings. Instead, fiscal discipline and good governance (to include anti-corruption) will be forged and Implementation of the country's MDGs will be monitored regularly.



II. INTRODUCTION

The launching of the United Nations (UN) “**Millennium Project Report**” in the Philippines was a well-attended affair. Participants to the launch represented a wide array of the country’s leading government officials, development experts in the academe, key organizations coming from the civil society and the private sector.

The President, Gloria Macapagal-Arroyo, herself, delivered the keynote address.

As explained by United Nations Resident Coordinator Ms. Deborah Landey in her welcome remarks, the “**Millennium Project Report**” entitled “*Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*” is a practical blueprint on how to attain the Millennium Development Goals (MDGs) by the Year 2015.



Five years earlier in September 2000, the United Nations General Assembly issued the “Millennium Declaration” which identified eight, time-bound and measurable targets to combat global poverty, hunger and disease as well as promote gender equality, education and environmental sustainability. Since then, these targets have come to be known as the “Millennium Development Goals” or MDGs. The Year 2015, as agreed upon by the global family of nations, was set as the target date for the attainment of the MDGs.

Further, the UN Secretary-General Kofi Anan in 2002 commissioned an independent advisory body to prepare the best strategies in support of efforts of countries to achieve these goals. Professor Jeffrey Sachs, a world-renowned economist, led the Millennium Project with a team of 250 experts from around the world that included scientists, development practitioners, parliamentarians, policymakers, representatives from civil society, the private sector and UN organizations.



Today, the recommendations of that advisory body and the results of its three-year work comprising 13 volumes of studies are all embodied in the Millennium Project Report entitled "*Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*".

"We have only ten years left to attain these goals," said Ms. Landey in emphasizing the *raison d`etre* of the MDGs and the significance of the Millennium Project Report.



The report, according to Ms. Landey, does "not only revisit the destination". It also provides a discussion on how to get there. Hence, it is "not only (composed) of general recommendations, but (includes) do-ables, low-cost but high impact solutions on the ground, which have costed (or estimated) in terms of amounts in dollar terms as well as ratios of gross domestic product and gross national product (GDP/GNP) of countries."

Ms. Landey likewise noted Professor Sachs would personally present via videoconference the Report to country. Four Filipino experts in the fields of poverty reduction and agricultural policy, environment, health and development economics will present their respective thoughts on the Millennium Project report's recommendations within the Philippine context.

This early, Ms. Landey lauded current efforts of the Philippine to fulfill the MDG targets as worthy of mention, to wit:



Congw. Nerissa Soon-Ruiz,
Chairperson, Special
Committee on the MDGs

1. Considered as a "historic visionary initiative" taken by Congress to meet the MDGs, the newly constituted House of Representative Special Committee on the MDGs is chaired by a very strong MDGs advocate Congw. Nerissa Soon-Ruiz. The Special Committee has been mandated to push for the enactment of new laws and appropriations as well as review existing laws and budget allocations to ensure the attainment of the MDGs, and conduct studies in aid legislation for MDG-supportive laws.
2. Mainstreaming of the MDGs into the country's Medium-Term Development Plan and President's Pro-poor Ten-point Legacy Agenda.



3. Key steps already undertaken at the local level include the issuance by the Department of Interior and Local Government Secretary of a directive to all local government executives to pursue MDG-supportive programmes. So far, 12 city mayors have agreed to be evaluated under a scorecard on the progress of the MDGs in their respective areas.
4. Conclusion of the review by all the stakeholders in Manila of the final draft of the second Philippine progress report on the MDGs. The Philippines is one of a few countries now coming up with a second progress report on the attainment of the MDGs.
5. Release in December 2004 of a business investment portfolio for the MDGs entitled **"Responding the Millennium Development Challenge: A Roadmap for Philippine Business"**. Supported by the UN and the International Business Leaders Forum (A London-based foundation headed by the Prince of Wales), the business sector conducted "square-table discussions" (between and among business, government, civil society organizations, UN organizations) to identify how business could contribute to the achievement of these goals.
6. Civil society has organized national and sub-national workshops seeking to refocus work plans and activities toward the MDGs. Youth organizations have also realigned their plans and projects to contribute to the MDGs.



On the other hand, Mr. Romulo Neri, the country's NEDA Director-General and Chair of the Millennium Project Group, immediately congratulated Prof. Sachs for leading "this momentous project" that proposes straightforward solutions in fighting poverty and meeting the MDGs by 2015. This endeavor, he said, outlines what needs to be done, proposes immediate actions to be taken and how much these would cost.

Expressing optimism, Mr. Neri said the country's gross domestic product (GDP) has accelerated to 6.1% in 2004 from 4.7% in 2003. And this was accomplished despite roadblocks such as the oil price hikes and consumer prices increases. The increase resulted to a much-improved growth of per capita GDP of 3.7% in 2004 from 2.3% in 2003.



Hence, Mr. Neri emphasized that sustaining the country's economic growth will not only greatly contribute to an enabling environment favorable to the fulfillment of the MDGs. Growth essentially gives hope for a better life for all Filipinos. Meeting the country's MDGs, Mr. Neri said, is all about providing basic social services to the people especially the poor

Along this line, the President has made six pledges for the poor, to wit:

1. Create six million jobs
2. Provide clean water
3. Provide power for the entire country
4. Close the classroom gap
5. Lower the cost of medicines
6. Provide credit to the micro, small and medium enterprises

In explaining the MTPDP, Mr. Neri said it is the country's detailed road map to improve accessibility and affordability of services to the poor. It is expected to significantly raise the country's productivity, reduce poverty and scale up investments on government intervention programs.

The MTPDP has outlined ambitious fighting targets comparable to MDG set targets, to wit:

1. Acceleration of GDP growth to 7%-8% by the years 2009 and 2010
2. Annual job creation exceeding 1.7 million by 2009
3. Investment to GDP ratio of about 28% by 2010
4. Exports exceeding \$50 billion by 2006
5. A balanced budget by 2010

Targets for the year 2010 and year 2015 include:

1. Reduce the proportion of families living below the subsistence threshold (8.98% as against the MDGs' 10.2%)
2. Reduce the prevalence of underweight pre-school children (21.6% as against the MDGs' 17.25%)
3. Reduce child and maternal mortality rate (Infant mortality rate of 17% per 1,000 live births as against the MDGs' 19%)



4. Improve access to safe water supply (92-96% of families as against the MDGs' 86.8%)

Major goals and strategies to attain MDG targets have been prioritized for implementation in the mid-term are as follows:

1. Ensure potable water and sanitation services for the entire country by primarily focusing on 212 waterless areas in Metro Manila and 633 waterless municipalities in the provinces.
2. Address basic health needs by reducing cost of medicines commonly bought by the poor to half their 2004 prices; putting emphasis on child nutrition; expanding health insurance for indigents through premiums subsidy, implementing the health sector reform agenda by strengthening national and local health systems.
3. Strengthen basic education by expanding early childhood development of five year olds.
4. Key strategy of stimulating rural development by increasing farm productivity, enhancing transfer of knowledge of the rural poor, reducing prices of fertilizers pesticides, intensify water management and flood control, focusing on development of two million hectares of agricultural lands.

To ensure these MDG targets are met at the earliest possible time, Mr. Neri admitted that the government must scale up its public investments and improve local government units' capacity building and domestic resource mobilization. Considering that the country lags behind some of its Asian neighbors, he emphasized success of the government's poverty reduction strategies hinges on:

1. Improvement of governance (including anti-corruption, peace and security and human rights).
2. Aggressive implementation of revenue raising and collection measures to finance the requirements for meeting the MDGs.
3. Improve data availability and quality to design more responsive government interventions and track their outcome and impact of target beneficiaries.
4. Ensure synergies between MDG and economic development and productivity enhancing strategies.

But government cannot undertake this task alone. It has to intensify efforts abroad and build strong partnerships within the country among the civil society, the private sector, the donor community and the people themselves.



Hopefully, this can be achieved as the government convened a multi-sectoral consultative workshop to validate and enhance the draft Philippine Second Progress Report on the MDG. The 150 stakeholders represented the Executive and Legislative branches of government and partners in civil society, private sector and multi-lateral bilateral agencies.

The Philippine progress report, according to Mr. Neri, showed the country will most likely achieve its targets on extreme poverty, access to safe drinking water, gender equality, education, tuberculosis, malaria and HIV AIDS.

But it has to double nay even triple its to meet the targets for population management, maternal health, nutrition and primary education.

While most of MDGs target can be met at the national level wide, disparities, however, exist among the regions. Hence, the use of limited resources has to be maximized by focusing in areas where assistance is needed most. Likewise, the capacities of local governments have to be built up to efficiently and effectively identify and manage MDG-related programs and projects.

II. UTILIZING THE RECOMMENDATIONS OF THE UN MILLENNIUM PROJECT REPORT



In recognizing Philippine efforts to achieve the MDGs, Millennium Project Director Professor Jeffrey D. Sachs, speaking live via video, boldly declared his view that it was “among the best of the best around”. Prof. Sachs was “extraordinarily impressed” by the “stunning anti-poverty” efforts and “the care and

professionalism” that NEDA and government institutions have exercised in pursuing national development.



Explaining the background of the report, Prof. Sachs said he “was charged three years ago by the Secretary General with leading in efforts to primarily determine how we could make the Millennium Development Goals something practical.” The Secretary General, he said, wanted to ensure the goals were not just “aspirations and general statements of principles but...real operational basis for action in the international system.”

Highlights of his presentation are as follows:

In the report “***Investing in Development: A Practical Plan to Achieve the Millennium Development Goals***”, the strategy to meet the MDGs as spelled out in the overview report and in the 13 volumes is to scale up investments in the form of an “investment program”. Current Philippine efforts are exactly the philosophy stated in the report. Hence, the strategy of the Philippine government “to raise the aggregate investment rate from something around 18% of its gross national product to something around 28%” is notable.

To achieve these goals, practical investments must be targeted in three critical areas:

1. Investment in people means government invests in programs in health, in education, child under nutrition and in family planning.
2. Investment in the physical environment means investing in programs in water and sanitation, in soils, in forestry and in the preservation of the country’s biodiversity.
3. Investment in infrastructure requires programs relating to power, roads, port services, and telecommunications.

As illustrated in the report, investments in each of these three overarching areas spell the difference between life and extreme poverty. Investments in these critical areas should provide the poor with the capacity to escape poverty and accelerate overall economic development in the country.

Hence, the goal of this kind of an investment program is “not only to fight poverty” and eliminate it but also “speed up economic growth.” By investing in these three aspects (people, physical environment, infrastructure), would consequently result, among so many others, in the reduction of maternal mortality rates, child under nutrition, saving mothers from dying of



childbirth, protection of the physical environment. Such investments would likewise spur economic growth in the long-term.

The recommendations set forth in the Millennium Project is very much in line with what the Philippine government, the NEDA is already implementing.

While this may be so, however, the Millennium Project report recommends practical steps for the Philippines to ensure that the MDGs are indeed attained. This includes poverty mapping, investment planning and financing strategy.

To do so would mean coming out with a ten-year investment strategy on eradicating poverty – through poverty mapping - with emphasis in each of the three main areas: people, environment and infrastructure.

Philippine medium-term strategy must ensure investments undertaken are sufficiently ambitious to actually achieve the MDGs. Investment plans must be matched with an equal amount of resources to ensure its success. The implementation of a poverty map and an investment plan to eradicate poverty requires the preparation of a financing strategy. Financing the country's poverty mapping program and investment plan is something the government will have to seriously look into considering the various difficulties it is currently saddled with: a significant budget deficit and a very high level of public debt among others.

Partly, they can be financed through household expenditures and savings, partly through increased tax revenues that include an improved tax collection. However, what is needed in all these cases is to identify the investment the country needs including a detailed analysis of how those investments can actually be financed. Identification of potential international financing will certainly play an important role: increases in official development assistance, concessional financing as well as debt relief.

The Millennium Project Report is primarily directed at the poorest of the poor countries of the world. And the Philippines is not anymore in that situation, it being a middle-income country having achieved very positive results in some very important sectors.



How then is the Philippines situated in the Millennium Project Report? The Philippines reveals a promising country profile that is “more than half urban” and “already on its way to significant poverty reduction much more than many of the other countries” under consideration. The profile of the Philippines is vastly better than the profile of sub Saharan Africa, for example, and some poorer countries that comprise a major focus of the UN report.

What is “striking” about the Philippine profile is its “remarkable variation”

1. The Philippines has “a remarkably diverse economy” due to its complex geography, ethnicity, patterns of poverty and patterns of sectoral development. It has rapidly but dynamically growing cities. Yet, pockets of high technology are dotted with remaining intense pockets of poverty that it continues to be a government concern.
2. The population is also very Asian in its health standard. Health conditions in some areas are absolutely high-income standards. In other cases, the conditions are absolutely dismal.
3. The physical environment is attended to in some parts. In other cases, the situation continues to deteriorate.

With regard to investments in people, the Philippine profile on human capital has shown significant improvements in the last decade and the last quarter century. Judging from the country’s levels of literacy, education, health, family planning and fertility rates, a lot of progress has been made for government to build on.

While this may be so, the country’s continuing rural poverty – in particular rural hunger and under-nutrition –requires tremendous investment in people. These pockets of rural poverty are concentrated particularly in smallholder farms with low food productivity and among households with very low or no landholdings.

At the same time, Philippine maternal death rate – maternal mortality in childbirth – still remains very high by international standards. The 200 to



250 maternal deaths for every 100,000 live births have placed the Philippines 10 times or 20 times the rate of high-income countries.

Investing in improved rural food productivity and rural nutrition is investing in people. Facing up to this challenge would put the Philippines back on track in this particular MDG goal.

Continuing increased investments in maternal health care and family planning services would substantially reduce both maternal deaths and the population growth rate of 1.6%. A slower population growth would lessen the strain on the already stressed eco-system and the country's food requirements.

The tremendous amount of stress in the Philippine environment is very much evident in the country's massive vulnerability to floods, weather events including seismic events.

And in the report, the Philippines is undoubtedly considered "one of the most risk-prone parts of the world." The country's geographical, geophysical and biophysical location contributes to its great natural beauty, and, through no fault of its own, great vulnerability. Its population, therefore, is vulnerable to natural hazards and remains one of the great challenges for the country.

Likewise, soil erosion, land erosion, unavailability of irrigation or salinization of irrigated lands pose tremendous problems. Further, massive deforestation has caused a crisis of agricultural productivity in certain parts of the country.

With the tragic Asian tsunami still fresh in the minds of the people, investing in the Philippine environment would mean upgrading the country's disaster and disaster mitigation preparedness as well as forecasting. It is a high priority area for achieving the MDGs and where the NEDA can easily tap the Millennium Project to think through some of the strategic issues requiring solutions.

Infrastructure should be high on the government's priority list for investment. Ensuring that every village has reliable electrical power and drinking water, sanitization, irrigation and water management, forest preservation, road and other services are essential to a country like the Philippines.

These advancements, however, have to be accomplished by the Philippine government amidst an already tremendously budget stressed fiscal environment and increasing debt burden. Obviously, the government is



required to come out with new fiscal parameters and mobilization of revenues through tax administration.

For countries like the Philippines, the question often posed is whether or not to reduce the external debt burden or to increase development assistance. Among the poorest countries, the answer is substantial debt cancellation. Interestingly, creditor nations have shown increasing readiness to recognize the need for forms of debt relief for countries like the Philippines.

III. PANEL PRESENTATIONS

A. Presentation One: Poverty Reduction and Food Security

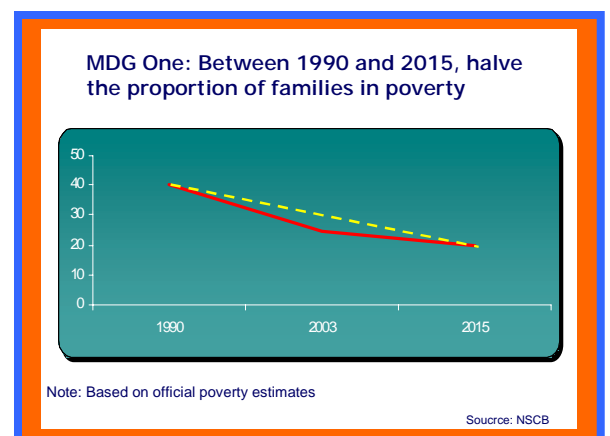


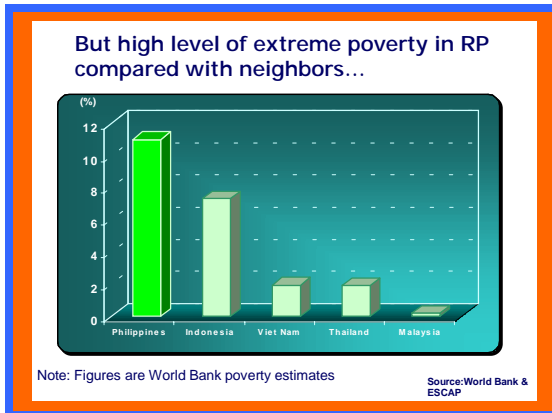
In his presentation entitled *"Discussion on MDG One: Eradicate Extreme Poverty and Hunger - What Does It Take to Get Out of Our Poverty Trap?"* Arsenio M. Balisacan, Director of the South East Asia Regional Center for Graduate Study and Research in Agriculture (SEARCA) and University of the

Philippines, acknowledged that the Philippines, by all indications, is on track as regards MDG One: halve, between 1990 and 2015, the proportion of people under extreme poverty and to halve the proportion of people who suffer from hunger.

Data on poverty have shown this to be so. "Official poverty estimate in 1990 was 39.9% of total families... down to roughly 25% in 2003. Given the current rate," Dr. Balisacan emphasized, **"it should be an easy ride to reach the goal of 19.95% by 2015!"**

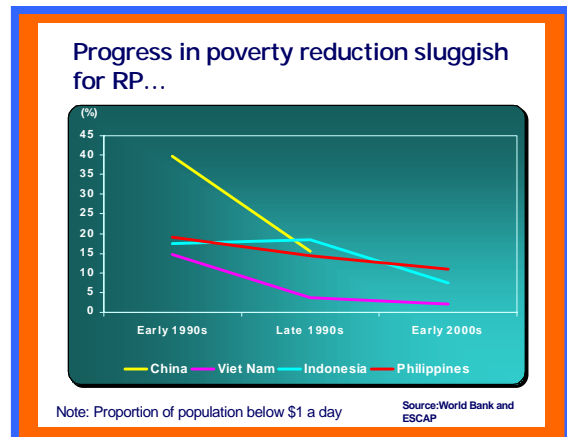
However, beyond "simply halving extreme poverty, which is... alarmingly high in the Philippines", Dr. Balisacan felt that the Philippines should be doing more.





Comparing World Bank data on the Philippines, Vietnam and Indonesia in recent years, the proportion of the Philippine population subsisting below \$1 a day is about 11%. Yet, Vietnam had only 2% while Indonesia, 7%. Both countries, he explained, "have remarkably lower GDP per capita than the Philippines."

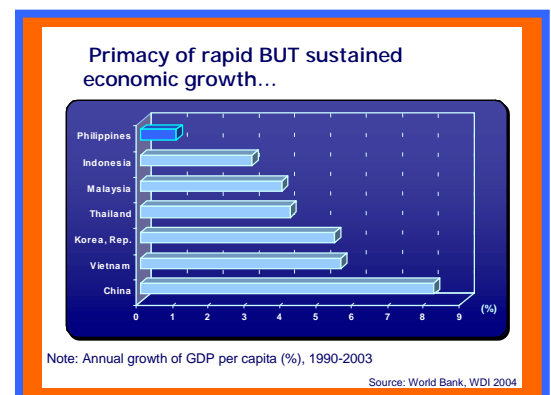
On the other hand, progress on poverty reduction had been particularly sluggish in the Philippines. Yet, China and Vietnam successfully reduced absolute poverty at remarkably rapid rates. At about 16%, from a level of about 30% in the early 1990s (based on a poverty line of \$1 a day per person), China reduced its poverty level by almost half. Similarly, Vietnam managed to bring down its poverty level from 15% to close to 2% in less than a decade. "A fantastic feat!" Dr. Balisacan said.

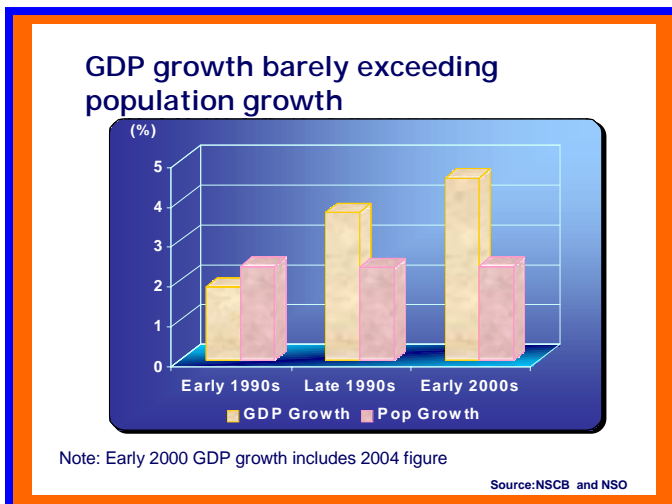


To the participants, Dr. Balisacan posed the following questions:

"What does it take to hasten the reduction of absolute poverty and hunger? What policy inputs are required to win the war against poverty?"

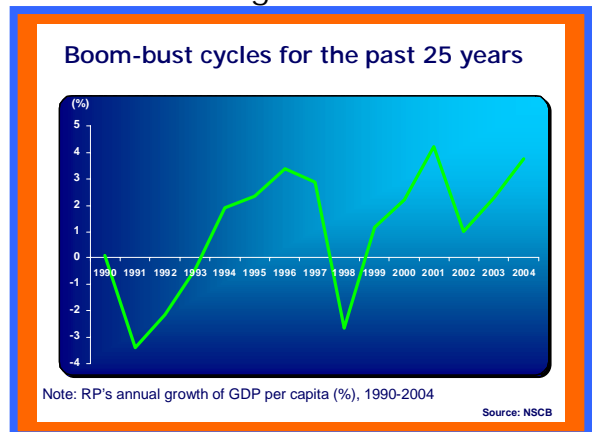
But to Dr. Balisacan, there is no "need to look far nor invent new approaches for answers to these questions." The answers are found in "The Millennium Project Report" which had already offered "a plethora of lessons and doable initiatives for addressing the poverty problem." As Asian experience has shown, the only way to win the war, he said, is "the primacy of rapid but sustained economic growth in a poverty reduction strategy."





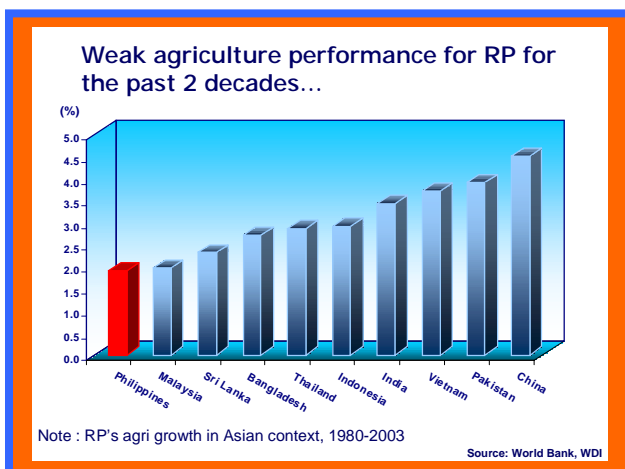
According to Dr. Balisacan, the single most important cause of extreme poverty in the Philippines is its “anemic economic growth”. In the last 25 years, economic growth in the Philippines has been “anemic, dotted with boom-bust cycles.” Against the sustained growth of over

6% of its Southeast Asian neighbors, the expansion of Philippine economic pie has been barely enough to exceed its population growth rate, considered one of the highest in the world.



“While it is good for the poor, the quality of that growth matters a lot,” he emphasized. Yet, the Philippines cannot rely solely on growth to address poverty. To alleviate their impoverishment, he said the poor must have access to support services to ensure their participation in the growth processes. Pro-poor programs are needed to help level the playing field.

Dr. Balisacan identified several factors as to why growth is “quite weak” in the Philippines.



1. Weak performance of the agriculture sector. The Philippines, among the major Asian economies, had the lowest average agricultural growth rate during the past two decades. It averaged only 1% in the 1980s and 1.6% in the 1990s.

Of the two-thirds of the poor found in the rural areas,

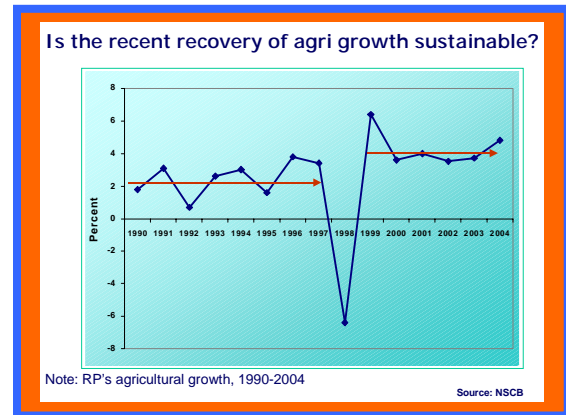


majority is dependent on agriculture for livelihood. Therefore, he said, "rural development is crucial to poverty reduction."

2. Low total factor productivity (TFP) growth. The Philippines was the worst performer in the annual total factor productivity (TFP) growth. For two decades from 1980 to 2000, the country's annual TFP growth rate was just 0.2%. Thailand had annual growth of 1.2% while Indonesia had 1.5%.

Improvement in efficiency holds the key
(Growth of Total Factor Productivity in Agriculture)

Period	China	Thailand	Indonesia	RP
1970-1980	na	1.3	1.6	1.0
1980-2000	4.7	1.0	1.5	0.1
All Periods		1.2	1.5	0.2



Low growth rates, he stressed, means high food prices, low farm incomes, and demand for high nominal wages.

An increase in TFP growth means an Improvement in efficiency, which to Dr. Balisacan, "holds the key to successful cases of rural development."

To improve the response of poverty to growth, Dr. Balisacan recommended the following as part of the government's MDGs:

1. Focus on agriculture and rural development as articulated in the Millennium Project Report. Investment in rural development has high social payoffs.
2. Considering the country's fiscal situation, move away from populist policies that merely serve political ends instead of really advancing poverty reduction objectives.
3. The national strategy for poverty must address fundamental causes of low productivity, (1) low investment in rural infrastructure, human capital, agricultural R&D, and information; (2) poor governance of support services; and (3) high "cost of doing business" owing to inefficient and archaic regulatory systems.



Dr. Balisacan, in concluding, raised three challenges for the country to meet its MDGs:

1. Achieve a rapid sustained growth.
2. Tackle fiscal issues and the chronic deficit problem.
3. Stop the practice of using scarce government resources to win political points. Instead, aggressively realign and focus on areas where the real difference will be most felt by the poor.

B. Presentation Two: Maternal Health in the Philippines

“Ten Filipino mothers die everyday due to childbirth and pregnancy related causes. As a result of these maternal deaths, ten Filipino fathers are also grieving everyday due to the lost of their loving wife. Ten Filipino families everyday suffer from the inestimable economic, social and emotional loss of their mother. ... (O)rphaned newborn babies will most likely not survive their first year of life (and)... the risk of dying for half of her children especially if they are less than five years of age are very high.”



That was how Dr. Jaime Z. Galvez Tan, Vice Chancellor for Research of the University of the Philippines Manila and concurrently the Executive Director of the National Institutes of Health Philippines, described the national tragedy of the maternal health situation in the Philippines. To Dr. Tan, “every maternal death is a family tragedy; a neighborhood tragedy; a community tragedy!”

In his presentation entitled “*Commitments to Enhance Maternal Health in the Philippines: Prospects for Achieving the Millennium Development Goal 5 (MDG5)*”, Dr. Tan maintained these daily maternal deaths could have been prevented had there been the urgency to deal with the situation. Hence, everybody, he said, have a role to play in ensuring that the country attains its MDGs commitment by the year 2015: reduce by three quarters the maternal mortality ratio (MMR).



In addressing the issue of maternal deaths, Dr. Tan believes there is no need for new technologies because the strategies have already been laid out in the Millennium Project Report. What the Philippines needs instead, he said, are courage, the commitment and political will to act and, most of all, putting our money where our mouth is.

To achieve the MDGs, Dr. Tan said the UN Millennium Project has already outlined what country level processes are needed, namely:

1. Design a national strategy to achieve the Goals
2. Work back from the 2015 targets and timelines
3. Decide on priority public investments to empower poor people
4. Scale up to bring investments and services to all on an equitable basis
5. Ensure good governance to achieve the MDG Goals.

Likewise, to enhance maternal health, Quick Wins have been recommended for inclusion in the long-term investment policy framework of the MDG-based poverty reduction strategy:

1. Train large numbers of village workers in health (in one year programs) to ensure basic expertise and services in rural communities.
2. Eliminate user fees for basic health services financed by increased domestic and donor resources for health.
3. Expand access to sexual and reproductive health information and services including family planning and contraceptive information and services, and closing existing funding gaps for supplies and logistics.
4. Provide access to electricity, water, sanitation and the Internet for all hospitals using off-grid diesel generators, solar panels and other appropriate technologies.
5. Launch national campaigns to reduce violence against women.
6. Design community nutrition programs that support breastfeeding, provide access to locally produced complimentary foods and when needed, provide micronutrient (especially zinc and Vitamin A) supplementation to pregnant and lactating women and children under five.
7. Empower women to play a central role in formulating and monitoring MDG-based poverty reduction strategies and other



critical policy reform processes, particularly at the level of local governments.

Still, Dr. Tan enumerated his own “Quick Wins” to enhance Maternal Health in the Philippines:

1. Every local government chief executive (barangay, municipal and provincial level) must be made accountable for every maternal death in his or her respective locality. This can be achieved by institutionalizing at the national level the DOH’s Maternal Mortality Audit or Maternal Death Inquiry which, to date, has been implemented only in selected provinces. The Maternal Mortality Audit is a weekly review of every maternal death at the local level. This is to determine the medical, technical, social and economic reasons for the mother’s death. Through this technology, Malaysia’s maternal mortality ratio was drastically reduced in less than a decade. As “powerful mobilizers of resources”, the involvement of Local Chief Executives in the audit would provide the necessary support system for the poorest of the poor mothers.
2. Deploy a trained health professional in every barangay. Midwives are the most cost effective health professionals at the barangay level. The private sector and civil society can be tapped to assist the government in a program to field more midwives in areas where they are needed.
3. Ensure community involvement in maternal care. Every maternal death is a family and community tragedy. Hence, the community must guarantee that every resident pregnant woman will have access to safe delivery services at the time of childbirth. A community pregnancy awareness program or Bantay Buntis can be initiated where pregnant women are encouraged to undergo pre-natal check ups at least four times before delivery. Such a program would include the Barangay council and health workers all working together to ensure safe pregnancy and delivery of the mother and child.
4. Set up an “electronic geographical information system” to identify poor and marginalized. In these areas, the most vulnerable and most at risk pregnant women requiring medical attention are usually located.
5. Establish a network of functional emergency obstetrical care services in key health facilities nationwide. While this may be expensive, all the abovementioned strategies would be



- useless if local hospitals are not fully equipped to handle cases arising from pregnancy and delivery complications.
6. Ensure quality family planning services and contraceptives are available, accessible and affordable in all barangays nationwide. For almost a decade, the country's contraceptive prevalence rate (CPR) had been on a plateau or below the 50% in 2003.
 7. Install community based financing schemes for maternal health complimented by the Philippine Health Insurance Program of PhilHealth. Several community based health organizations and cooperatives have established their own models of health financing schemes. This can be replicated nationwide by including maternal health care in the program and the poorest of the poor.
 8. Ensure every girl and every boy finishes basic education as a long-term strategy to sustain the reduction of maternal mortality ratios. Decades of research have shown women of reproductive age with little or no elementary education have less or no access to family planning and reproductive health services.
 9. No let up in efforts to improve the status of Filipino women. As a signatory to UN conventions on women rights, the Philippines must comply with its international commitments to protect and promote the rights of all Filipino women and children.

C. Presentation Three: Environmental Sustainability

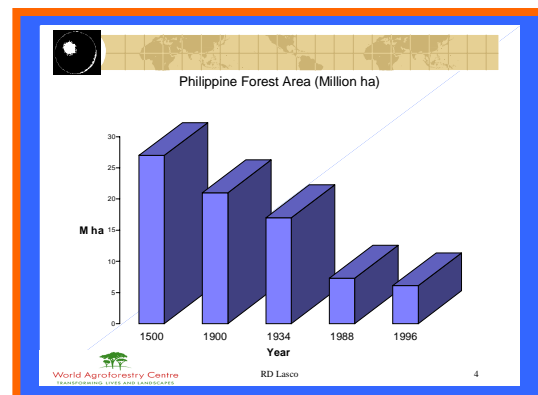
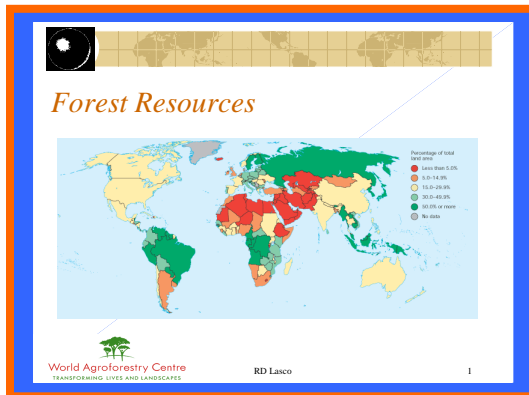


In his presentation entitled "*Challenges in Environmental Sustainability in the Philippines*", Prof. Rodel Lasco, World Agroforestry Centre Philippines Programme Director, briefly enumerated the various challenges and possible ways to handle environmental sustainability in the Philippines focusing on areas covered by the MDGs: forest resources and bio-diversity,

water resources, the problem of urbanization and green house gas emissions.



Highlights of Prof. Lasco's presentation are as follows:



As viewed from the global map, the Philippines has really lost much of its forest. Beginning from the time of Spanish colonization, the country then had some 27 million hectares in forest cover. Now, it is down to five to six million hectares. Much of the forest cover was lost during the last century.

In terms of bio-diversity, the Philippines is one of the most diverse country in the world. This is both in terms of "mega-diversity" but at the same time a "hot spot" for endangered species.

What was once were forested lands are now "cogonal" grasslands. Around two million hectares of watersheds previously forested are now under grasses.

Between 18 20 million of Filipinos are now living in upland areas. To eke out a living, they engage in some of the most unsustainable agricultural practices. This includes shifting cultivation or kaingin; burning and converting forested areas into very low yield agricultural systems. The impact of such practices has been obvious as can be witnessed in the latest flash floods and landslides caused by forest denudation.



In terms water resources, the Philippines has a lot and somewhere between the middle being a humid, tropical country. For the good news, the country is on target in meeting its MDGs for water and sanitation.



In the urban center, 90% enjoy improved water sources. Also, 81% have improved sanitation services. But in the rural area, the figure is below 80%. Only 77% have access to improved drinking water. For sanitation services, the figure is further below. Only 61% have access to improved sanitation services.

Water and sanitation... the good news

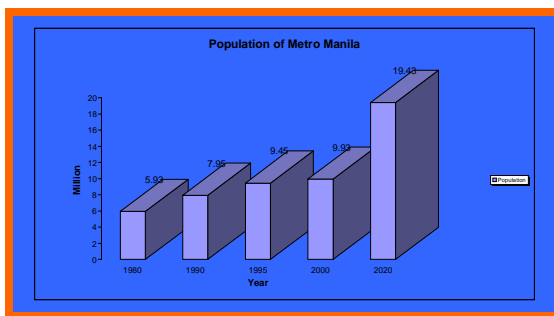
- on target to meet the MDG for water and sanitation
- Urban centers: > 90% enjoys improved water sources and 81% have improved sanitation services.
- Rural areas: 77% have access to improved drinking water, and 61% have access to improved sanitation services.

RD Lasco 11

The bad news is that almost 60% of the country's groundwater is contaminated with "coliform" and needs treatment. Based on a five-year World Bank report, about 31% or one-third of all illnesses monitored was caused by water-borne diseases.

Many areas are in fact experiencing water shortages. Quite ironic in a country that receives more than 2,000 millimeters of rainfall per year.

Urbanization has slowly transformed the country's landscape and the ecosystem, from greens, dots of greens to black signifying increasing human density. Based on three Landsat photos for the years 1972, 1989, 2000, respectively, Metro Manila has urbanized tremendously in the last three decades or 30 years. From five million people in 1980, Metro Manila is now teeming with ten million people.

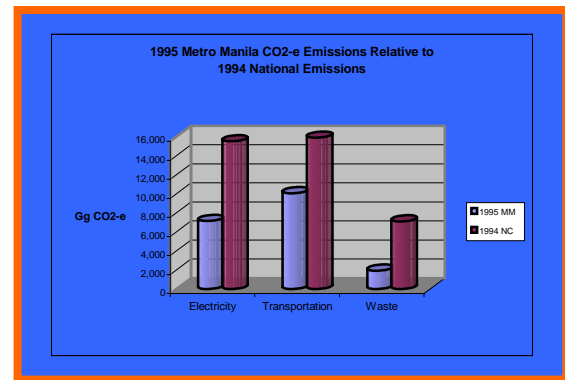
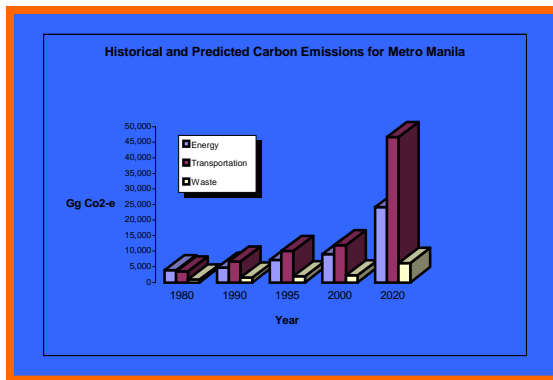


As regards green house emissions, the Philippines is again somewhere in the middle, not so high in terms of gas emission compared with developed countries. Still, gas emissions – from the energy, transport and waste sectors - in the country have been increasing in the last two decades. This is bound to

increase over time especially with the increase in population.



Manila is a classic example. More than half of the country's national gas emissions were traced to the big sprawling city of Manila.



Given the above, Prof. Lasco, one of ten outstanding young scientists of the Philippines awarded in 1997 for his work on agro-forestry research, put mentioned the following possible community-based natural resource management programs to help attain the country's MDGs in environmental sustainability.

Currently supported by the Embassies of Spain and Australia, and other partners, Landcare is a model of natural resources management. It is a community-led approach in using the land. It is an extension approach to rapidly and inexpensively diffuse conservation farming and other NRM system among upland farmers. It can also refer to people who care about the land.



A triad approach is applied where the farmers together with local government units, technical providers work together to address the problems. Currently, development approach along the Landcare model is being implemented in Mindanao. Landcare promotes technology such as natural vegetative strips, contour farming, trees on farms, agro-forestry and community organizing.

In advancing environmental sustaining, new other natural resources technologies are being developed like payments for environmental services, water from watersheds, payments for water services by downstream communities, carbon sequestration and other forms of financing.



D. Presentation Four: Trade and Debt



At the outset, Dr. Josef Yap, Research Fellow, PIDS-NEDA, recalled his first encounter in 1987 with Prof. Jeffrey Sachs, who was one of the speakers in a conference on “Developing Country Debt and Economic Performance”. That conference left a deep imprint on the mind of Dr. yap as regards his perspectives on economics and debt management.

In that conference, Dr. Yap said Prof. Sachs delivered a very sharp critique on International Monetary Fund-World Bank policies that were supposedly designed to help developing countries with their debt problems. In no uncertain terms, Prof. Sachs declared that these IMF-WB debt policies did not take into account the social costs inflicted on the developing countries.

That critique of Prof. Sachs, in the view of Dr. Yap, inspired the UN to come out with the human development report as well as the MDG process.

And in his presentation entitled “The Impact of the Debt Overhang and Trade Sector Developments on MDG Progress in the Philippines” Dr. Josef Yap expressed disappointment that after all these years - about 17 years or so – the Philippines is still saddled with a debt problem that remains unsolved. The Philippine debt, he said, is still relatively high compared with other countries in East Asia.

The country’s debt in 1986 was 112.6% of its gross domestic product (GDP). This began to increase in 1992 as a percentage of the country’s GDP. And, more than a decade later, there was no improvement. It only got worse which now stands at 135.6% of the GDP in 2003.

Again, compared with other neighboring countries, the Philippines’ public debt ratio to GDP at 109% was the highest in Asia in 2002. Indonesia only had 78, Malaysia 61 and Thailand 51.

Because of the relatively high debt overhang, Dr. Yap said debt servicing was also high. Hence, the country’s debt service averaged 7.4% of GDP from 1986-2003. During that same period, debt payments (debt service, interests and principal payments) reached a total of \$83.5 B. \$



As a result, total government expenditures remained fairly constant as share of GDP. But social spending - or expenses for education and other social services - was lower than other countries. Likewise, capital expenditures remained low.

What the country experienced was what Dr. Yap describes simply as “muddling through” with revenues relying on an increase in the tax effort. Even so, the current improvements in tax effort will be most likely not dramatic. From 12.3%, it will only increase to about 15%.

Dr. Yap said even if it reaches 17%-- a historical high --debt overhang is likely not sustainable in the MDG sense.

IV. KEYNOTE ADDRESS OF THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES



The practical plan to attain the country’s MDGs was launched to build prosperity for all Filipinos and “in the process to mop up the breeding grounds of terrorist recruits.” This was the gist of the keynote address of Pres. Gloria Macapagal-Arroyo.

While acknowledging the debate on what causes terrorism and the evil that goes with it, the President emphasized that in the Philippines “the spread of terrorism... has a great deal to do with poverty.” It is no coincidence,” she admitted, “that the most extensive recruitment of the terrorist hatchet men and messengers can be found in the poorest provinces of our country.”

With the practical plan and a strong will, the President exuded confidence and optimism that “fighting poverty can only be successful.”

The President thanked the UN Secretary General and the other experts “for agreeing that our plan does conform with the overall plan of the United Nations” and that the MDGs mirror her ten-point pro-poor legacy agenda. Likewise, she was “very grateful and... happy to hear that professor Sachs thinks it's one of the best development plans he has ever read.”



For providing the country with a framework to attain the MDG, the President assured UN that **“I will continue to provide the political will to drive its implementation forward to fruition.”**

With a new economic team in place to carry out her agenda, the President expects to usher the nation into “a new era of prosperity, freedom and national growth.” Prosperity, she said, will be for the “greatest number of our people.” Forming the key pillars of her economic plan are passage of a budget that “invests in our pro-poor agenda”, crack down on corruption, weed out wasteful government spending and raise revenues.

“We will slay the deficit dragon by raising revenues,” the President promised, to stop financing country’s development with incessant borrowings.

As fiscal discipline is being forged, the President said more government officials are being charged with corruption. At the same time, the streets are being kept free from crime and kidnapping to ensure workers, businessmen and foreigners can go about their jobs safely.

Likewise the implementation her agenda for growth, against corruption and physical and fiscal discipline are being monitored per municipality, per goal every single day.

