# Human Development for Peace and Prosperity in the Autonomous Region in Muslim Mindanao (ARMM)

A Report prepared by

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# Scope of the Study

- The study is part of World Bank's program to support development in Muslim Mindanao
- The study looks at:
  - State of human development in the region
  - Factors leading to poor HD outcomes
  - Measures to improve HD outcomes
- Sectors covered by the study:
  - Education
  - Health
  - Social Protection

# Today's Presentation

- State of Human Development in the Region
- Cross-cutting issues of governance and financing
- Education, health, and social protection systems
- Summary of recommendations, including role of key actors

# The ARMM Has the Worst HD Indicators in the Country

| MDG Indicators | ARMM | Philippines | Rank among 16 regions (#) |
|---|---|---|---|
| Incidence of poverty, 2000 (%) | 62.9 | 34.0 | 16 |
| Average household income, 2000 (PhP) | 81,519 | 144,039 | 15 |
| Life expectancy among women, 2000 (years) | 59.3 | 71.6 | 15 * |
| Life expectancy among men, 2000 (years) | 55.5 | 66.3 | 15 * |
| Infant mortality, 1995 (per 1000 live births) | 63.0 | 49.0 | 14 * |
| Maternal mortality, 1995 (per 100,000 live births) | 320 | 180 | |

* *Shows rank among 15 regions; no data available for Region XIII.*

# The ARMM Has the Worst HD Indicators in the Country (2)

Compared with national rates:

- *Incidence of poverty*: almost double
- *Average household income*: only 57%
- *Life expectancy*: more than ten years lower
- *Infant mortality*: 30% higher
- *Maternal mortality*: 80% higher
- *Primary net enrollment rate*: 14 percentage points lower
- *Secondary net enrollment rate*: 33 percentage points lower

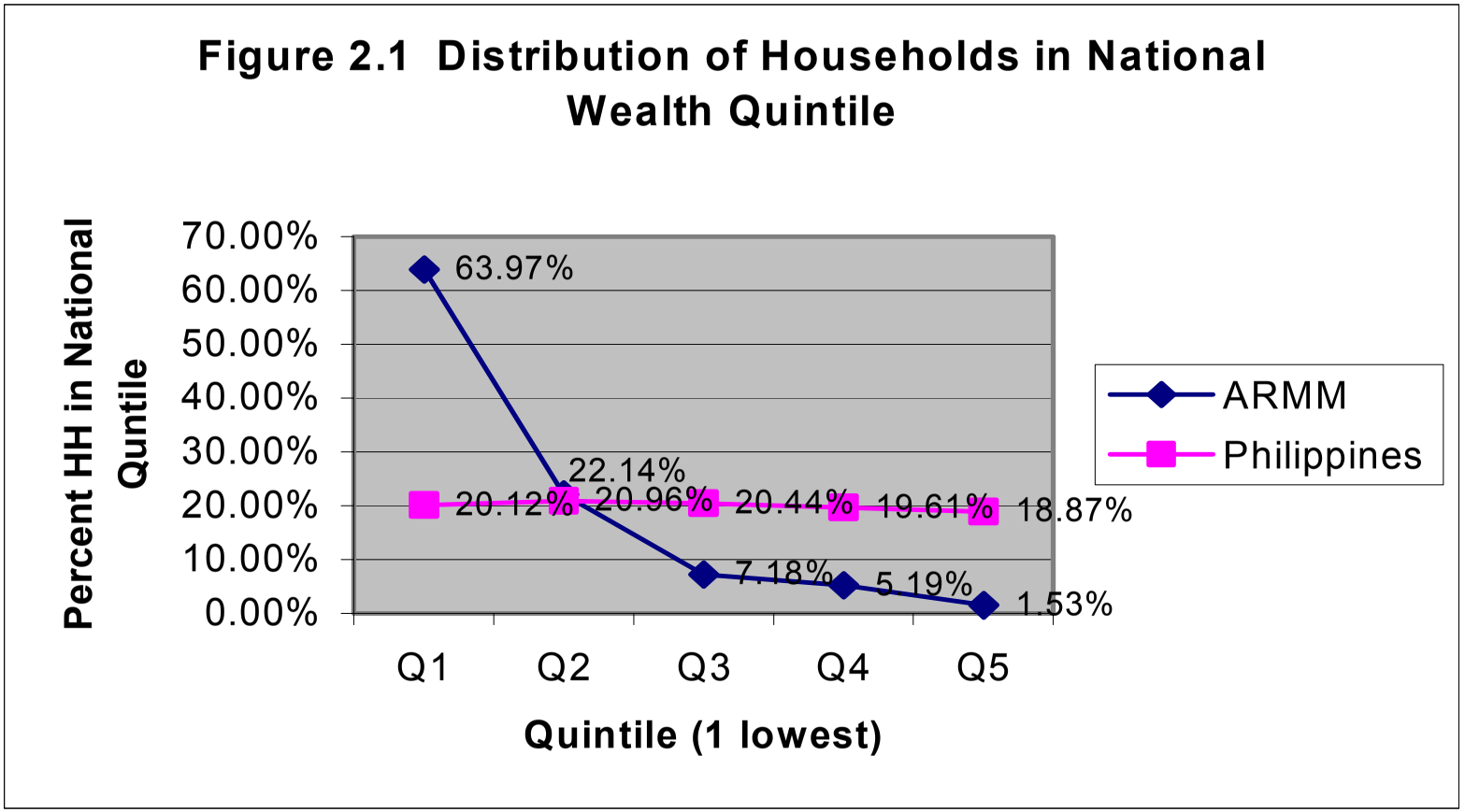
# The ARMM Has the Worst HD Indicators in the Country (3)

- ARMM ranks poorest among all regions for all MDG indicators, except household income and infant mortality (for which it ranks 2nd poorest).
- There are significant differences in HD outcomes among the provinces in the ARMM

# Three Factors Contributing to HD Lags in the ARMM

- Extreme Poverty
- Armed Conflict
- Historical Disadvantage

# 86% of ARMM households belong to the two poorest national quintiles



# The RG is heavily dependent on the NG for its financing

The RG's two sources of income:

- ***Local Fund***
  - consisting of: (a) revenues from local taxes, fees and charges; and (b) the Region's Internal Revenue Allotment (IRA), set at 35% of national internal revenues collected from the region
  - RG decides on allocation
  - Budget in 2003 (from 2002 revenues): PhP 270 million
- ***Transfers from national government***
  - Part of GAA; subject to the same budget process as other NG agency budgets
  - RG has little say on final allocation
  - Budget in 2003: PhP 5,585 million

# The LGUs in ARMM enjoy more budgetary autonomy compared to RG

- LGUs' two sources of income:
  - *Standard IRA* under Local Government Code of 1991 (LGUs country-wide share 40% of total national revenues)
  - *Regional IRA*, set at 35% of national internal revenues collected from the region
- Health and social welfare services *not* devolved to LGUs (unlike rest of country)

# HD sectors in ARMM are grossly under-funded compared to the rest of the country

**Table 3.4 Consolidated Public Sector Expenditures in Human Development in ARMM and Non-ARMM Areas, 2001(In Million Pesos)**

| | Education | Health | Social Welfare | Total | Share of Total HD Expenditure | Per Capita Expenditure (Pesos) |
|---|---|---|---|---|---|---|
| **ARMM Areas** | | | | | | |
| National Government | | | | | | |
| Line Departments | 0 | 0 | 88.1 | 88.1 | 2.60% | 36.52 |
| ARMM Regional Government | 2,755.30 | 404.4 | 63.4 | 3,223.10 | 95.90% | 1,336.19 |
| Sub-Total | 2,755.30 | 404.4 | 151.5 | 3,311.20 | | 1,372.71 |
| Local Government Units | 7.7 | 20.8 | 21 | 49.5 | 1.50% | 20.52 |
| Total NG and LGU | 2,763.00 | 425.2 | 172.5 | 3,360.70 | 100.00% | 1,393.23 |
| ***Per Capita Expenditure (Pesos)*** | ***1145.45*** | ***176.26*** | ***71.52*** | ***1393.23*** | | |
| **Non-ARMM Areas** | | | | | | |
| National Line Departments | 97,580.30 | 8,304.00 | 1,973.70 | 107,858.00 | 71.10% | 1,455.84 |
| Local Government Units | 15,495.10 | 23,348.60 | 5,000.20 | 43,844.00 | 28.90% | 591.79 |
| Total NG and LGU | 113,075.40 | 31,652.60 | 6,973.90 | 151,702.00 | 100.00% | 2,047.63 |
| ***Per Capita Expenditure (Pesos)*** | ***1526.26*** | ***427.24*** | ***94.13*** | ***2047.63*** | | |

*Sources of Data*: Commission on Audit and Regional Planning and Development Office, ARMM

# The HD sectors in ARMM are grossly under-funded (2)

- *Per capita public spending on HD* in ARMM (P1,393) only two-thirds of non-ARMM level (P2,048).
- *Health*: 41% of non-ARMM level.
- *Education and social welfare*: 75% of non-ARMM levels

# NG spends less on HD in ARMM

- *Per capita NG spending for HD is lower in ARMM:*
  - P1,373 for ARMM
  - P1,456 for non-ARMM
- Why NG should spend more in ARMM:
  - Greater HD needs in ARMM
  - Higher cost of service delivery due to the conflict & to difficult geographic conditions
  - Prospects of "peace dividend" that would benefit entire country

# LGUs in ARMM spend less on HD

- *Per capita LGU spending on HD is much lower in ARMM*:
  - P20 in ARMM
  - P592 in non-ARMM
- LGUs in ARMM can afford to spend more on HD:
  - LGUs in ARMM spend 1.5% of their total budgets on HD
  - LGUs in non-ARMM areas spend 21.5% of their total budgets on HD

# Recommendations for Governance & Financing

- Substantially increase the level of public expenditures for HD in ARMM
  - main sources: NG, LGUs and donors
- NG should grant RG more flexibility and control over allocation of resources
- RG should demonstrate improved governance and efficiency to justify increases in expenditures and greater budget autonomy

# Recommendations for Governance & Financing (2)

- Some actions to increase HD expenditures
  - Increase NG transfers for HD
  - Revise regional devolution policy to mandate LGUs to share responsibility for HD
- Some actions to increase budget autonomy
  - Reduce itemization of budgetary appropriation to ARMM
  - Define part or all of NG transfers to ARMM under IDA-type formula

# Recommendations for Governance & Financing (3)

- Some actions to increase transparency & accountability
  - Implement the new National Procurement Law
  - Implement an automated Accounting Information System
  - Conduct a census of government employees to update staff rolls and identify absentee or unqualified staff
  - Clarify and enforce standards & processes for hiring & firing of Government employees

# Education Indicators in ARMM
## (compared to averages for the Philippines)

- Net enrollment rate in elementary (2001): 85%
- Cohort survival rate in elementary (2001): 50%
- Elementary test scores (1998): 92%
- Net enrollment rate in secondary (2001): 55%
- Cohort survival rate in secondary (2001): 88%
- Secondary test scores (1998): 91%
- Literacy rate of women (1998): 71%

# Key Challenges in Education

- Poor performance of public schools
- Unresolved public policy on madaris
- Under-funding of basic education
- Weak demand for schooling and education
- Large pool of illiterates and under-schooled adolescents and adults
- Weak support of basic education by tertiary education institutions

# Recommendations for Education

- Articulate clearly the objectives of basic education.
- Objectives suggested to the WB study team during field visits:
  - transmit and inculcate Islamic values;
  - transmit and inculcate a common Philippine heritage;
  - prepare residents for their duties and responsibilities as citizens and future leaders,
  - provide citizens with essential capacity to pursue economic opportunities
- Identify trade-offs among these objectives but also build on common opportunities to promote them.

# Recommendations for Education (2)

- Agree on a policy on madaris
  - Traditional madaris that do not offer national curriculum should be free to obtain support from the local community, but should not receive public resources
  - Madaris already offering the national curriculum and working to meet national accreditation standards could receive public subsidy to upgrade standards, especially in underserved areas
- Obtain broad buy-in on the Regional Basic Education Plan

# Recommendations for Education (3)

- Mandate administrative deconcentration
- Develop better systems for budgeting, procurement, financial management
- Create demand-side programs (income support; household payments)
- Establish a fund for non-formal education to reduce pool of illiterates
- Mobilize tertiary institutions for literacy programs
- Teacher training in basic education

# Health Status in ARMM

- Life expectancy in ARMM is more akin to life expectancy in the Philippines in the late 1960s and to those of poorer countries in Asia and Africa today

| | Life expectancy (years) | |
|---|---|---|
| | **Women** | **Men** |
| ARMM, 2000 | 59.3 | 55.5 |
| Philippines, 2000 | 71.6 | 66.3 |
| Philippines, 1970 | 59 | 56 |
| Philippines, 1965 | 58 | 54 |
| Madagascar, 1998 | 59 | 56 |
| Lesotho, 1998 | 57 | 54 |
| Nepal, 1998 | 58 | 58 |

# Key Challenges in Health

- Lack of access to nutrition, safe water, sanitary toilets, female literacy.
- Health system starved for resources.
- Armed conflict inflicts psychological and physical damage

# Recommendations for Health

- Bring more funds into the health system:
  - Increase NG and donor contributions
  - Call on LGUs to add to health financing pool, just like in non-ARMM areas
  - Expand PhilHealth coverage, especially under the Indigent Program
- Undertake a facility mapping exercise to establish an efficient health care network
  - Expand coverage of primary care facilities
  - Rationalize the hospital network

# Recommendations for Health (2)

- Develop better systems for budgeting, procurement, financial management
- Promote programs that respond to the special health needs of the region:
  - public health, including multi-sectoral programs (food, water, housing, etc.)
  - post-traumatic stress disorders
  - physical disabilities resulting from armed conflict

# Social Protection Systems in ARMM

- The *datu* (extended clan) system is the traditional safety net in times of peace and conflict in Muslim communities
  - The *datu* system still dominates in ARMM today, providing protection in conflict-affected areas but also, at times, causing incidents of conflict
  - The *datu* system carries over to the system of local government, where nepotism and corruption are not necessarily viewed as negative practices.

# Social Protection Systems in ARMM (2)

- DSWD-ARMM offers some traditional social welfare services
  - Provision of relief and rehabilitation dominates
  - Other welfare programs include programs for disadvantaged families, children and youth, exploited women, and the disabled.
- Emergence of Community-Driven Development Programs promises sustainable social protection
  - They build participatory and self-directed social structures
  - They provide development-oriented instruments to channel local government financing

# Recommendations for Social Protection

- Promote continued evolution toward a system of community-based social structures through CDD Programs (e.g., Kalahi-CIDSS)
  - Disseminate experience from successful projects
  - Improve community-based mapping instruments

# Closing the Gap in HD Outcomes: Summary of Recommendations

- *Improve governance and financing*:
  - increase public expenditures for HD;
  - increase regional autonomy in budget management,

  While:
  - increasing transparency & accountability
  - creating consensus on key policy directions in HD

# Closing the Gap in HD Outcomes: Summary of Recommendations (2)

- *Amplify the larger message of improved governance in the individual HD sectors – education, health and social protection:*
  - clarify sectoral goals & service standards,
  - strengthen management & operational capacities
  - undertake selective investments in line with sector-specific priorities.

# Role of Key Actors in the Strategic Framework

- Regional Government
  - Strengthen region-wide coalitions to promote bolder measures to benefit regional development and HD
  - Build a national constituency for closing the HD gap
  - Review arrangements for devolution of HD services
  - Exercise leadership to articulate objectives and strengthen technical efficiency in HD sectors
- Local Government Units
  - Start sharing responsibility for financing and management of HD activities

# Role of Key Actors in the Strategic Framework (2)

- National Government
  - Act as the region's champion in the national arena
  - Increase NG transfers to the RG budget
  - Concede increasing budgetary autonomy to the RG
  - Provide TA to Regional line agencies
- Civil society
  - Advocate for better HD services and more resources
  - Monitor performance of all levels of government
  - Fill the service gaps where government agencies are unable to deliver, especially through community-led activities

# Role of Key Actors in the Strategic Framework (3)

- Donor agencies
  - Facilitate the dialogue among key partners
  - Provide TA for policy and program development
  - Provide budget support, conditional on policy reforms
  - Provide funds for capacity building and establishment of new systems
  - Provide support for larger-scale investments