Aid and the rights-based approach in the Philippines

Sonny Africa
IBON Foundation

There is still much to be done in terms of applying the rights-based approach (RBA) to official development assistance (ODA) in the Philippines. The barriers to this have to do both with the unduly donor-defined character of aid as well as with current limitations in the country's internal aid processes.

On paper and in terms of first principles, there appears to be a solid basis for a comprehensive rights-based approach in the Philippines. The right to development is enshrined and elaborated at length in the country's Constitution. The government is also a signatory to most United Nations (UN) Covenants and human rights instruments. These presumably establish the legal premises for ensuring that aid policies in the Philippines are consistent with international human rights standards and actually use them as their framework for implementation. Unfortunately, however, the government – as with those in many other countries – still has a tendency to compartmentalize its human rights obligations. Combined with the pressure exerted by donors, human rights are neglected and overlooked in aid policies.

Within this context, the Paris Declaration (PD) on aid effectiveness, as it stands, unfortunately serves to reinforce or even aggravate some of the more undesirable aspects of aid to the country. This has serious implications for the progressive realization of human rights in the Philippines and may even prevent this from taking place.

Undermining socio-economic rights through conditionality

Social and economic rights are always fully acknowledged and well-articulated whenever they are brought up in UN and UN-related forums. Many commitments are made. Yet these same obligations are conspicuously absent, or given only lip service, in the vital forums relating to international trade and finance or to domestic macroeconomic policies. This greatly undermines human rights efforts elsewhere given the far-reaching impact on people's lives, livelihoods and welfare of these policies.

The Philippine state, being the only institution with the official mandate and authority, is of course ultimately responsible for domestic policy. Nevertheless, understanding where the direction of these policies comes from is crucial. In current political conditions, this direction unfortunately comes disproportionately from local elites, foreign corporate interests and the international financial institutions (IFIs) rather than from the broad majority.

Aid and the rights-based approach in the Philippines

For several decades now, multilateral and bilateral aid has come with invariably "free market" policy conditionalities designed to benefit the narrow interests of the dominant domestic and international political groups. These conditionalities have been explicit and formally contained in ODA agreements as well as leveraged through extended ideological remolding of domestic policy-making elites. Sadly, they have compromised the incomes, livelihoods and strategic well-being of millions of Filipinos.

The economy has certainly been opened up and is now amongst the most open in East Asia. The share of trade in gross domestic product (GDP) has doubled and the share of foreign investment quadrupled between 1980, when such conditionalities started to be imposed in earnest, and 2007.[1] The manufacturing sector is a smaller share of the economy than in the 1960s as well as the most foreign-dominated it has ever been. Agriculture's share in the economy is at its lowest point in history; agricultural trade deficits have been rising since the mid-1990s and the country is more dependent than it has ever been on imported food.

This distortion of the economy has impacted negatively on the population. The country's productive sectors are more backward than ever which undermines incomes, job creation and prospects for broad-based development. Economic growth in 2007 was the fastest in three decades and among the most rapid in the region. Yet, tellingly, the period 2001-2007 was also the worst seven-year stretch of recorded joblessness in the country's history with an average annual unemployment rate of 11.3 percent.[2] Some 11 million Filipinos out of a labor force of 38 million were jobless or underemployed in 2007.[3] This job crisis has forced some 3,000 Filipinos a day to look for work abroad; there are now 9-10 million overseas Filipino workers (OFWs), around 10% of the population, scattered in over 190 countries.[4]

Unsurprisingly, poverty has continued to worsen. Using a poverty threshold of US$1 a day (at market exchange rates), there were 27.6 million poor Filipinos or an increase of 2.1 million between 2003 and 2006. If a less extreme poverty threshold figure of US$2 per day is used the number of people living in poverty more than doubles. In any case, official poverty incidence has increased from 30 percent to 33 percent over the same period.[5] All told, Filipinos' right to development has been severely compromised by conditionalities and their attendant economic outcomes.

Undermining socio-economic rights through donor preferences

The Philippines, like hundreds of other under-developed countries, faces resource gaps in virtually all areas of social and economic policy. In this context, aid is presumed to go towards helping reach ambitious development goals such as cutting poverty in half, reducing child mortality by two-thirds and ensuring universal primary education. However, the country's overall aid profile rather reveals collective donor preferences where aid does not really go to where it is most needed socially.

The need for greater public investment in health and education is unambiguous. State health expenditure has been steeply declining and was down to 0.28% of GDP in 2007 from 0.44% in 2000 and from a peak of 0.74% in 1991; education spending in turn went down to 2.5% of GDP from 3.5% in 2000 and a peak of 4.0% in 1998.[6]

Yet rather than targeting these urgent areas the largest part of on-going ODA loans still goes to infrastructure development. Infrastructure accounted for US$5.5 billion in 2006 or 57.5 percent of the total (down from its recent peak of 69 percent in 2001).[7] On the other hand, only US$1.2 billion or just 13.0% of total loans went to social reform and development. Although this is double the share of five percent in 2000, the proportion is still too low. Furthermore, most of this was even accounted for by US$723 million in various program loan commitments geared towards further health and education sector privatization and correspondingly reduced national government outlays in the future.[8] Another US$100 million was for a local community-focused program – the KALAHI-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) – which has been criticized for being implemented on the ground in a context of counter-insurgency.

The overall aid profile indicates the tendency of aid to reinforce rather than remedy basic distributive problems in the country's official development strategies. Most aid goes to infrastructure in areas of the country with relatively high-value economic activity or to projects with direct economic returns rather than to social services and to remote areas where outcomes are less visible or not immediately measurable. Infrastructure projects tend to be located where transnational firms can most benefit from their use. A scan of the list of ODA loan commitments in 2006 shows that at least a third of these projects are identifiably implemented in and around the country's National Capital Region (NCR) where over half of the country's economic activity is found.

More aid could usefully go to social services and to remote areas where the Philippine government is weakest and devotes insufficient resources. Instead, and particularly in the context of economic policy conditionalities, aid currently tends to buttress the inequitable status quo and deliver benefits to a narrow cross-section of the domestic population and for foreign corporations in the country. Limitations in the current aid system need to be addressed to remedy this.

Aid and the rights-based approach in the Philippines

A lack of rights-focused monitoring of aid

The country's aid system is limited by its excessive focus on mainly financial and procedural matters at the expense of developmental processes and outcomes. The narrow parameters of the country's aid system are starkly evident in the information generated for the management of aid. The basic ODA legislation specifies three major official bodies to oversee the aid system: the economic planning agency National Economic and Development Authority (NEDA); the Commission on Audit (COA); and a Congressional Oversight Committee on ODA (COCODA). There are two major annual reports by the country's main official aid-related bodies: the annual COA audit report and NEDA's annual ODA review. These two reports are essentially concerned with expediting aid flows and do not concern themselves with the developmental outcomes (or otherwise) of ODA programs or projects.

The NEDA review provides a basic profile of the aid portfolio covering distribution by donor, sector, recipient agency and the extension or cancellation of loans. There is an assessment of "performance" but only according to financial indicators of "disbursement", "availment" and "project costs". There is a section on implementation issues and measures but, again, these are largely related to budgeting, financing and absorptive capacity matters. The NEDA apparently even ceases monitoring projects once they are completed.[9]

The COA report is an even more straightforward and detailed financial accounting of aid. The COCODA potentially creates an opening for more developmental considerations and involvement of citizens and civil society. However, this was only convened in 2005, almost a decade after being created by law, and even so still remains basically dormant.

The absence of indicators on poverty reduction, human rights or development is a clear sign that these are not among the guiding principles of ODA in the country. What is missing, but which should be one of the most important factors to be closely monitored, is the extent to which aid allocations are actually going to the geographic regions, income classes and marginalized sectors that are most in need and to what extent it protects and promotes rights.

Civil society groups have tried to make headway at the project level and, to a more limited degree, in national policy-making. Yet these efforts are severely limited by the overall absence of detailed information and the lack of CSO familiarity with project complexities, aggravated by a generalized lack of transparency. Perhaps a few dozen aid projects out of many hundreds have been able to be scrutinized in the last decade. The overwhelming bulk of the value of ODA has, in short, escaped more detailed study.

The lack of a rights-based approach in the country's aid system reflects the lack of a rights-based approach in the country's development policy-making in general.

This in turn reflects the need for more democratic governance better able to take measures that respect, promote, protect and fulfill the right to development. The Philippines, however, remains saddled by structural political and economic inequities which the aid system does little to address.

Unfortunate consequences of the Paris Declaration

The Paris Declaration declares that it is about greatly improving the quality and effectiveness of aid. However it rather tends to reinforce the lack of a rights-based approach. The PD – like the COA and NEDA reports – is mainly about technical and procedural efficiency in the management of aid. It is fundamentally limited by its narrow analytical framework which is not designed with human rights in mind. This is what makes the PD as it stands so dangerous in the Philippine context.

From the point of view of the realization of human rights, the PD's most serious flaw is that it maintains ODA as an instrument for donors to advance their interests rather than to foster democratic governance. ODA is a major source of public finance so where it is directed and how it is used has a strong influence on the domestic policy-making landscape. At the same time, the Philippine state is still weakly democratic and correspondingly unable to more strongly embrace a human rights framework or assert this vis-à-vis aid. Thus, ODA donors wield tremendous influence over the country's social and economic policies. Unfortunately, the PD as it stands noticeably sidesteps the need to reduce this influence which has far-reaching implications.

Conditionalities and their associated "free market" policies have resulted in such adverse human development outcomes in the country that they must be a central concern. Yet in the context of the Philippines, the PD not only avoids this issue but actually aggravates the situation in a way that cuts across the PD's declared principles. For instance, the PD indicator on ownership – "partners having operational development strategies" – ignores how these strategies are themselves already strongly influenced by donors. The decades of sustained political, ideological and economic pressure from donors pushing neoliberal policies has actively undermined the Philippine government's capacity to even conceive more democratic notions of fair and development-oriented trade and investment based on human rights.

Amongst others, the World Bank (WB), Asian Development Bank (ADB), United States Agency for International Development (USAID) and Japanese government have all invested heavily in national policy-making processes. Aside from various "multi-stakeholder" development forums they have also directly funded government line agencies, private think-tanks, academic and media bodies, and even CSOs.

This sustained technical assistance, sponsorship of research and conferences, funding of joint projects and other funding

Aid and the rights-based approach in the Philippines

relationships have had a strong influence. The overall effect has been alignment along neoliberal economic lines and a narrowing of the discourse about alternative policy options. It is highly likely that there is prior 'self-censorship' and 'adaptation' from the Philippines to meet donor preferences. These are among the factors that have contributed to the development of consecutive five-year official Medium-Term Philippine Development Plans (MTPDP) since the 1980s charting out the rapid opening up of the economy.

Moreover, the PD's promotion of harmonization also seems to be more about enabling donors to more efficiently achieve their individual and collective ends rather than about fostering a human-rights-based approach in the recipient countries. The many recent harmonization efforts[10] have included policy coordination through the donor-dominated Philippine Development Forum (PDF) and common arrangements among external partners. The WB and European Union (EU) have agreed to use common appraisal, reporting, auditing and review procedures and to undertake some pooling of funds. Other partners, including the ADB and the German government, are undertaking joint planning and review arrangements for their health-related programs. Unfortunately, this harmonization serves to strengthen donor domination of the aid system vis-à-vis the Philippines, rather than enabling a human-rights-based approach focused on genuine national, regional and local needs, particularly of the poorest and most marginalized.

Conclusion

A new approach to aid effectiveness that more genuinely advances socio-economic rights is required in the Philippines and other developing countries. There are key elements which should be part of such an approach. This includes consideration of larger issues such as the imbalance of power between donors and recipients and of structural inequities in income and wealth. There should be greater attention to participatory and democratic processes as well as giving priority to developmental outcomes. Greater efforts on the government side to institutionalize such an approach are vital.

At the same time, greater CSO involvement and engagement would provide additional momentum as well as being important for sustaining such an approach. Philippine CSOs have by no means collectively and fully internalized and implemented the rights-based approach themselves. Yet they nonetheless generally have a track record for adhering to human rights principles and developmental practices. Many were indeed consciously formed as a counterpoint to acknowledged government bureaucratic inertia and disconnectedness from the grassroots level. These are relative advantages that would be most productive in helping build a democratic aid system that more decisively addresses long-standing problems of Philippine poverty, inequity and underdevelopment and promotes human rights.

Endnotes

1 IBON computations on data from the Bangko Sentral ng Pilipinas (BSP) and the United Nations Conference on Trade and Development (UNCTAD) on-line database.
2 IBON computations on data from the National Statistics Office (NSO) Quarterly Labor Force Surveys (LFS).
3 Ibid.
4 IBON estimates based on data from the Philippine Overseas Employment Administration (POEA) and the Department of Foreign Affairs (DFA).
5 National Statistical Coordination Board (NSCB), 2006 Official Poverty Statistics, March 5, 2008.
6 IBON computations on national government expenditure data from the DBM.
7 Unless otherwise noted, all ODA donor loan data from the National Economic and Development Authority's (NEDA) 15th Official Development Assistance Portfolio Review (2006).
8 Covering the WB's Second Social Expenditure Management Program (US$100 million), Social Expenditure Management Program (US$100 million), National Program Support for Basic Education (US$200 million), and National Sector Support for Health Reform (US$110 million) and the ADB's Health Sector Development Program (US$213 million). COA ODA Audit Report 2006.
9 NEDA reply to a query from a member of the Congressional ODA Oversight Committee (COCODA), noted in the minutes of a meeting of the COCODA at the House of Representatives (HOR) on November 14, 2006.
10 NEDA, Report On The Baseline Study And Survey Of The Government Of The Philippines' Compliance With The Paris Declaration Commitments, February 2008.