

48081

**A STUDY ON POVERTY  
IN THE PHILIPPINES  
(Condensed Edition)**

**Prepared for  
and  
Submitted to the U.S.A.I.D.**

**RUTH S. CALLANTA**

## **CONTENTS**

	<b>PAGE</b>
<b>I . Introduction</b>	<b>1-2</b>
<b>II . The Philippine Poverty Scenario</b>	<b>3-19</b>
<b>III . Comparison of Philippine Poverty Situation With Selected Asian Countries</b>	<b>20-26</b>
<b>IV . Review of Government Sponsored Poverty Reduction Strategies</b>	<b>27-42</b>
<b>V . Philippine Poverty Alleviation Imperatives</b>	<b>43-71</b>
<b>VI . A Review of The USAID Country Strategy in The Philippines</b>	<b>72-99</b>

# A STUDY ON POVERTY IN THE PHILIPPINES

(Condensed Edition)

## I. INTRODUCTION

The study on the Philippine poverty situation was undertaken to provide the USAID Mission in the Philippines with information and insights from which to assess its 1993-1998 country strategy and establish the linkage between its strategic thrusts and the alleviation of poverty in the Philippines.

The study was conducted for two months and involved the review and consolidation of available literature and reports on the extent, characteristics, and causes of sustained high incidence of Philippine poverty, a comparative analysis of Philippine poverty viz-a-viz selected Asian countries, a review of government initiated poverty alleviation strategies and programs from 1971 until the present, and a discussion on the critical elements present in highly successful poverty alleviation programs and projects. Case studies of families representing the country's predominant poverty groups were documented to illustrate the dynamics of poverty at the household level and the coping mechanisms they used in order to survive. Based on the analysis of data, recommendations were forwarded for successful anti-poverty activities in the Philippines.

Given the findings and recommendations of the study, the new USAID Country Strategy in the Philippines for 1993-1998 was reviewed. Recommendations were forwarded to enhance the strategy's anti-poverty focus.

This condensed edition of the study does not contain the tabular presentation of data as well as the case studies on sample families of specific poverty groups. It presents only the abridged version of the descriptive findings of the study, except for the review of the USAID country strategy which is presented in its entirety. For cross reference purposes and clarification of findings, it is therefore suggested that the original and complete version of the study be used.

## II. THE PHILIPPINE POVERTY SCENARIO

Poverty connotes a lack or a deprivation in relation to a social standard. It can be defined as a situation in which needs are not sufficiently satisfied. In the Philippines, the Presidential Commission to Fight Poverty (PCFP) recently defined poverty as the sustained inability of individuals or households to meet their minimum basic needs (MBN), which include health, nutrition, water and sanitation, income, shelter, security or peace and order, basic education and political participation. Defining poverty as a public issue is, therefore, to define the minimum entitlements of households in society which the government must seek to provide whether directly or indirectly.

Poverty may be manifested in terms of: the means of obtaining the MBN as in an individual's or household's level of income; the outcome arising from the actual level at which the MBN are met; and the perception of households/individuals concerning their welfare.

A number of studies on the poverty situation in the Philippines -- some with particular focus on groups of interest like the level of rural poor, urban poor or particular disadvantaged groups -- have been conducted by various researchers who used their own definitions and

constructed their own measurement standards for their purpose. This situation has brought to some extent varied measurements of poverty which gave out either confirming or conflicting results and expectedly confusion. This perceived problem was more felt prior to 1986 when even concerned government entities have not adopted or agreed on a common definition and an approach to measure the actual extent of poverty in the country.

It was only in 1986 when the government officially released poverty statistics on absolute measures, as poverty alleviation has been a major thrust in the Philippine's Medium Term (1987 and 1992) Development Plan. The poverty scenario described in this report relies heavily on official data obtained from the Family Income and Expenditures Survey (FIES) for the years 1985, 1988, and 1991. Recognizing the limitations of income-based measure of poverty, as well as the need to conform to the PCFP definition of poverty within the context of MBN, data on other social indicators have been presented whenever possible. Caution, however, should be exercised in making definitive statements on absolute numbers as it may at best be approximations.

*A. Extent of Poverty in the Philippines*

Using household income as a means to determine the

magnitude and incidence of poverty in the Philippines, there were 4,979,620 households representing around 40.7% of the total population who were living in absolute poverty in 1991. Of this number, 20.2% had incomes which were considered inadequate to buy even the minimum food requirements as prescribed by the Food and Nutrition Research Institute (FNRI).

Of the total households in 1991, 18% (2,147,000 households) did not have access to potable water supply; 30-38% (3,563,474 households) did not have sanitary toilets. Of the household population 10 years old and above, 4,318,305 were considered functionally illiterate. Of the school age population, 82,917 were not enrolled in elementary schools, and 2,529,969 were not enrolled in secondary schools. Of those in the labor force, 8,644,194 were underemployed and 2,272,140 were unemployed.

The national aggregate indicators of the state of overall human and economic development in the Philippines were as follows: average life expectancy, 64.9 years; crude death rate, 7.1 per 1,000 population; infant mortality rate, 57.1 per 1,000 live births; maternal mortality rate, 1.02; and literacy rate, 93.5%.

Using self-perception to determine a person's satisfaction over his general well-being, there were 20,747,510 Filipinos or 33% of the population who considered themselves poor in 1991.

*B. Characteristics of Philippine Poverty*

Majority of the poor households (2,965 million) composing about 60.8% of total poor households were found in the rural areas of the country; the rest (1,913 million) or 39.2% were in the urban areas. In terms of magnitude, the poor were concentrated in Regions IV (12.57% of total poor households), VI (10.24%), XI (8.08%), III (8.08%), and XII (8.08%) accounting for about 40% of total poor households in the country. By poverty incidence, Regions V, X, XI, and XII had the highest incidence of poverty with more than 50% of the total population living in absolute poverty.

By level of deprivation, it could appear that Region IX was worst off in terms of having the highest illiteracy rate (18.70%), highest percentage of households with no access to potable water system (33.1%), highest percentage of households with no sanitary toilets (45.27%), lowest mean educational

attainment (5.3 years), highest infant mortality rate (63.2 per 1,000 live births) and lowest life expectancy of only 54.7 years compared to the national average of 64.9 years. Next to Region IX were Regions XII, VIII and V.

Using selected MBN indicators, below is the ranking of provinces from the worst off to the least poor.

RANKING OF PROVINCES TO COMPUTED MBN INDEX

PROVINCE	MBN INDEX	PROVINCE	MBN INDEX
1. Sulu	0.2512	38. Bohol	0.5988
2. Maguindanao	0.3912	39. Romblon	0.5988
3. Masbate	0.4010	40. Abra	0.6035
4. Cotabato	0.4277	41. Iloilo	0.6106
5. Ifugao	0.4369	42. Pangasinan	0.6114
6. Zam. del Sur	0.4684	43. Sorsogon	0.6154
7. Basilan	0.4631	44. Cam. Norte	0.6157
8. Zm. del Norte	0.4684	45. Cagayan	0.6205
9. Lanao del Sur	0.4799	46. Isabela	0.6207
10. Sur. del Sur	0.4829	47. Albay	0.6212
11. Agusan del Sur	0.4960	48. E. Samar	0.6234
12. Tawi-tawi	0.4980	49. Antique	0.6337
13. Kalinga Apayao	0.5110	50. Or. Mindoro	0.6347

PROVINCE	MBN INDEX	PROVINCE	MBN INDEX
14. S. Cotabato	0.5202	51. Mis. Or.	0.6347
15. Lanao del Norte	0.5202	52. Aklan	0.6381
16. Sultan Kudarat	0.5218	53. Quirino	0.6466
17. Bukidnon	0.5259	54. La Union	0.6502
18. Negros Or.	0.5266	55. Agusan del Nor.	0.6576
19. Western Samar	0.5306	56. Camiguin	0.6717
20. Capiz	0.5366	57. Tarlac	0.6736
21. Davao Or.	0.5400	58. Catanduanes	0.6729
22. Negros Occ.	0.5266	59. Aurora	0.6751
23. N. Samar	0.5308	60. Ilocos Sur	0.6772
24. Leyte	0.5550	61. Oc. Mindoro	0.6999
25. Biliran	0.5660	62. Marinduque	0.7093
26. Mis. Occ.	0.5636	63. Laguna	0.7177
27. Nueva Ecija	0.5634	64. S. Leyte	0.7184
28. Davao del Sur	0.5648	65. Siquijor	0.7279
29. Cam. Sur	0.5651	66. Bataan	0.7279
30. Mt. Prov.	0.5652	67. Ilocos Norte	0.7323
31. Quezon	0.5750	68. Batangas	0.7379
32. N. Viscaya	0.5772	69. Pampanga	0.7522
33. Cebu	0.5811	70. Rizal	0.7726
34. Davao	0.5889	71. Zambales	0.7783
35. Guimaras	0.5890	72. Benguet	0.7798
36. Sur. del Norte	0.5946	73. Cavite	0.7946
37. Palawan	0.5979	74. Batanes	0.8747

Source: Basic data from NSCB, PIDS computations.

Poverty incidence was highest among agricultural workers, laborers, forestry workers, and construction workers. Majority of the poor population was young, belonging to the age groups 0-4 (18.30% of total poor households), and 5-14 years of age (31.11%). Compared to the 1990 census on population, the poor population is getting younger. The poor had low educational attainment having at best completed only grades 5-7.

The poor's primary sources of income were from livestock, poultry, farming, crop farming, forestry, logging and hunting activities, fishing and from entrepreneurial activities. In terms of land utilization for poor crop farming households, largest area was devoted to planting coconut (32.45% of total land area), palay (28.86%), and corn (25.22%). With reference to poor households in fishing activities 93.3% were engaged in municipal fishing, while only 2 and 2.7% were engaged in commercial and aqua culture activities, respectively. Of those poor households engaged in entrepreneurial activities, 61.05% were involved in retail/trading activities followed by manufacturing (21.47%) and services (12.30%). Only 18% of those businesses were registered with Kalakalan 20.

Majority of poor households did not own the land they till. They cultivate less from a hectare of land. Of those engaged in crop farming, majority owned or had access to farm implements and working animals.

Poor fishing households used various equipment and gears for their fishing activities. Majority owned non-motorized boats, hook and line and cast nets.

Poor farming households were hardly served by agricultural extension services. Of the small number who were served, extension services were in the form of seed utilization, farm management, marketing, livestock dispersal and animal breeding. A smaller percentage of fishing and forestry households compared to crop farming households received services from government extension workers. Majority of poor farming households were not served by irrigation facilities nor do they use modern farming technologies and practices. Majority of poor households did not avail of credit facilities from government financing institutions. Reasons for non availment included high interest rates, lack of collateral, burdensome requirements for documentation, and lack of knowledge on possible source.

C. *Philippine Poverty Incidence: Trends*

An analysis of Philippine poverty situation over time showed decreasing real per capita income; increasing number of families living in absolute poverty; improving health, nutrition and educational attainment; and increasing number of poor households in the urban areas.

Analysis of the past decade reveals that the Philippines has lagged behind countries it was once at level with. Economic growth has been sluggish and in more recent years, even suffered in the face of world-wide recession and internal difficulties such as natural disasters, bureaucratic ineptitude, political unrest and very recently, power outages. From 1982 to 1992, the economy's production measured by Gross Domestic Product only grew at an average of 1.7 percent. Notwithstanding the increasing contribution of incomes of Filipinos working abroad, per capita incomes remained stagnant in the face of continuing rapid population growth. Real per capita GNP in 1980 was P12,595 while in 1992, it decreased to P11,322.

In an environment with poor income opportunities, inequalities in the distribution of wealth and access to it have been very apparent. From 1985 to 1991, the

share of the poorest 40 percent to total income has declined from 17.5 percent to 13.0 percent. Almost all regions experienced the same trend but with varying degrees.

The absolute number of poor families in the Philippines has significantly increased over the years, even as the proportion of poor families to the total number of families has decreased. Official estimates reveal an increase of poor families from 4.36 million in 1985 to 4.88 million in 1991, though the poverty incidence percentage fell from 44.2% in 1985 to 40.7% in 1991. While there was a recorded decrease attributed to the good economic showing after 1986, in both the incidence and magnitude of poverty from 1985-88 (44.2% to 40.2%, and from 4.23 million families), this was nullified by the significant increase in 1991 (NSCB 1992).

Infant mortality rates in the country have declined from 1976 to 1990. Most of the regions experienced the same trend except for Region IX and Region XI. In 1990, the incidence of deaths among infants was highest in Region VII (76.0 deaths per 1,000 livebirths), followed by the Autonomous Region of Muslim Mindanao (73), Region V (64.0) and Region IX (64.0).

Malnutrition is typically high among poor families. The situation is most easily detected among the 0 to 6 years old, who are claimed to be the most vulnerable. Expectedly, the problem is more felt among families with incomes which are not even enough to buy the required food. In 1989, an estimate of 13.9 percent of the total preschoolers were moderately and severely underweight. The figure though was an improvement from 1982 of 17.2 percent. The Bicol region posted the worst situation (19.4) and which was followed by Eastern Visayas (16.7). Apart from children, another vulnerable group among poor families are pregnant and lactating mothers (21-49 years), specifically to iron-deficiency. The 1987 data showed that 37.2 percent of women were anemic. The prevalence of anemia was high in Western Visayas (61.3 percent) followed by Western Mindanao (50.5 percent) and Cagayan Valley (45.2 percent). The National Capital Region had the lowest incidence of anemia.

Literacy among Filipinos was high. This was not surprising as the government very recently approved the provision of free and universal elementary education. In 1990, 93.5 percent of the 10 years old and over were literate. This was much improvement from the '70s and '80s when literacy rate was 80.9 and 82.8 percent, respectively. In spite the free education, only 89.9

percent of the rural folks were considered literate. Net participation rates in both government and private elementary schools reached 99.10 percent of the total eligible children. Likewise, accomplishment of children in schools was encouraging. Cohort survival rates among children in government schools were improving through time. Survival was high in the National Capital Region and Central Luzon. On the other hand, the children in Western Mindanao, Central Mindanao and Eastern Visayas had low percentages of survival in government elementary schools.

In 1985, only 28.7% of total poor households were in the urban areas. In 1991, poverty incidence rose to 39.2% of all total poor households in the urban areas or a percentage point increase of 13.5% in a period of 6 years.

*D. The Major Poverty Groups*

Using the resource base (e.g., lowland farms, upland areas/forests, coastal waters, mineral deposits and human labor) as springboard for identifying poverty groups, and making an analysis of their situation, is a practical tool for finding out the extent of deprivation of groups of people across occupational classifications. It

enables one not only to characterize the extent of poverty of groups of people but it also provides the inevitable opportunity to make an assessment of the quality of the resource base.

Findings showed that poverty groups, regardless of their location, are dependent on the resource base as primary source of livelihood. Their levels of deprivation, the nature and intensities of their needs, and the causes of their impoverishment vary. And the opportunities/options available to them, to improve their situation, are limited. In general, Philippine poverty groups can be classified into rural and urban poor.

The following conclusions can be derived from the assessment of the situation of the poverty groups and the resource base that they depend upon for survival:

1. The poorest among the poverty groups are the cultural communities, followed by the landless rural/agricultural workers. The least poor are the urban poverty groups followed by the small farm owner-cultivators.
2. In terms of population, the urban poor constitute the most number of individuals, followed by the

cultural communities, landless rural/agricultural workers, marginal upland farmers, small farm owner-cultivators, and sustenance fishermen. Collectively, however, the rural poverty groups are more in population than the urban poor.

3. There are poverty groups' which are found all over the country (such as the marginal upland farmers and the urban poor) but most of them are predominant in specific locations.
4. The incomes of poverty groups are inadequate even for their survival needs, such as food, shelter, health and others. The greater proportion of their incomes are spent on food.
5. All the poverty groups have generally low literacy levels and lack productive skills even for their primary sources of livelihood. This also explains the inability of most of them to engage in alternative sources of income.
6. The rural poverty groups are faced with the problem of declining productivity of the resource base primarily due to over exploitation of the resource.

Such is the case of the coastal waters, upland areas/forests and lowland farms.

7. Most of the poverty groups have no control or do not own the resource base from which they derive their primary source of livelihood. This is the case of the cultural communities, sustenance fishermen, landless rural/agricultural workers, small scale miners and many of the marginal upland farmers. Only the small farm owner-cultivators own the resource base.
8. In terms of production tools and equipment, the rural poverty groups are either dependent on traditional production paraphernalia or they do not own even the traditional tools. In addition, they lack access to appropriate and applicable production technologies.
9. All the poverty groups have little access to basic services, such as decent housing, health/medical care, potable water, and others. They ~~also~~ have little or no access to institutional credit sources, and other government services.

10. Most of the poverty groups are disorganized. They are not members of any community organization because their time is consumed for their survival activities, or they do not qualify to become members of such organizations, among other reasons.
11. In order to survive, all the poverty groups engage in various forms of coping mechanism.
12. On the whole, all the poverty groups have little chances for upward mobility if the factors that contribute to their poverty situation are not addressed, and if resources for "development" of the poor continue to be siphoned by the non-poor.

*E. Factors Contributing to Poverty*

Factors contributing to sustained high incidence of poverty in the Philippines include both economic and non-economic factors. The economic factors contributing to Philippine poverty include a) generally poor performance of the economy due to the government's flawed trade, industry and agriculture, credit and fiscal policies; b) slow labor productivity growth; and c) the

Summary Profile of Poverty groups

RESOURCE BASE	POVERTY GROUP	ESTIMATED MAGNITUDE	LOCATION	ESTIMATED INCOME	CAUSES OF POVERTY
Lowland Farms and Farm Labor	Landless Rural/Agricultural Workers (LRAWs)	5.1 million individuals a/	Northern, Central & Southern Luzon; Panay Island; Negros Island; Southern and Central Mindanao (In sugar cane, rice corn and coconut farms)	Ps5,004 per annum a/ (average)	Landlessness; seasonal employment; no access to credit; lack of productive assets; low educational attainment with limited employable skills; lack of access to basic social services; lack of alternative employment opportunities.
Upland/Forest Areas	Marginal Upland Farmers (MUFs)	4.43 million individuals b/	All regions of the country	Less than Ps1,000 to more than Ps10,000 per annum b/	Land tenure problems; seasonal employment; low educational attainment and low level of skills; lack of access to credit; low farm productivity; lack of alternative employment opportunities; lack of access to agricultural support services and basic social services.
	Cultural Communities (CCs)	6.7 million individuals c/	Cordillera, Caraballo and Sierra Madre Mountains (Luzon); Batanes; Palawan; Negros Island; Panay Island; Samar; Leyte; Mindanao	Undetermined	Very low literacy level; lack of productive skills; low agricultural productivity and very traditional farming practices; deteriorating resource base due over-exploitation of lowlanders; none recognition by government of their rights to own their ancestral land; no access to basic social services.

RESOURCE BASE	POVERTY GROUP	ESTIMATED MAGNITUDE	LOCATION	ESTIMATED INCOME	CAUSES OF POVERTY
Sea/Coastal Waters	Sustenance Fishermen (SF)	675,677 households d/	All the coastal areas countrywide	Ps3,666 to Ps8,000 per annum d/	Seasonal fishing activities; limited non-fishing sources of income; depletion of fishing resources; destruction of fishing grounds; use of traditional fishing technology; lack of capital; marketing problems; increasing population; exploitation by middlemen; lack of access to basic social services.
Minerals	Small Scale Miners (SSMs)	Undetermined	Benguet; Mt. Province Pacific Coast; Camarines Norte; Davao Provinces; South Cotabato; Surigao Provinces	Undetermined	Limited mining activities; low income; exploitation by middlemen; no legal rights to directly undertake mining activities; no alternative sources of income; low level of skills.
Lowland Farms	Small Farm Owner - Cultivators (SFOCs)	4.16 million individuals e/	Northern, Central and Southern Luzon; Panay Island; Negros Island Eastern and Central Visayas; Mindanao (In corn, rice, coconut & sugarcane farms)	Ps6,924 to Ps7,729 per annum e/	Low/decreasing agricultural productivity; high cost of inputs; decreasing land size due to increasing population; lack of access to formal credit/lack of capital; insufficient agricultural support services; lack of access to basic social services; lack of alternative employment opportunities.

RESOURCE BASE	POVERTY GROUP	ESTIMATED MAGNITUDE	LOCATION	ESTIMATED INCOME	CAUSES OF POVERTY
Human Labor	Urban Poor (UP)	14 million individuals f/	Countrywide but more than half live in the country's 123 major urban centers	Ps20,100 per annum f/ (average)	Low educational attainment; lack of productive/employable skills; unstable sources of livelihood; lack of alternative employment opportunities; unemployment/underemployment; lack of access to basic social services.

- NOTES :
- a/ Magnitude was based on the 1991 estimates of the Philippine Peasant Institute while the estimated average annual income was derived from the 1989 average monthly income of sugarcane farm workers which was pegged at Ps417.00 (based on a study conducted by NEDA).
- b/ The 1989 Inventory of Forest Occupants, conducted by the Bureau of Forestry and Management of the Department of Environment and Natural Resources was the basis of the estimated magnitude and annual income.
- c/ Estimated magnitude was based on data from the Office of Southern Cultural Communities (which was as of December 1986) and from the Office Northern Cultural Communities (which was as of 1988 - 1990).
- d/ Estimated magnitude was based on data from the 1991 Philippine Fisheries Profile (Bureau of Fisheries and Aquatic Resources, Department of Agriculture) while the estimated annual income was taken from a 1993 project document (entitled "Rural Financial Services Project for the Most Disadvantaged Poverty Groups") of the International Fund for Agricultural Development.
- e/ Magnitude was based on 1990 estimates of the Philippine Peasant Institute (for corn farmers); 1988-1989 data of the Sugar Regulatory Authority (for sugarcane farmers); 1988 data of the Philippine Coconut Authority (for coconut farmers); and 1990 estimates of Arsenio Balisacan (for rice farmers). Estimated annual income was derived from data of the Philippine Peasant Institute and Philippine Coconut Authority.
- f/ Magnitude was based on 1990 estimates of the Presidential Commission for the Urban Poor while the estimated average annual income was derived from a 1992 study on the Philippine urban poor situation conducted by Pilar Ramos-Jimenez and Ma. Elena Chiong-Javier.

failure of government to expand the scope and quality of basic social services. Non-economic factors include the concentration of political and economic power to a few families and the failure of government to design and manage effective poverty alleviation strategies and programs.

### III. COMPARISON OF PHILIPPINE POVERTY SITUATION WITH SELECTED ASIAN COUNTRIES

#### A. *Micro Indicators of Poverty*

Taking the country as a whole, the Philippines appears to have the second highest incidence of poverty among the selected Asian countries. Among ASEAN countries, it has the highest poverty incidence. From this measure, however, one cannot say for certain that the Philippines is worse off than other countries simply because the threshold income is computed differently among those countries. Perhaps, a better way of doing a comparison is to examine the changes in the incidence of poverty over time because it shows the extent of the success of each country in addressing the problem of poverty.

The Philippines obtains one of the lowest percentage reduction in poverty incidence. In contrast, Bangladesh, Indonesia and Sri-Lanka whose per capita incomes are less than that of the Philippines achieved very high annual percentage reduction in the incidence of poverty. Data on the absolute number of poor are quite interesting. Only Indonesia and Singapore were able to

reduce by more than half the total number of poor during the indicated periods. The rest experienced an increase in the absolute number of poor. For the past three decades, Thailand's number of poor increased only by one million. In contrast, the number of poor in the Philippines increased by almost eight million in the same period if the old methodology of determining poverty incidence were used.

The Philippines compares well with Malaysia, Sri-Lanka and Singapore in terms of the income share of the lowest 40 percent of households during the period 1985-1989. In terms of the Gini Index for the period 1975-1988, the Philippines' income inequality is comparable with that of India, Malaysia, Sri-Lanka, Singapore and Thailand. Some qualifications are needed in this comparison. Although income inequality is high in Malaysia, Singapore and Thailand, it is not worrisome considering that their poverty incidence are low. Although rapid economic growth in these countries had regressive effects on income distribution, nevertheless it succeeded in pulling incomes of a great majority of people up above the poverty line. However, in the case of the Philippines, India and Sri-Lanka, both come in inequality and poverty incidence are high. It would be difficult for these countries to reduce poverty

incidence through rapid economic growth than if income were more equally distributed.

*B. Macro Indicators of Poverty*

Economic activity as reflected in per capita income determines to a great extent the standard of living. Although the Philippines' per capita GNP was higher than many Asian countries, it was the only one that declined during the period 1981-1991. Thailand's per capita GNP which was only half that of the Philippines in 1981 increased fivefold during the indicated period such that by 1991, it was already double that of the Philippines'.

The Engel coefficient (share of food in total expenditure) could also indicate the extent of poverty. Low income households usually spend a higher proportion of their income in food than high income households. In 1991, the Philippines had the third highest Engel coefficient among selected Asian countries. On the average, Philippine households spent 51 percent of their income on food.

Nutrition is another indicator of poverty. That is because the poor are likely to have insufficiency of per

capita food intake. Three indicators, namely caloric intake, protein intake and fat-oil intake, which are regularly monitored by the Food and Agriculture Organization (FAO) for a number of countries are used to measure per capita food intake. It is indeed difficult to compare these nutritional indicators across countries because the sufficient level of nutrition could vary according to climatic conditions. Mizoguchi (1990) pointed out that Japan's 1980 level of nutrition was sufficient to maintain good health and suggested that 80 percent of it could be used as a cut-off point for other Asian countries. Three countries, namely Bangladesh, India and Thailand barely satisfied the required caloric intake. In the case of the Philippines, its caloric intake was well above the required caloric intake. However, two other indicators, namely protein intake and fat-oil intake, show that nutrition levels in most countries including the Philippines were not adequate. Only Korea and Singapore exceed the cut-off point for both indicators. In the case of Malaysia, its fat oil intake exceeded the cut-off point but not its protein intake. Philippines' protein intake and fat-oil intake were the fourth and the third lowest, respectively, among selected Asian countries.

In summary, the Philippine poverty situation is below average among selected Asian countries, but certainly not the worst. The severity of the instability of the Philippine economy in the 1980s exacted a heavy toll on the poor. While other countries also encountered some instability in their economies in the 1980s, they were less intense and therefore caused only slight negative effects on poverty compared with that of the Philippines. The biggest concern is the very little success achieved by the Philippines in reducing the incidence of poverty. Its performance in this aspect can be compared with that of India and Pakistan but not with its neighboring ASEAN countries, except Malaysia which had much lower poverty incidence to start with.

C. *Factors Contributing to Poverty*

Some factors contributing to poverty are common among selected Asian countries included in this study. In general, economic growth and income inequality have much to do with poverty. Indonesia and Thailand, which achieved phenomenal economic growth since the second half of the 1980s, were able to substantially reduce their poverty incidence. The more equal income

distribution in Indonesia compared to the rest of the selected Asian countries including the Philippines could not have helped in the substantial reduction of poverty during periods of rapid economic growth. In contrast, the Philippines, India and Pakistan found it difficult to reduce poverty due to the sluggish growth in their economies. But this is not to say that low income countries are going to suffer more fully from the effects of poverty. Fiscal policy could be used to soften such effects by allocating more government resources to the social services. For instance, Sri Lanka which has per capita income lower than that of the Philippines, Thailand and Indonesia has both lower infant mortality rate and fewer number of years of life per 1,000 people because of its long-standing support for the social services.

Since majority of the poor people in most of the selected Asian countries reside in rural areas, the performance of the agricultural sector determines to a large extent the overall poverty situation of a country. The Philippines lags behind in this area. Its agriculture sector grew only by an average of 2.1 percent per annum in the 1980s, less than that of Bangladesh (2.9%), India (3.4%), Indonesia (5.3%), Malaysia (3.5%) and Thailand (2.5%) for the same period.

The Philippines has the lowest ratio of public expenditure for agriculture to total public expenditures and gross domestic product among ASEAN countries (David 1991). It has also the lowest ratio of expenditure for agricultural research to gross value-added in agriculture among Asian countries (David, et al. 1992). Together with distortionary marketing and price policies, these two factors largely accounted for the poor performance of the agriculture sector in the Philippines compared with other Asian countries.

#### IV. REVIEW OF GOVERNMENT SPONSORED POVERTY REDUCTION STRATEGIES

##### A. *Poverty Alleviation Strategies: 1970 - 1991*

During the Marcos years, national development was initially measured in terms of economic growth. Benefits to the poor in terms of employment and increased incomes were expected to follow naturally as the country achieved economic stability. But the goal was not achieved and poverty incidence continued to increase. This failure was mainly due to the fact that the resources poured into the highly capital intensive investments did not generate enough jobs.

Between 1971-1977, the Marcos Administration shifted its goal towards achieving growth with equity. This redirection was precipitated by the growing political and social unrest brought about by the widening income gap between the rich and the poor. To respond to the growing insurgency problem in the countryside, the government embarked on massive rural development programmes. In addition to regular programs and projects implemented by government line agencies, there were seven Integrated Area Development (IAD) Projects costing P6,675 million implemented in selected depressed areas, namely: Mindoro, Samar, Cagayan, Bohol and Zamboanga

del Sur. The IAD Projects were envisioned to accelerate rural development in the identified depressed areas such that socio-economic inequities are reduced, and at the same time, growth objectives were attained. Although poverty alleviation was considered a major objective of IADs, its benefits were not exclusively for the poor. The IAD implemented projects were multi-sectoral in nature, centrally managed and composed of several components and types of interventions. The projects were infrastructure-led rather than social service-based, serving not only the poor but also those belonging to higher income levels.

The IAD Projects likewise failed to meet their targets. Families living below the poverty threshold increased from 56% of total population in 1971 to 64.3% in 1975.

The growing economic and social inequity made the government realize that human resource development should be given equal attention and importance if the standard of living of the Filipino poor were to be improved. In 1978, the government created the National Manpower and Youth Council (NMYC) in its efforts to equip its people with the necessary skills for them to avail of better employment opportunities. Between

1978-1982 half a million Filipinos were given vocational and technical training. The government also pushed for labor-intensive industrialization during this period. Programmes for the development of cottage, small and medium-scale industries were launched. Livelihood generating projects were supported through the Kilusang Sariling Sikap (KSS). These policies and thrusts coupled with a fairly favorable investments climate including the opening of the labor market in the Middle East were expected to solve the employment and unemployment problems and, in turn, improve the poverty situation in the country. However, the country found itself in crisis.

The Aquino administration kicked off with a nation wide programme designed as a pump-priming mechanism to trigger the sluggish post-Marcos economy. The Community Employment and Development Program (CEDP) was targeted to ease the unemployment problem in the rural areas through public works, construction and infrastructure projects. The program was considered a success vis-a-vis its objectives. It was able to generate around 800,000 jobs in the rural areas. Prior to CEDP implementation, information (gathered from a survey of 11,086 programme beneficiaries) indicated that: (1) 58% of the rural poor were unemployed before the program;

(ii) 53% had incomes below the subsistence level; (iii) 82% had family incomes below the poverty line; and (iv)

86% had incomes below the minimum wage set by the government.

The Aquino government made four important contributions to the attainment of poverty alleviation. One, democratic processes were reinstated during this period. Second, the Comprehensive Agrarian Reform Program (CARP), considered to be Aquino's centerpiece, was implemented. CARP was envisioned to generate substantial employment and increased productivity in the rural areas, thus bridging the income gap between the poor and the rich. However, CARP implementation suffered setbacks due to, among others, resistance from the landed elites and corruption in the government. Third, non-government organizations (NGOs) considered as government adversaries during the Marcos years, were now given a major role as government's partners toward poverty alleviation. Fourth, Republic Act No. 7160 or the Local Government Code of 1991 was approved and made into law. The law which grants autonomy to local government units is expected to propel the country towards the attainment of economic growth, social justice and equity. In addition to all these accomplishments,

the government also released a substantial amount of money to finance income generating projects undertaken by the poor.

The following assesses the reach, adequacy, and efficiency of various poverty-alleviation programs of the government, particularly in the areas of health, nutrition, family planning, housing, education, livelihood, agrarian reform, and agriculture.

Health and Sanitation. Public health focuses on five impact programs relating to tuberculosis, schistosomiasis, malaria, diarrhea and maternal and child care. This is part of an approach to emphasize primary health care (PHC), a trend since 1980. Nevertheless the gains are not as widespread as they could be owing to the poor distribution of health facilities and personnel in the country. For example, only 25 percent of all barangays in 1990 had health stations. Other complicating factors are: poor training of barangay health workers especially in the preparation of volunteers; peace and order; delays in the procurement and delivery of medicines and supplies. The solutions proposed and attempted involved decentralization beginning in 1987, area-based planning and coordination with local government units. Part of

the effectivity of this approach was seen in the success of the Expanded Program on Immunization since 1989.

**Nutrition.** The Philippine Food and Nutrition Program implements the following scheme in an integrated manner: food assistance to preschoolers and school children; nutrition and health services related to nutrition (micro-nutrient supplementation, deworming, potable water systems, etc.); information on nutrition; incremental food production; income generating projects; and growth monitoring and projection. The program has performed well according to its own targets, but these targets themselves are bit particularly ambitious; a less than 1 per cent annual reduction in the prevalence of underweight preschool and school children; a 1.5 percent annual increase in the number of households with adequate food.

There is also some question as to whether the targeting method now used actually reaches the poor, or whether the implementation is sufficient exclusively to benefit the poor. The rapid turnover and shortage of personnel, and the lack of planning and project development skills in the field delay the expansion of

the program. Only 28 per cent of barangays is covered by the implementing and coordinating arm of the NNC at the field level. Other problems are peace and order and the lack of inputs, especially for income-generating projects.

**Family Planning.** The low prevalence of family planning is attributable to the severe shortage of trained service providers, especially after the program lost direction and emphasis under the past administration; inadequate support in the form of contraceptives and medicines; poor monitoring and supervision of family planning activities; and lack of advocacy.

**Housing.** The bulk of the National Shelter Program's resources target the relatively well-paid employees in the formal sector. The components of the housing program potentially relevant to the poor are also the slow-moving ones, namely the social housing program, where the government directly constructs houses for the poor, and the community assistance program (CAP), under which the government provides security of tenure to residents of blighted and depressed areas. The Community Mortgage Program under CAP is a promising concept which has flagged owing to lack of financing and

poor implementation. There is need to coordinate the provision of housing for the poor with income-increasing activities in order to increase collection rates.

Education. The basic needs which the education sector seeks to address are: early child care and development; elementary education; literacy; and continuing or adult education, all of which are embodied in the Education for All (EFA) plan of action adopted in 1990. The plan is noteworthy for its pro-poor orientation, its community based innovative education approaches, and the introduction of an alternative learning system. Unfortunately, however, this plan has only been implemented in a limited manner.

The main reason is that budgetary constraints have prevented even the attainment of the traditional mandate which is formal education, and the completion of elementary education with budgets for public tertiary and now secondary education. 27 per cent of barangays do not have an elementary school, while elementary schools in 35% of barangays are incomplete and the ratio of pupils to elementary school teachers is very high. The nonformal aspects of the program have suffered correspondingly. Only 37 per cent of barangays have day care worker as of 1992. Innovation such as functional

literacy programs and alternative learning systems are cheaper than the formal system, not exceeding P900 per learner, as against P2,255 per elementary pupil.

Apart from budgets, however, other factors are the development of materials appropriate to an area's language and culture, manpower and national support. The bias of the government is again shifting towards more costly formal education. This was seen in the decision to provide free universal high school education and the recent proposal to add another year to elementary or high school, as well as in proposals to provide financial assistance to tertiary schools. Not one of these proposals is exclusively pro-poor.

Livelihood - the government's interventions through various livelihood programs, often of a subsidized nature, has always been a major source of contention between those who regard it as countenancing inefficiency and those that regard it as a necessary intervention in behalf of the very poor. As it turns out they are both right. Existing livelihood programs fail the test of exclusivity -- they do not cater solely to the poor, and therefore the rationale for subsidization falls on its face. A study of 56 programs implemented by various agencies showed that

they aimed more to develop entrepreneurs than to alleviate poverty. The failure to target the poorest of the poor (sometimes also found among NGOs) may stem from the imperative to choose financially less risky projects. The conclusions of a recent ADB report evaluating three major government credit programs suggest that one, government agencies' lack of comparative advantage in the direct provision of credit; two, the absence of control over managed funds led to problems with implementation; three, wholesale lending through NGOs was more efficient; and four, decentralized decision-making facilitated the flow of funds to the beneficiaries.

*C. Limitations and Weaknesses in Government Sponsored Poverty Alleviation Programs*

The difficulties and weaknesses of government sponsored poverty alleviation programs stem from the following:

- a. Financial repercussions of debt crisis have cut severely into the government's ability to expand the social and economic sectors.

- b. The lack of basic integrated framework from which to base the targeting of groups and the delivery of services. Existing poverty alleviation programs do not constitute a consistent and systematic response to the problem of mass poverty. Different local agencies have initiated their own poverty alleviation programs to fulfill different mandates using their own priorities, standards, and methodologies. This resulted in (a) a highly sectoral approach to poverty alleviation tackling one problem at a time, instead of a more holistic approach as one problem tends to interact with other problems; (b) the proliferation of parallel structures for poverty alleviation having different target groups and timing of intervention; (c) difficulty in coordination, duplication of efforts, and wastage of resources at the field level and (d) difficulty in pin-pointing accountabilities and responsibilities for poverty alleviation.
- c. As consequence of and/or in addition to the lack of an integrated framework for poverty alleviation, there has been no systematic monitoring and evaluation of poverty alleviation programs on a national, community, and household level. Timely

and accurate information at the field level is often not available. Progress monitoring and evaluation has been limited to the agency level, but little has been done to evaluate the impact of actual interventions.

d. Government services and programs hardly reached the poor. In most instances, resources intended for the poor had been diverted to finance other projects, or have been availed of by the non-poor. This was due to:

- lack of a common understanding and definition of who the poor are
- lack of measurement standards and inadequate targeting mechanisms to isolate the poor from the non-poor.
- non-segmentation of the poor. The poor have always been regarded as a homogeneous group. On the contrary, the poor are composed of heterogeneous groups with differentiated needs and capabilities. Interventions should vary from group to group and from area to area.

e. Non-Sustainability of Poverty alleviation Programs. Whatever gains that were achieved by successful poverty alleviation programs were not sustained over time due to the lack of a capability building component in the program design. Target groups were not empowered to participate in the planning, implementation and evaluation of programs designed to address their needs. Strong participating organizations composed of the poor themselves were not developed such that they could not protect their own interests, claim for entitlements and develop linkages to ensure resource flows. Due to the highly sectoral approach to poverty alleviation, target groups failed to acquire the necessary economic skills to develop their asset base and pay for the goods and services they need to improve their condition; organized at local levels to manage their respective groups and organizations for relationship-building and distribution of economic benefits that are expected to accrue to them; technical skills to acquire and make use of technologies that can benefit themselves as individuals and as groups; and value formation and spiritual development upon which to anchor their development efforts.

f. Structural problems in the Implementation of Poverty Alleviation Programs. Despite decentralization of powers and authorities with respect to the implementation of most PAPs, very limited autonomy and flexibility were actually given to the field workers. Field personnel were, therefore, unable to take quick, on-the-spot decisions to respond to the highly dynamic situations at the field level. In addition, rules, regulations procedures, and the bureaucratic culture of taking orders from the top or the head/regional/provincial officer also hampered operations. The majority of the PAPs implemented so far were conceptualized, designed, and controlled at the top. Local planning bodies were made to participate only in the identification of problems, needs, priorities, and aspirations of the people in the locality. They functioned as sources of information and data needed by central bodies for decision-making and monitoring purposes. The bulk of trained technical government personnel were stationed at the central or regional offices. There was scarcity of technically capable staff at the field level where they are most needed. The lack of coordination and cooperation among different line agencies involved in

development work resulted in overlaps, duplication and confusion among the program/project implementors and the beneficiaries themselves. The government bureaucracy was unable to respond to changes in the environment even as innovative program designs have demonstrated better ways of doing things. The same systems and procedures found to be ineffective still operate within the bureaucracy. For example, despite documentations which support the argument that the holistic approach is a far more effective mechanism to combat poverty, most government sponsored PAPs are still sectoral in nature. Monitoring is still task/activity-oriented instead of client/impact oriented. As a result, the government continues to be inefficient and ineffective.

- g. Development of the poor was generally treated as a technical rather than a transformational process. Poverty is regarded as the inability of the poor to produce enough goods for their own survival. Most government development interventions, therefore, focused on the delivery of technical skills and inputs. An analysis of the situation of the poor, however, reveals that social structures and forces also hinder the poor from

integrating into the mainstream of development processes. The majority of the poor still do not have access to government.

They are still at the mercy of the traders and usurers who control the prices of production inputs and the produce. Because an analysis of this nature is not undertaken at the planning stage of most of government initiated PAPs, the poverty problem is not fully addressed. The transformation of the poor into non-poor requires sustained effort at various levels. At the individual/family level to develop self confidence, self esteem and a sense of being in control of their lives; at the group/organization level so that it can work for the interest of the poor; and at the national level to ensure that macro-policies and appropriate delivery systems are in place to ensure the poor's increase in income and access to basic social services.

## V. PHILIPPINE ALLEVIATION IMPERATIVES

### A. *Areas of Intervention*

Given the extent, characteristics, trends and factors contributing to sustained high incidence of poverty in the Philippines, and the continuing marginalization of particular segments of the Philippine population, it is imperative that the twin goals of Philippine poverty alleviation strategies be the attainment of sustained economic growth and the achievement of a more equitable distribution of control and ownership of productive assets and access to basic social services.

In the Philippines, the reduction of over-all poverty incidence can be addressed only in the context of sustained aggregate economic growth to generate new investments and create jobs for the poor. The continuing marginalization of certain segments of the population can be arrested through interventions directed only at the poor. Furthermore, in a country where there is very little government resources to speak of, ensuring that resources intended for the poor are availed of only by them and are not hijacked or diverted

to the non-poor is a pre-requisite for a mass based poverty alleviation strategy.

There are various levels in which government, non-government organizations and people's organization may intervene.

The first is at the level of policy typically by national government agencies both macro economic and sectoral. At this level, NGO and PO participation is largely to influence policy, either by direct participation or by outside lobbying.

The second is at the level of design and management of particular programs representing direct efforts at poverty alleviation. Local government units, NGOs and POs may directly participate in all aspects of programs and projects implementation. This paper proposes a sectoral, area and target group specific approach to such interventions within the Minimum Basic Needs approach as a necessary interrogative framework for measuring poverty incidence, ranking priority areas, setting quantifiable targets, monitoring progress of implementation and evaluating impact of poverty alleviation strategies on over-all national poverty incidence and the transformation of specific groups of the population to becoming non-poor.

1. At the Macro Economic and Sectoral Levels

a) Build the capacity of the National Government to revive, sustain, and finance economic growth over the long term. This can be done by reducing budget deficit and increasing revenues through more efficient tax collection and by mobilizing savings and revenues for private and public investments. The Presidential Commission to Fight Poverty recommends specific courses of actions, some of them are:

- o Imposing high effective rates on land (idle lands) and other real properties, luxury consumption items, use of natural resources, stiffer penalties for pollution.
- o Closing down unprofitable business ventures i.e., National Food Authority, etc.
- o Encouraging investors by reducing interest rates to borrowers and raising the interest rate on savings. This can

be done by reducing unnecessary impositions on financial transactions such as the gross receipt tax and by allowing free entry and competition among banks.

o Continuing reforms that will compel large monopolies and protected sectors of the economy to become more competitive globally and reduce biases against small and medium industries through:

- tariff restructuring and replacement of import restrictions with tariffs as a tool to discipline domestic monopolies and to reduce the costs faced by small and medium sized firms.
- more liberal foreign investment rules
- passage of an anti-trust law
- formation of a body to monitor monopolies and ensure competition

b) Develop economic activities that are accessible to those who are poor and at the same time, efficient and productive enough to yield a better incomes.

o In Industry, promote more labor-intensive industries with high domestic value-added, expand potential and stronger links with agriculture, particularly food processing.

Sustainable poverty alleviation activity can be attained only if the poor, who are mainly in agriculture related activities are engaged in productive employment in the economic mainstream.

o In agriculture, Policies consistent with efficiency to improve services for agricultural products and lower prices for agricultural inputs must be pursued. These include the use of variable tariffs for agricultural imports and lower tariffs for inputs to agricultural production. the promotion and diversification into products that have higher value, use more labor and which

makes more efficient use of land should likewise be encouraged.

Enlarge the scope and coverage of agricultural research, extension services and training in agri-based livelihood activities. Widen the reach of the operations and interventions of such agencies as the Department of Science and Technology, Technology and livelihood Resource Center, the Design Center Philippines, etc.

- c) Improve the access and delivery of services to the poor. Ensure adequate national and local government funding for specific service sectors such as education, health and housing especially in the light of devaluation. Review the current system of allocation of the Internal Revenue Allotment (IRA) to local government units based on poverty incidence and levels of deprivation of the target population.

- 1. In Education, the emphasis should be to concentrate on improving the survival or

completion rates in elementary schools, improving the quality of education, and setting up and implementation of a far searching program for vocational and non-formal education to address the needs of schools children and youth. The devolution of non-formal education to local government units should likewise be considered.

2. In Health, the refocusing of health and nutrition expenditures on better primary health care and more efficient hospital services should be the priority. The provision of family planning services should continue to be emphasized.
3. In Housing, refocus expenditure priorities of the National Shelter Program to cater to the needs of the poor especially through social housing production (delivery and actual construction of low income housing units) and community assistance program (provision of security of tenure to the urban poor).

4. In Infrastructure, concentrate efforts on those that would reduce poor communities' isolation, increase productivity, improve proximity to markets and social services, and the construction of potable water system.

d) Broaden the base of asset ownership and access to and control of the country's national resources and business enterprises.

1. Protect the gains and accelerate implementation of the Comprehensive Agrarian Reform Program.

2. Proclaim tribal lands as ancestral domain in favor of tribal communities b) accelerating the disposal of alienable and disposable public lands by the DENR, and by imposing a stiffer progressive tax on large landholdings to push down prices and encourage voluntary offers to sell.

3. Revive Rural Finance by coursing it through the Land Bank and rural banks

lending wholesale to cooperatives and NGOs who should then retail the credit to farmers and people's organizations at market rates.

4. Consolidate all resources for the core poor, monitor their usage, and evaluate their impact on the transformation of the poor to non-poor.
  5. Continue reforms in the dismantling of monopolies and privatization of government owned and controlled corporations.
  6. Enable small savers to purchase stocks certificate of public and privately owned for profit corporations.
- e. Strengthen democratic institutions and broaden the base of citizen participation in democratic processes.
1. Given the highly inegalitarian society in the Philippines, the concentration of both economic and political power to a

few families, "changing the power equation requires the organization of a countervailing force (UNDP 1993)."The Philippine poor, however, like their counterpart in other countries, has remained unorganized and have been "passive onlookers of events". Participation in elections has done little to increase people's control over their lives. Policies have been formulated and programs designed and implemented with very little consultation or no participation at all from the target poverty groups. Hence, government continue to promulgate anti-poor policies and programs.

The Legislative, the Executive Branch and the Judiciary continue to be plagued with problems of corruption inefficiency and ineptitude.

To broaden the base of citizen participation especially among the poor, massive organizing and capability building efforts must be undertaken

starting from the communities where they live up to the national level. But since economic empowerment is a pre-requisite to effective citizen participation, there cannot be true participation unless the poor area able to address their survival and security needs. For this to happen, a whole set of interventions as enumerated in this report, has to be undertaken by the government, non-government and People's Organizations alike.

2. At the Area (provincial and municipal, regional) levels. A closer look at the areas with the highest incidence of poverty revealed the following situation which must be addressed if economic growth were to be pursued within the context of improving the productivity, incomes and quality of life of particular target groups (PCCD, 1993):

- o Degraded Resource Base
  
- o Food Insufficiency

- o Dependence on low value crops and traditional means of cultivation accounting for low land and labor productivity
- o High levels of malnutrition and illiteracy rates
- o Inadequacy of social and economic infrastructures resulting in the relative isolation of low income communities and groups
- o Incapacity to meet provincial expenses and development costs without budgetary support from the national government. Internal Revenue Allotments (IRA) constitute the single biggest form of income in all areas where poverty incidence is highest. The following are the development imperatives:
  1. Embark on a massive infrastructure program in roads and sports, power, irrigation, storage facilities and

communication, directed primarily at the rural areas and alternative urban centers. This serves the twin purposes of providing access to incomes and proximity to social services. Concentrate infrastructure in areas with the greatest capacity to provide jobs to neighboring provinces, i. e., those with highest economic potential.

2. Conserve and manage natural resources by entrusting these to their communities, formulating and implementing policies on resource use: and by imposing higher taxation on the use of natural resources and on pollution.
  - o Raise land taxation and license fees for pasture and mangrove leases, together with increased forestry charges.
  - o Promote more stewardship agreements with municipal

fisherfolk communities and upland farming communities to use, conserve or restore marine and upland resources.

- o Strictly enforce laws on municipal fishing. Amend fishery laws to prohibit fishing activities by foreigners in Philippine waters; to extend the limit of municipal water to 15 nautical miles; to prohibit dynamite fishing and defer the use of purse siene.
  
- o Promote the implementation of the sloping agricultural upland technology and other technologies for the sustainable management of resources.
  
- o Enunciate a policy to use materials alternative to wood in the construction of low-cost housing and government

infrastructure to protect forest resources.

3. Strengthen the refocusing of health and nutrition expenditures on better primary health care.

- o Strengthen the monitoring of health and nutrition status at the community level as part of the MBN approach in order to identify particular health and nutrition needs among poor communities.

- o Establish more medical facilities and day-care centers at the level of barangays. Deploy more health workers and equipment especially in rural health units and district hospitals by substituting trained health workers and midwives for doctors and nurses.

- o Encourage POs, NGOs, and cooperatives to implement health-care services. Use community-generated funds, company health benefits, and where feasible direct patient resources to defray part of the costs of health care and wean hospitals away from subsidies.
- o Lower the cost of medicines by promoting information on generics and the use of herbal medicines; increase support for free medicines among target indigent populations.
- o Emphasize micronutrient supplementation programs to reduce particular deficiencies.
- o Conduct community level training and education in health, sanitation, infant and child care.

4. Shift to high value crops, to diversify land use and move towards agro-industrialization. The PCCD lists down the following critical and strategic industries:
- o Vertically and horizontally integrated rice/corn industry
  - o Vertically and horizontally integrated livestock and poultry industry
  - o Multi storey, multi-cropping in coconut lands
  - o High value vegetable and fruit production and processing
  - o Dairy
  - o Prawns, fish and seaweeds growing and processing
  - o Industrial Tree Plantation/Social Forestry
  - o Cutflower

- o Wheat processing facilities for small procedures in extractive industries
  - o Agricultural machinery, tools and equipment
5. Broaden the ownership and base of local economies through the organization and promotion of cooperatives, livelihood associations and collective enterprises linked with both government and business firms for technology, marketing and various forms of technical assistance.
  6. Provide the poorest of the poor greater access to specialized credit sources and social preparation required to become bankable.
  7. Massively build the capability of the poor and enable them to join the mainstream of development.

Capacity building of the poor maybe considered as consisting of several

inter-related components and processes  
as follows:

- a. Building a knowledge base to support the actions: a) by a critical examination of the socio-economic reality in which the people live; and b) by obtaining access to useful and relevant information and knowledge from outside.
- b. Building participatory organizations over which the poor have effective control and which they could use as instruments of action for bringing about change.
- c. Mobilization of own resources for the initiation of actions for change.
- d. Acquisition of technical and managerial skills.
- e. Assertion of legitimate entitlements and obtaining access to

resource flows from outside:  
improvement of bargaining power and  
claim making and receiving capacity.

- f. Capacity to sustain the development initiatives on a self-reliant basis: interaction between consciousness and economic benefits, learning from action-reflection, evolution of broad-based action programmes, generation of internal cadre skills and linkage building.

The role of an outside agent is basically to assist the poor to build the above capacities through a careful process of interaction with them, that is, by operating as animators, facilitators, change agents, catalysts or community organizers (as previously described) and using a non-dominant and non-bureaucratic mode of interaction.

8. At the design and Management of Targeted Poverty alleviation Programs. Successful poverty alleviation programs as discussed in previous sections of this report is anchored on the proper identification of who the poor are, where they live, how they live, reasons for poverty, viz the list of specific interventions addressing the needs and capabilities of the particular target group. As such, it is imperative that the design of poverty alleviation process be specific to each poverty group and the varying levels of their deprivation. As the first step, distinctions between the core/subsistence poor (those who are unable to buy even the minimum food requirement for a family of six) must be made from the less poor. Targeting mechanisms and procedures must therefore be put in place to make the process possible. There should likewise be a clear differentiation between resources meant for the non-poor (e.g. entrepreneurial development and credit

for agribusiness) and those meant exclusively for the poor.

Targeting mechanisms followed by some groups include the administration of a means test (average asset holding of households, including households applications, tools, working animals, etc.) applied by Grameen Bank replicators, and the procedures recommended by the Presidential Commission to Fight Poverty.

The design of Poverty Alleviation Program must therefore provide for the following:

- a. Asset build up and accumulation by target groups through savings mobilization schemes.
- b. Establishment of strong participatory organizations among the poor themselves which can be used as effective instruments for action and change, through

organizing and sustained capability building activities.

- c. Vertical and horizontal linkages of community groups among themselves or with other groups in the area to present a unified and strong force viz existing power structures. Non government and Peoples Organizations may intervene by directly a) providing basic services to the poor, b) assisting the poor in obtaining adequate income, either through employment or enterprise formation, and c) assisting the poor in developing their capacity for self reliance and integration it on the mainstream of development. The convergence of programs and services for the poor must happen to avoid duplication of services, wastage of resources and problems in coordination among government agencies, non-government organizations and people organizations.

B. *Key Success Factors in the Design and Management of Poverty Alleviation Programs*

Given the Philippine government's experience in implementing poverty alleviation programs, including an assessment of their weaknesses, it may be wise to look at the experiences of other countries and abstract the critical elements necessary in addressing the needs of specific disadvantaged sectors.

A review of the experience, including the failures and success of past poverty alleviation programmes, as well as the result of the regional dialogue conducted by the Asia Pacific Development Centre in 1991, revealed that poverty alleviation programmes can be designed, developed and implemented to directly benefit the disadvantaged groups. The design of a programme is important in that it is the very basis on which hinges the success of achieving its objectives. Some of the critical elements in the design of poverty alleviation programmes based on successful government and voluntary agencies' experiences are the following:

1. Exclusivity - successful PAPs are exclusively design for the poor. The poor are disadvantaged and powerless. All things being equal, there is

no way that the poor could compete with the rich who are normally educated, moneyed and well connected in tapping available resources and opportunities. The poor must, therefore, be isolated or, to put it bluntly, protected from the exploitative and selfish nature of the rich if we are to alleviate their condition.

2. Targeted - successful PAPs are targeted at the poor. Studies and researches show that the poor is not a homogeneous group. There are sub-sectors based on the type of livelihood activity engaged in, gender, age, income level, etc. Each sub-group has its unique features and characteristics, needs and wants, hopes and aspirations. Successful PAPs are designed in such a way that these factors are taken into consideration; thus, interventions are more appropriate, responsive and, on the part of the client, appreciated.
3. Beneficiary Identification - successful PAPs adopted the participatory approach in beneficiary identification. Identifying who the legitimate PAP beneficiaries are crucial activity which can make or break the programme. As early as the planning stage, successful PAPs have already clearly defined

the criteria and system that will be used in selecting the programme beneficiaries. At the field level, the formulated guidelines are strictly adhered to. In addition, successful PAPs are those which adopted a participatory, open and transparent system of beneficiary identification.

4. Direct Attack on Poverty - Successful PAPs directly attacked the problem and causes of poverty. The main focus of successful PAPs is economic development. Social and infrastructure projects in successful PAPs are included but play a supportive role in the attainment of the development objectives. However, even in economic intervention, the identification of the type of activity is very important. The activity must enable the beneficiaries to increase their real incomes on a continuing and on-going basis. It must also enable the beneficiaries to acquire capital, assets and skills.

In addition to the accurate identification of economic activity for the poor, successful PAPs also provide minimum backward and forward linkages for the anchor economic activity at least in its initial stage. This is important to strengthen the

poor against the exploitation by the rich who have greater control over the factors of production.

5. Long-term Intervention - successful PAPs are not one-shot deal programmes. Poverty alleviation is a long tedious process. it is too much to expect the poor to be self-reliant and to be economically viable after one or two rounds of financial assistance and after a couple of training. The poor are usually people who were born with barely nothing in terms of assets to call their own. Through the years, they have developed a culture of silence and ignorance, an overnight success is, therefore, next to impossible.
  
6. People's Participation - successful PAPs solicit beneficiary participation at all stages of the development process. Sufficient flexibility and freedom is given to field personnel such that the decisions of the beneficiaries are considered in the day-to-day operations of the programme. Field implementors are encouraged to be innovative to make the programmes more responsive to the needs of its beneficiaries and, therefore, more effective. On the other hand, close monitoring,

validation and assessment are done to ensure that objectives are met.

7. Quality Performance - successful PAPs demand a high level of performance from their beneficiaries. Programme beneficiaries have a clear understanding of what the programme is all about: its vision, mission, and objectives. They are very much aware of the benefits that they will get as well as the responsibility and accountability that go with such benefits. Discipline is the key word for both program implementors and beneficiaries.
8. Capability-building - successful PAPs have some mechanisms to empower the poor. The programmes have strong information and education components which equip the poor with the necessary skills, knowledge, attitude, awareness and conscientization that would enable them to build up the strength to crack the bondage of poverty.
9. Delivery System - successful PAPs have developed unique systems and mechanisms for the delivery of services to the poor. The poor are different in terms of their characteristics, needs and

capabilities. The implementation of PAPs correspondingly necessitates a unique system and mechanism. Because of these, the delivery of poverty alleviation activities are very different from the general types of development programmes. The implementation mechanism of successful PAPS are client-oriented which characterize general or bureaucratic programmes. The design of successful PAPS are tailored to the needs and wants of their beneficiaries and on the physical and political environments where they are implemented.

## VI. A REVIEW OF THE USAID COUNTRY STRATEGY IN THE PHILIPPINES

The review of the current Philippine poverty situation contained in the preceding parts of this report ended in the identification of several pre-requisites and imperatives to achieving poverty reduction objectives in the country. The report's Summary and Conclusion (Section A, Part 6) discussed the need to respond to over-all poverty incidence by pursuing sustained aggregate economic growth and at the same time respond to the needs of specific segments of the poor population by designing programs that target them, are focused only on them, and actually reach them. In the section on Imperatives (Section B, Part 6), specific actions affecting policy and program design were outlined to achieve both ends.

The following assessment of the sub-goals, strategic objectives and program outcomes of the USAID Philippine Country Strategy in terms of its contribution to and impact on the achievement of the country's poverty alleviation objectives shall be done within the framework of the forestated pre-requisites and imperatives.

Sub-goal 1.      *RESPONSIVE DEMOCRACY*

*Strategic Objective 1.1 More responsive selected democratic institutions with greater citizen participation.*

*Outcome 1.1.1. Increased local government resources, mechanisms and models for responsive performance.*

Potential Impact:

USAID's thrust to improve local government capabilities in resource mobilization and other managerial aspects leading to more responsive LGU performance would have a positive impact on achieving poverty reduction aims. The report shows that poverty incidence and levels of deprivation are specific to regions and provinces and therefore could most effectively be responded to from within a local area perspective. With the devolution of basic services to LGUs, it would be incumbent upon local officials to see to it that the needs of constituents, who include the poor, are met. The more capable the LGU is in identifying the area's needs, in planning and designing responsive programs to meet these needs, and in accessing/generating the financial resources to fund such programs, the higher the possibility of reducing poverty incidence and redressing deprivation in terms of minimum basic needs.

Likewise, the strategy of developing the capacities of non-governmental organizations (NGOs) and private voluntary organizations (PVOs) as resources for information and services delivery will benefit anti-poor objectives since these groups have been proven to be effective in such roles.

Limitations:

The USAID strategy is clear on the delivery systems to be used to achieve this outcome: LGUs and NGOs/PVOs. To situate the strategy within the framework of poverty reduction pre-requisites and imperatives, however, it would have to be more specific in terms of (1) identifying an anchor/rationale for the achievement of the outcome (why is the outcome necessary?) and (2) the target receiving systems of the outcome (who will benefit from it?). Once poverty reduction is identified as the anchor, and the poorest segments of the population targetted as the receiving system, the strategies supporting the outcome could then be better analyzed in terms of their poverty reduction impact. The specific weaknesses in the strategy include:

1. Although the strategy specified that it would be working with only a few local governments, it was silent on its criteria for their selection. It would be more in consonance with the findings of this report if such selection used indicators of

poverty incidence levels and levels of deprivation in terms of minimum basic needs since these indicators are most often present in LGUs with severe shortages in resources to fund basic needs.

2. The strategy also failed to state the criteria for the selection of PVOs. This would have certain implications on reaching poverty alleviation targets, especially since, given the distribution of NGOs in the Philippines, they may not be operating in areas where their services may be most needed. Selecting NGOs with poverty-focused experience, skills, and capabilities might also have to be considered considering the specific needs and problems of poor groups.
3. The strategy was silent on the institutions in which it will lodge the delivery of the capability building program.

Outcome 1.1.2. Increased oversight of and pressure for accountability in government

Outcome 1.1.3 Increased NGO/PVO activities for citizen participation

Potential Impact:

1. Efforts to build support for increased accountability in government by raising civic and legal awareness through local organizations will benefit the poor in several, albeit general (in the sense that the poor are members of the total population) ways. Pressure for accountability in government may lead to more efficient public performance in the delivery of basic services. Improved civic and legal awareness would raise the consciousness of the poor in terms of unjust situations and how they can be redressed. An awareness of the purpose of governance may also lead to the poor to becoming more responsible voters, paving the way for political influence once the poor are organized.
- 2 Building on the capacities of NGOs as vehicles to support the needs of the poor would also have a positive impact since these organizations have proven to be effective in this role.

Limitations:

1. The general limitation of the strategies to meet these two outcomes is the lack of identification of who USAID considers as the "citizens" expected to participate in democratic processes. This should be clarified. For example, poor groups

tend to be the most vulnerable to government inefficiency yet they have the least access to forms of civil, socio-economic and legal redress since their disadvantages disenable them to protect their interests. Likewise, the poor are largely unorganized and must first be raised from their present level of subsistence before they can even participate in democratic processes.

Thus, the strategies that must be devised if these outcomes are to be manifested in poor groups must necessarily be different from the strategies that would be used if USAID were targetting the Philippine population in general. Major considerations that would support a poverty focus are (1) the poor comprise half of the country's population and (2) the majority of non-poor are already organized, have the capacities to critically assess their own situations and those in their socio-political environment, and have significantly better access (compared to the poor) to redress when they become victims of bureaucratic injustice.

2. A part of the strategy that might indirectly lead to anti-poor outcomes is the thrust to build and expand NGO networks. Although this may be necessary to consolidate resources and facilitate networking, there is the risk that enlarging structures will lead to centralization of systems which may inadvertently lead in turn to the neglect and exclusion of the

needs and initiatives of the poorest and least influential groups and communities.

*Specific Recommendations to Strategic Objective 1.1*

1. To make the strategy more effective in terms of reducing poverty, USAID should situate efforts to improve LGU performance within the context of addressing the poverty situation exhaustively discussed in Parts 1-6 of this report, thus helping LGUs not only to make a smooth transition to their new role of increased authority under the Local Government Code, but also to highlight the LGUs' direct accountability for improving the living conditions of their poorest constituents.
  - 1.1. Capability Building for LGUs in development planning and program design, environmental monitoring and evaluation, private sector financing and tax administration should be particularly focused on how these activities impact on reducing poverty incidence levels and improving access to basic services to ensure the attainment of minimum basic needs and reducing levels of deprivation among the neediest segments of the locality.

- 1.2. Capability building programs for LGUs and NGOs should incorporate the transfer of tools, measures and systems for identifying the poorest of the poor in terms of who they are, how they live, where they live and why they are poor. Monitoring and evaluation systems for evaluating impact of anti-poverty programs and projects in terms of whether they actually uplift the living conditions of the poor, as well as for conducting time series studies, should also be provided.
2. The strategy should identify the poorest of the poor as the receiving system of the outcomes.
  - 2.1. As a receiving system, the poor themselves must be empowered to participate more meaningfully in democratic processes. This will require massive organizing of poor groups, developing their capabilities to critically assess their situations and the forces which constrain their development, and helping them to actively participate in democratic processes such that they are able to protect their own interests.
  - 2.2. Organizations of poverty groups should be established and linked to the community, municipal, provincial and national levels of the bureaucracy for policy formulation, program design, and monitoring and

implementation of development programs and projects formulated to address their needs.

This would assume that the poor have already been politically and economically empowered.

3. LGU and NGO participants in the activities aimed at achieving USAID's expected outcomes should be well-selected for maximum effectiveness in poverty reduction.
  - 3.1. In the choice of LGUs, criteria for selection should be focused on degree of poverty incidence and levels of minimum basic needs deprivation existing in the area.
  - 3.2. The strategy should identify who within the LGU should be trained. This has implications on developing an efficient and professional bureaucracy screened from political interference.
  - 3.3. In terms of NGOs, selection should be geared towards area-based NGOs working directly with poverty groups. If they work through networks, they should be networks of grassroots people's organizations rather than a network of intermediary organizations since the latter would lack focus in terms of skills orientation, experience and knowledge of the poor's problems and needs. When a

specific poverty group or socio-demographic group is being targetted, the selection of NGOs should be based on that group's experience with and acceptability to the specific group.

4. The strategy should broaden the expected roles of LGUs and PVOs/NGOs to include community organizing and adjust capability building interventions accordingly.
5. The strategy should identify the provider of capability building interventions to LGUs and NGOs and in turn ensure that these providers (whether national in scope like the Development Academy of the Philippines or the Local Government Academy, or area-based academic institutions) have the capabilities, structures, resources and access to poverty-focused development management methodologies.

USAID might also want to consider supporting the offering of short-term development management courses designed for the specific needs of these groups in locally based state universities and colleges which are more directly accessible to them.

*Strategic Objective 1.2: Improved Health and Economic Well-Being of targetted Populations*

*Outcome 1.2.1. Increased utilization of family planning services*

*Outcome 1.2.2 Increased utilization of maternal and child health services*

*Outcome 1.2.3 Improved and developed health care financing mechanisms*

*Outcome 1.2.4 Increased use of AIDS prevention practices*

*Outcome 1.2.5 Increased income opportunities for the disadvantaged through community groups*

Potential Impact:

Programs aimed at improving the structure, administration, administration systems and revenue bases to enhance delivery of health services will have a positive impact on poverty alleviation. Any such improvements should be able to help the poor who are the most vulnerable to health and nutrition problems due to food insufficiency and poor access to potable water and sanitation facilities.

Limitations:

1. Although the strategy states that it will improve targetting

of severely and moderately malnourished children and that it will pursue improvements in maternal and child health care, it is silent on its prioritization schemes in terms of reaching the poorest areas and the poorest segments of poverty groups. Part One of this report and the case studies in Appendices 7-15 bear out that the magnitude and urgency of health and nutrition problems vary from area to area and among poverty groups. Thus, health delivery programs should be focused on worst off areas in terms of levels of income, health and nutritional deprivation. This is especially necessary in the light of devolution. Priority assistance is in order for Region IX, for instance, where both poverty incidence and levels of deprivation in meeting minimum basic needs are severe. In terms of poverty groups, the most physically inaccessible segments of these poor groups (upland farmers and cultural/tribal communities) are often the worst off in terms of health indicators.

2. The major problem in terms of improving health care is not in the quality of the services being provided, but in making sure that the services reach their target beneficiaries. The strategy should, therefore focus more on improving the poor's access to health care by supporting policies and programs that locate more health services facilities and personnel in deprived areas.

3. Restructuring the health care system towards insurance coverage requires full study of insurance availment even by the non-poor. Such a structure might be counterproductive in terms of poverty reduction since it may further exclude the poor from access to care. (Insurance coverage will mean documentary, cash and other requirements which are deterrents to the participation of poor groups).
4. Targetting for disease-specific services like AIDS should consider occupational as well as socio-demographic groupings.
5. The strategy stated that other donors will be involved in providing health interventions, but it was silent on whether such interventions would be coordinated and, if they will be, how and to what extent such coordination will be done.

*Specific Recommendations under Strategic Objective 1.2:*

1. Priority for delivery of improved health services should be areas and groups which are seen to be worst off in terms of health indicators.
2. In terms of health services delivery, focus should not be solely on improving quality, but making the services more accessible to the poorest groups and areas where health and

mechanisms for poverty-focussed targetting of those who need health care most should be transferred to local governments, health workers, and NGOs involved in the provision of health services. Likewise, similar tools, measures and systems for monitoring impact of health delivery should also be installed at each level of the bureaucracy.

3. Outcome 1.2.5 may be better placed under the sub-goal on economic partnership.

*Sub-goal 2: ECONOMIC PARTNERSHIP*

*Strategic Objective 2.1. More Open Market Economy*

*Outcome 2.1.1. More open and outward looking market economy framework*

*Outcome 2.1.2. Deregularization/liberalization of energy, transport and telecommunications sectors*

*Outcome 2.1.3 Supporting sectoral policies for trade and agri-business*

Potential Impact. This subgoal and its outcomes are in full consonance with the need to promote and sustain aggregate economic growth to respond to over-all poverty incidence.

Particularly beneficial to anti-poverty efforts are strategies which aim to privatize grains marketing and the removal of legal impediments to subcontracting. The latter will have a great impact on the upward mobility of micro-enterprises since they have no prospect of graduating to small and medium scales without effective links to big business.

Likewise, trade and agribusiness are the two sectors where the poor are able to participate, since both provide ease of entry due to low capital requirements and low levels of skills.

Limitations. To make the strategies more in tune with poverty alleviation, USAID may want to look into the following:

Outcome 2.1.1

- a. Developing a more open and outward-looking market economy opens the risk that we repeat historical incidences of enabling only those who have the means (in terms of capital, technology, access to information and socio-political and economic influence), to participate in and benefit from the more inclusive market economy framework. A more open economy would be in keeping with global business trends that demand efficiency for increased competitiveness. Achieving efficiency and competitiveness, however, will displace a lot of workers, and would tend to further isolate and marginalize

the poorest sections of the population who lack the skills and education to compete for jobs in the workplace, unless specific strategies and mechanisms are devised to ensure that the poor are able to participate in and benefit equitably from the market system.

- b. The strategy was silent on the structure of ownership of business enterprises that would be encouraged in the open market economy. It is often the case that those who are able to participate in new industries and businesses are those who already have the capital to do so. This would hurt the poor who have neither the capital nor the information and managerial capability to identify and act on market opportunities.

Outcome 2.1.2.

- a. The deregulation of the transport and telecommunications sectors is much required, but because of the concentration of wealth in just a few members of the population, deregulation might promote competition for the monopoly of these sectors among the few families who can afford to invest in new businesses. The strategy is silent on designing mechanisms that would broaden the ownership of these sectors to include the people who actually derive their livelihoods from them. This is especially necessary in the transport sector, where a

number of poor work as drivers or conductors. Broad-based ownership could take the form of service cooperatives.

#### Specific Recommendations for Strategic Objective 2.1:

USAID may consider this report's imperatives for sustained aggregate economic growth in the context of alleviating poverty, as discussed in Section B, Part 6 of this report. Other recommendations include:

1. To ensure that the poor are enabled to participate and be part of the economic mainstream, massive investments in human capital should be made to make them more competitive in the pursuit of job employment and the management of viable enterprises. USAID should consider supporting advocacy for adjustments in the educational system favoring the provision of vocational/ technical training to upgrade the poor's technical and enterprise management skills for those who do not have elementary school diplomas.
2. Since the income-generating activities of the poor are presently in farming, fishing, poultry and livestock, it is necessary that industries utilizing their produce be strengthened (i.e. food processing) and markets for them be developed.

- 2.1. Inter-area linkages of poor groups for production, processing and marketing should be emplaced for economies of scale.
- 2.2. Safety nets should be provided to protect the poor from "exploitative" contract arrangements with big business.

Likewise, labor-intensive industries that have a direct link to agriculture should be promoted. Low-value industries for which the poor only provide low-cost labor, such as garments and electronics, should be discouraged.

*Strategic Objective 2.2: Increased Productive Investment*

- Outcome 2.2.1. Increased private sector provision of goods, services and infrastructure currently or traditionally provided by the public sector*
- Outcome 2.2.2. Increased fiscal revenues and better budgetting for capital and maintenance expenditures.*
- Outcome 2.2.3. Growth in business activity in targeted areas outside the National Capital Region*
- Outcome 2.2.4. Growth and increased diversity in financial and capital markets*
- Outcome 2.2.5. Greater access to suitable U.S. technology in key sectors*

### Potential Impact.

The strategic objective directly responds to the need to reduce over-all poverty incidence by improving national government capacity to revive, sustain and finance economic growth and developing activities both in industry and agriculture that are accessible to the poor yet efficient and able to yield better incomes.

### Limitations.

1. Supporting the privatization of the provision of goods, services and infrastructure is a necessary measure for effecting efficiency. However, the strategy was silent in where these goods, services and infrastructure will be located. Infrastructure, for example, to be supportive of poverty reduction goals, should go to areas with the greatest need for them. Mere support for privatization will not directly redound to improving the poor's quality of life. Targetted and poverty-focused location of goods, services and infrastructure will be necessary.
2. Increasing fiscal revenues and improving the budget system is good, but the strategy is silent on where capital investments will go. Again, the strategy can be strengthened by

rationalizing the direction of investments to areas which need them most.

3. Locating new industries and businesses in the countryside would have a positive impact on the majority of poor populations who live in the rural areas. However, the strategy suffers from the lack of the following considerations:
  - a. Given that most rural areas have no land use plans, businesses might further dislocate fisherfolk and farmers from their resource bases.
  - b. Locating new businesses to the rural areas will naturally encourage massive in-migration to these areas of people seeking to benefit from the industry in terms of employment or as a market for goods and services. If the locality is not ready for a sudden population increase, it would be burdened in terms of providing basic services.
  - c. The availability of jobs in the countryside may not necessarily mean that the poor will benefit from them. This is especially true since the poor may lack the skills required for the type of work required by the industry.

4. Growth and diversity in financial and capital markets will not directly serve the interests of the poor unless strategic adjustments are made which are fit to the limitations of the poor especially in terms of their capacity to save, their low educational level and their non-ownership of assets which can be used as collateral for loans.
5. The use of U.S. technology in agriculture must be well-considered in terms of cultural sensitivity and environmental friendliness.

*Specific Recommendations under Strategic Objective 2.2:*

Again, USAID might like to consider relevant portions of the imperatives for poverty reduction in relation to the pursuit of economic growth found in Section B, Part 6 of this report. Likewise, Specific Recommendations 1 and 2 for Strategic Objective 2.2 would also have relevance to this section. Other recommendations include:

1. Massive capability building should be undertaken for poor residents of rural localities where industries will be located if they are not to be isolated from the development taking place in their areas.

- 1.1 Capability building for poor groups should consider their segmentation in terms of orientations and capacities. For the core poor who prefer only to be re-employed, interventions in terms of improving technical skills will be in order. For the so-called "entrepreneurial poor" who would want to provide goods and services may require additional interventions in terms of credit access and enterprise management training.
2. Planning for the location of industries in the rural areas should fully consider the area's existing land use, and the capacity of the local government to provide basic services to a suddenly increased population. Otherwise, this will only create increased competition for services between the resident poor and the immigrants.
3. In terms of mobilizing savings as investments in productive activities, USAID might like to consider supporting incentives for mobilizing private transfers from overseas contract workers to finance income generating activities run by their families. (Studies show that the OCW sector, of whom a majority of the members come from poor households, is the country's second dollar-earning source, but that the dollar remittances are utilized mainly for consumption purposes and the purchase of luxury appliances).

4. Extractive industries and business activities should be discouraged. If they are at all necessary, part and parcel of the USAID strategy should be the development of safety nets for the areas in which such businesses operate when the industries withdraw after the resources have been depleted.

*SUB-GOAL 3: ENVIRONMENTAL SUSTAINABILITY*

*Strategic Objective 3.1: Enhanced Management of Renewable Natural Resources*

*Outcome 3.1.1 Forest resources conserved and protected*

*Outcome 3.1.2 Coastal resource management leadership provided*

*Outcome 3.1.3 Industrial pollution abatement approaches adopted*

*Outcome 3.1.4 Increased local government unit use of effective environmental planning and assessment*

*Outcome 3.1.5 Reduced population growth*

Potential Impact:

Since the poor depend directly on natural resources for their survival and livelihood, they are the most disenfranchised by the devastation of the environment. Environmental sustainability would, then have a high impact on poverty reduction.

Limitations:

1. Many of the strategies to meet the outcomes under this sub-goal can be incorporated under the LGU-PVO-PO capability building under Strategic Objective 1.1; Outcome 3.1.5 can be integrated with efforts to improve access to health services delivery under strategic objective 1.2; and industrial pollution abatement can be integrated into the policies and strategies to be supported by USAID under Sub-goal 2, and the capability building for environmental monitoring and evaluation under Strategic Objective 1.1.
2. The strategy failed to mention the role of communities and people's organizations in the strategies to promote a sustainable environment.

*Specific Recommendations under Sub-Goal 3:*

1. Coastal and community forest resources should be conserved, protected and managed by communities and people's organizations who depend on such resources for survival. This assumes that efforts are made to organize these communities and groups and provided with interventions in terms of organizational management, resource development planning, implementation and monitoring and evaluation.

2. Since the concern for environmental sustainability should be a pervasively basic one, mechanisms and strategies for promoting and achieving it should be integrated into capability building for LGUs-PVOs-POs in terms of environmental monitoring; and into the screening of new industries and business location and operations policies.
  
3. Imported technologies in the energy, transport and industry sectors that might have a potential effect on environmental sustainability should be discouraged. The promotion of all technologies should depend on their environmental soundness.

## GENERAL RECOMMENDATIONS

Given the complexity of the Philippine poverty problem, and the findings from the review of the *"USAID Philippine Development Plan for 1993-1998"*, the following general recommendations are being forwarded:

1. Consistent with the *"Medium-Term Philippine Development Plan"* and specific Provincial Development Plans, the need to explicitly define the poverty alleviation agenda of the *"USAID Philippine Development Plan for 1993-1998"* is inevitable. The agenda should be comprehensive and should flow consistently from the goal up to the program outcomes.

The word "Development" in the goal statement *"New U.S. - Philippine Partnership for Democracy and Development"* is assumed to encompass poverty alleviation. Improvements should be done in the statement of sub-goals, strategic objectives, program interventions and program outcomes.

2. There are two (2) suggested options for improvement.

### Option 1 - Additional Strategic objectives

The first option suggests that one (1) strategic objective should be added to each of the sub-goals "*Responsive Democracy*" and "*Economic Partnership*". Inevitably, program outcomes should be spelled out for each additional strategic objective. In addition, the program outcomes of the strategic objective "*Enhanced Management of Renewable Natural Resources*" should be rephrased and expanded as results rather than as either interventions or processes. (See framework for Option 1.)

The other features of the existing strategy framework which are not presented in the illustration of Option 1 should be retained, taking into account the specific comments and recommendations.

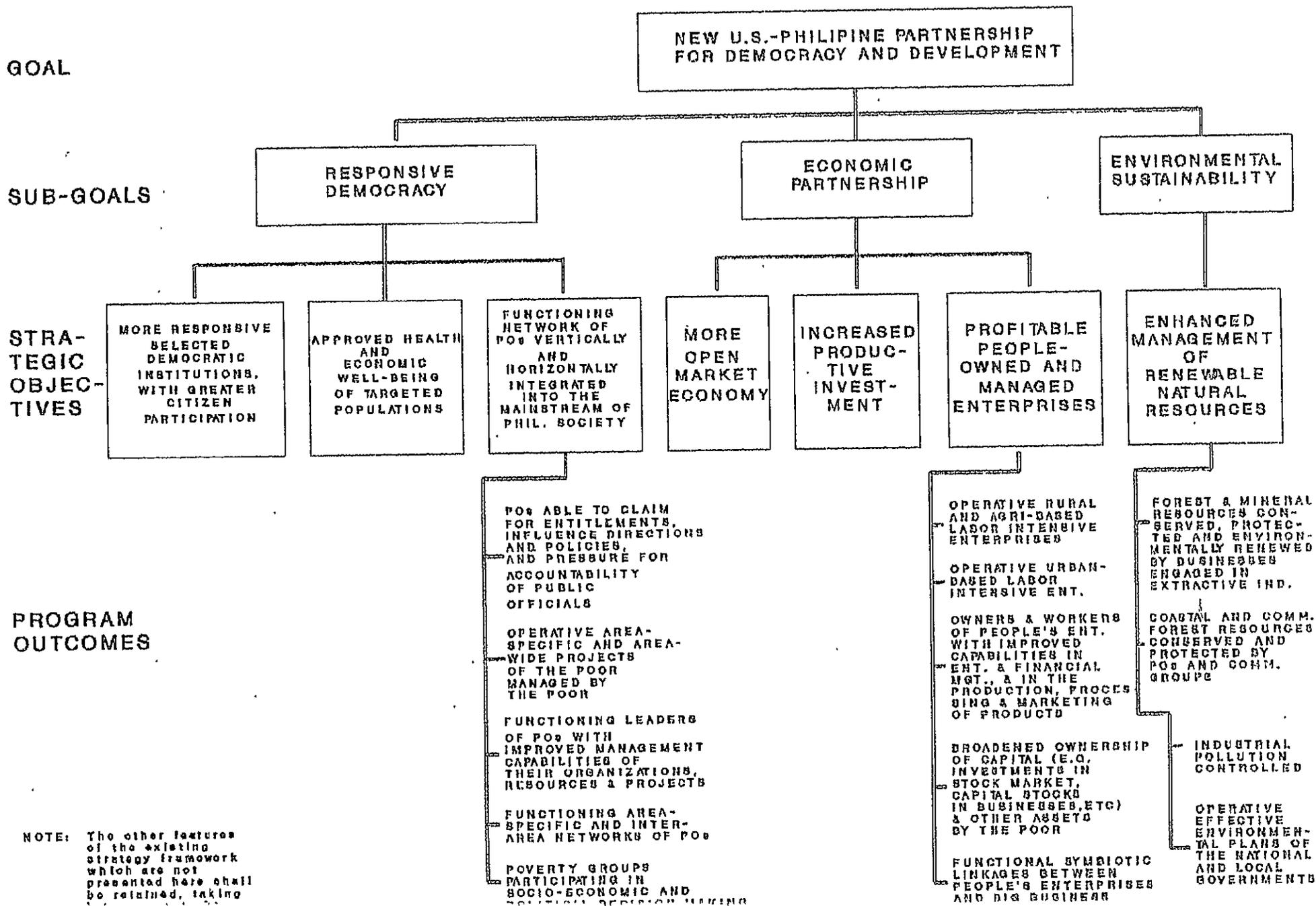
### Option 2 - Additional Sub-Goal

The second option suggests that an additional sub-goal (e.g., poverty alleviation) should be defined. Correspondingly, three (3) strategic objectives, and program outcomes, should be spelled out. Like the first option, the program outcomes of the strategic objective "*Enhanced Management of Renewable Natural Resources*"

should be rephrased and expanded. (See framework for Option 2.)

As in the first option, the other features of the existing strategy framework which are not presented in the illustration of Option 2 should be retained, taking into account the specific comments and recommendations.

# OPTION 1 - USAID PHILIPPINE DEVELOPMENT STRATEGY FRAMEWORK



# OPTION 2- USAID PHILIPPINE DEVELOPMENT STRATEGY FRAMEWORK

GOAL

NEW U.S.-PHILIPPINE PARTNERSHIP  
FOR DEMOCRACY AND DEVELOPMENT

SUB-GOALS

RESPONSIVE  
DEMOCRACY

ECONOMIC  
PARTNERSHIP

ENVIRONMENTAL  
SUSTAINABILITY

POVERTY  
ALLEVIATION

STRA-  
TEGIC  
OBJEC-  
TIVES

ENHANCED  
MANAGEMENT OF  
RENEWABLE  
NATURAL  
RESOURCES

MORE  
RESPONSIVE  
NATIONAL  
GOVERNMENT  
AND LOCAL  
GOVERNMENT  
UNITS

FUNCTIONING  
NETWORK OF POs  
VERTICALLY AND  
HORIZONTALLY  
INTEGRATED  
INTO THE  
MAINSTREAM OF  
PHILIPPINE  
SOCIETY

PROFITABLE  
PEOPLE-OWNED  
AND  
MANAGED  
ENTERPRISES

PROGRAM  
OUTCOMES

FOREST AND MINERAL  
RESOURCES CONSERVED,  
PROTECTED AND  
ENVIRONMENTALLY  
RENEWED BY  
BUSINESSES ENGAGED  
IN EXTRACTIVE  
INDUSTRIES

COASTAL AND COMM.  
FOREST RESOURCES  
CONSERVED AND  
PROTECTED BY POs  
AND COMM. GROUPS

INDUSTRIAL POLLUTION  
CONTROLLED

OPERATIVE EFFECTIVE  
ENVIRONMENTAL PLANS  
OF THE NATIONAL  
AND LOCAL GOVERNMENTS

OPERATIVE NAT'L &  
LOCAL GOV'T  
DIRECTIONS AND  
POLICIES FOR  
POVERTY  
ALLEVIATION

INTENSIFIED  
POVERTY  
REDRESSAL  
LOCAL GOV'T.  
PROGRAMS

INCREASED LOCAL  
GOV'T. RESOURCES  
FOR POVERTY  
ALLEVIATION  
PROGRAMS

FUNCTIONING LOCAL  
GOV'T OFFICIALS  
WITH IMPROVED  
MGT. CAPABILITIES  
AND PROGRAMS FOR  
POVERTY ALLEVIATION

OPERATIVE LGU-NGO-PO  
PARTNERSHIPS IN THE  
MANAGEMENT OF  
POVERTY ALLEVIATION  
PROGRAMS

POs ABLE TO CLAIM  
FOR ENTITLEMENTS  
INFLUENCE DIREC-  
TIONS & POLICIES  
AND PRESSURE FOR  
ACCOUNTABILITY  
OF PUBLIC OFFICIALS

OPERATIVE AREA-  
SPECIFIC & AREA-  
WIDE PROJECTS  
OF THE POOR  
MANAGED BY POs

FUNCTIONING  
LEADERS OF POs  
WITH IMPROVED  
MGT. CAPABILI-  
TIES OF THEIR  
ORG. RESOURCES  
AND PROJECTS

FUNCTIONING AREA-  
SPECIFIC & INTER-AREA  
NETWORKS OF POs

POVERTY GROUPS  
PARTICIPATING  
IN SOCIO-ECO.  
AND POLITICAL  
DECISION MAKING

OPERATIVE RURAL  
AGRI-BASED LABOR  
INTENSIVE ENT.

OPERATIVE URBAN-  
BASED LABOR  
INTENSIVE ENT.

OWNERS & WORKERS  
OF PEOPLE'S ENT.  
WITH IMPROVED  
CAPABILITIES IN  
ENT. & FINANCIAL  
MGT., AND IN THE  
PRODUCTION,  
PROCESSING AND  
MARKETING OF  
PRODUCTS

BROADEN OWNER-  
SHIP OF CAPITAL  
AND OTHER  
ASSETS BY THE POOR

FUNCTIONAL  
SYMBIOTIC LINKAGES  
BETWEEN PEOPLE'S  
ENTERPRISE  
AND BIG BUSINESS

NOTE: The other features of the existing strategy framework which are not presented here shall be retained, taking into account the comments and recommendations