

Foreword 1

Continuing a tradition of high-caliber publications, this 6th Philippine Human Development Report provides an incisive analysis on a theme of utmost concern to the country today—*Institutions and Politics*.

Human Security and Human Development. That report was well-regarded for its depth of analysis on the root causes of conflicts and current institutional responses to, and possible alternative actions and policies to help resolve, the armed Moro and communist conflicts.

This year's PHDR dissects the theme of Institutions and Politics in the context of human development, and reflects the same depth of analysis and critical thinking. Institutions matter because "they influence norms, beliefs and actions; therefore, they shape outcomes." So it was appropriate for the PHDR to delve into critical institutions in the Philippines that include the Civil Service Commission, the Department of Budget and the Department of Education (DepEd), and key judicial and quasi-judicial agencies represented by the Office of the Ombudsman. The PHDR's analysis of these institutions seeks to explain how and why these institutions behave and perform the way they do.

Of particular note is how the report has linked the behavior and performance of the DepEd—the largest institution in the country's bureaucracy with one of the most important contributions to human development—to civil service requirements, budget allocations, and enforcement of rules. Education and literacy are integral to human development as human development is all about acquiring the most basic capabilities to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living, and to be able to participate in the community. By understanding these nuances and links among institutions within the Philippine bureaucracy, we can, for instance, see how the DepEd may function better and thus fulfill its mandate in the development of human capital.

This year's PHDR is expected to contribute significantly to the reshaping of institutions in the Philippines in the context of the political situation. Understanding the link between politics and institutions is integral to the way forward in transforming institutions that function for human development. And in the light of the current global economic crisis where the goal of human development is greatly challenged, the 6th PHDR will contribute immensely in the search for solutions on how institutions can effectively respond to the crisis.

I congratulate the Philippine Human Development Network and the United Nations Development Programme on the completion of this 6th PHDR. New Zealand is proud to be associated with this report, and remains committed to supporting efforts to enhance the quality and sustainability of Philippine human development.

This is the second time that the New Zealand government, through its international development agency, NZAID, has supported the preparation and production of the Philippine Human Development Report (PHDR). It provided funding in 2005 for the 5th PHDR, which focused on the theme Peace,



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H.E. Andrew Matheson

Ambassador

Embassy of New Zealand

Foreword 2

The achievement of human development—placing people at the center of development and improvement of the quality of their lives as its core objective—drives the work of the United Nations Development Programme (UNDP) globally. The association of UNDP with human development since the concept emerged in the 1990s has carved its identity among development practitioners.

Each issue of the Human Development Report (HDR), be it the global, regional, or national report, is always anticipated for the depth of its analysis, new perspective it brings on current issues, and many times the controversy that it spurs. HDRs have consistently challenged the world to embrace the concept of human development as the overreaching goal of all development work; that human development is all about **“enlarging people’s choices and enhancing human capabilities** (the range of things people can be

and do) and freedoms, enabling them to live a long and healthy life, have access to knowledge and a decent standard of living, and participate in the life of their community and decisions affecting their lives.”

In the Philippines, UNDP has partnered with the Human Development Network (HDN) in producing the Philippine Human Development Report (PHDR) since 1994. This collaboration has to date produced five reports that have tackled various themes, all related to human development, such as gender, education, employment, and peace and human security.

In this 6th edition of the PHDR, the concept of human development is applied to the issue of *“Institutions and Politics,”* a theme that is both crucial and timely to the development aspirations of the country. This topic has become the center of concern and discussion as the Philippines ponders on the road to good governance. The link between institutions and politics is the essence of governance, and the quality of governance is reflected in the interplay of institutions and politics for the public good. The role of institutions and politics in human development has been proven to be critical by the experiences of countries that have made significant leaps in human development, as measured by the Human Development Index (HDI), a major feature of every HDR, highlighting the critical importance of governance in the achievement of the Millennium Development Goals (MDG).

The 6th PHDR looks into three important institutions—the Department of Education (DepEd), the Civil Service Commission (CSC), and the Department of Budget and Management (DBM)—to help understand how these institutions influence the quality of education and human capital in the bureaucracy and resource allocation. It aims at demonstrating and providing the empirical evidence that explains the state of education, a critical factor in a nation’s development, and the dynamics behind the functioning of the bureaucracy. The PHDR theme is also timely because one of the Millennium Development Goals that the country has to exert more effort on, according to the most recent MDGs progress report, is Goal 2 on universal access to primary education.

HDRs are published to contribute to the dialogue and debate on issues affecting human development. As in previous PHDRs, this year’s edition will most certainly excite and enrich the discourse on governance in the country.

Congratulations to the HDN for another outstanding knowledge product that will contribute to the widening advocacy for human development. Likewise, our great appreciation goes to the New Zealand Agency for International Development (NZAID) for supporting the PHDR for the second time.



Renaud Meyer

Country Director

United Nations Development Programme

Foreword 3

The Philippine Human Development Network (HDN) has been in existence for more than 15 years, growing in membership to its present size of over 150 development experts, practitioners, scholars, and stakeholders. During these years, five Philippine Human Development Reports (PHDR) have been produced, focusing on themes that are critical to realizing progress in human development: sustainable human development, gender, education, employment, and human security. Each of these Reports has gained international and national recognition for providing comprehensive and rigorous analyses of important development issues.

The theme for this 6th issue of the Philippine Human Development Report—*Institutions, Politics, and Human Development*—has allowed the HDN to tackle governance issues head on, in addition to economic ones. It was a daunting task, and arguably an assignment that was long overdue of an organization seeking to improve human development.

We began with the premise that political or government institutions mediate the relationship between resource allocations and human development. After all, policies and programs designed to advance human development emanate from and are implemented by public sector institutions. The theme chapter looks at the civil service corps, the national government budget process, and the judi-

cial and quasi-judicial bodies that enforce the internal rules of government. Throughout the chapter, the case of the Department of Education (DepEd) is cited to illustrate how institutional processes, rules, and norms impinge upon an agency's ability to deliver on its mandate.

The Department of Education was selected as the illustrative case for three reasons. First, the service it is tasked to deliver has been found to be directly and strongly related to human development [PHDR, 2000]. Second, by its sheer size, making up a full third of the entire government bureaucracy, it presents a good opportunity to investigate many different institutional issues that can be found in other government organizations. Third, it is an agency that is continuously the subject of reform, and its successes and failures therein provide meaningful lessons in changing how institutions work.

The Philippine Human Development Report has always been produced through close collaborative work among members and friends of the Human Development Network; this 6th edition is no different. Overall coordination was provided by Clarissa David, with Steering Committee members Emmanuel de Dios, Cynthia Rose Banzon-Bautista, and Solita Collas-Monsod. Toby Monsod, with de Dios, wrote the main theme chapter, drawing from commissioned background papers by Banzon-Bautista, Allan Bernardo, and Dina Ocampo-Cristobal (co-authors of the study featured in Chapter 2), Juan Miguel Luz, Joseph Capuno, Toby Monsod, Goeffrey Ducanes, and Emilia Boncodin. The Asia Pacific Policy Center, represented by Sharon Piza, provided the technical and statistical annexes, with updated life tables estimated by Josefina Cabigon. Full versions of all background papers are available on the HDN website (<http://www.hdn.org.ph>). Administrative and research assistance was provided by Mitzirose Legal, Maria Blesilda Corpuz, Ibarra Mateo, Hilson Garcia, and Romel Credo.

Throughout the development of this Report the team received valuable advice and guidance from many individuals and agencies. Special thanks are owed to former Civil Service Commission (CSC) Chair Karina Constantino-David for her insights shared with the HDN General Assembly in 2007 and which, in a fundamental way, motivated this Report. Our thanks also to the following: Blesilda Lodevico, Jinky Jaime, Ma. Karla Balili-Guia, Raquel Buensalida, and the Legislative Staff of the Office of Senator Mar Roxas, for

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Yvonne Chua and Jenny Santillan-Santiago provided editing and proofreading services, while Eduardo Davad did the cover and layout design.

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Finally, many thanks to the numerous HDN members, colleagues, and stakeholders who contributed to the contents of this Report through their participation in three workshops and numerous meetings, generously providing advice and feedback to all the contributing authors. In particular, to the members of the HDN Executive Committee: de Dios, Banzon-Bautista, Monsod, Fernando Aldaba, Winfred Villamil, Erlinda Capones, Romulo Virola, and Gelia Castillo.



A handwritten signature in black ink, appearing to read "A. Balisacan".

Arsenio M. Balisacan

President

Human Development Network

Synopsis

This Report argues that it is the institutions that structure behavior which matter deeply for whether human development advances or not. In particular, public sector institutions—the explicitly defined constitutions and laws, rules and regulations as well as the informal or internalized norms which affect the performance of government organizations or agencies.

Human capabilities are determined by the level and quality of private and public goods and services consumed. Government organizations in turn produce the public goods and services that promote human development. If the combination of informal and formal rules hampers rather than enables an agency's fulfillment of its tasks, then the quality of inputs into human development will suffer. The most important controls affecting government agencies are those that directly motivate government employees, determine the level and management of agency funds, and exact accountability.

The theme chapter discusses the civil service corps, the national government budget process, and key judicial and quasi-judicial bodies. What incentive structures drive the behavior of government employees and how are these linked to agency performance, especially in the human services sector? Does the budget enable the efficient delivery of services and motivate good government? How effective are the Civil Service Commission, the Ombudsman, and the courts as internal rule enforcers and how can they be strengthened?

Through rigorous analysis the following is shown:

■ Perverse incentives in the civil service, both monetary and nonmonetary, have taken their toll on the bureaucracy, indicated by a stagnant or decreasing trend in quality at all levels of the corps. Salaries can be as much as 74 percent below comparable jobs in the private sector and are not always uniform across agencies or jobs of the same nature. The number of ad hoc bodies, presidential consultants and advisers, and political appointees to plantilla positions has been increasing in recent years, contributing further to demoralization.

■ A better (or poorer) quality of bureaucracy is associated with better (or poorer) agency performance. To enable human development outcomes therefore, rules and practices that are impinging on the civil service need to be reformed or, at the very least, contained.

■ The budget, on the whole, is constraining rather than enabling of government agencies. Mandatory obligations comprise more than 80 percent of the total yearly budget on average, leaving little headroom to increase spending on basic services or fund innovations. Consequently, there is an over dependence on official development assistance for critical projects and reform initiatives. This dependence, combined with weak congressional oversight, has created room for leakages and corruption.

■ Weak congressional oversight is not just by practice but also by law. In fact, contrary to the 1987 Constitution, it is the Executive and not Congress that wields effective power over the purse. The President can override

Congressional budget mandates in a number of ways, such as by not releasing or delaying the release of authorized appropriations, and by using resulting “savings” and other unprogrammed, discretionary, or confidential funds at will. With savings in 2007 amounting to P117.5 billion and lump sums in the 2009 proposed national budget amounting to P224 billion, amounts involved are overwhelming.

■ The issue of partisan political appointments is fraught with serious implications, particularly when it affects the judiciary and other special offices that are meant to enforce and safeguard the rules themselves. In particular, the performance of the Civil Service Commission, the Office of the Ombudsman and the Courts has been affected in varying degrees, by the direct and indirect interference from, or circumvention of rules by, the appointing authority. Exacting public accountability will be realized only if the autonomy of enforcement bodies is protected and consistently observed.

The Department of Education (DepEd) provides an illuminating case. Weaknesses in civil service rules, budget processes, and rule enforcement mechanisms affect the delivery of a service fundamental to human development. An analysis of the history of reforms within the DepEd (in Chapter 2) details why the department has found it difficult to translate structural reforms and programmatic changes into large-scale, integrated, and sustained outcomes. Insights are offered through the prism of two illustrative cases: the partial implementation of Republic Act No. 9155 through School-based Management and the story of the country’s language policy. Among the key factors identified are the projectized nature of reform, rules emanating from other government agencies, leadership and policy continuity, and the department’s own institutional culture.

Where does one begin to effect institutional change?

For one, by updating or improving the scope and content of formal rules. Specifically, the enactment of a new Government Classification and Compensation System and Career Executive System (House Bill No. 3956 or Senate Bill No. 270), to reestablish professionalism and meritocracy in the civil service corps; a Budget Reform Act (SB 2996), Budget Impoundment Control and Regulation Act (SB 2995), and Intelligence and Oversight Act (SB 2700), to restore Congress’ power of the purse; and a Freedom of Information Act (HB 3732 or SB 109), to implement the constitutional guarantee of access by the people to information on matters of public concern. Also important to the education sector is a review of the Magna Carta for Public School Teachers, appropriate multi-year budgeting rules, and the changing of qualification standards for principals and school superintendents. The judiciary can also design and adopt for itself an independent search mechanism for qualified candidates that would do away with (or at least explicitly circumscribe) the influence of recommendations from politicians.

Second, by changing norms. There is a limit to the extent formal political rules can compensate for bad norms. Further, the rule changes outlined above are not likely to come *motu proprio* from “supply” forces such as the President or Congress. Thus the need to realign norms and beliefs—perhaps, recover some that have long been numbed by the circus of partisan politics—and encourage and support “demand” forces—movements among ordinary Filipino citizens—to step up, assert themselves, and exact change.

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Abbreviations

ABI	Alternative Budget Initiative	DILG	Department of Interior and Local Government
ADB	Asian Development Bank	DND	Department of National Defense
AFP	Armed Forces of the Philippines	DOE	Department of Energy
AFMA	Agriculture and Fisheries Modernization Act	DOF	Department of Finance
ARMM	Autonomous Region of Muslim Mindanao	DOH	Department of Health
ASEC	Assistant secretary	DOJ	Department of Justice
AusAID	Australian Agency for International Development	DOLE	Department of Labor and Employment
BCDA	Bases Conversion and Development Authority	DOST	Department of Science and Technology
BEAM	Basic Education Assistance for Mindanao	DOT	Department of Tourism
BEP	Bilingual Education Policy	DOTC	Department of Transportation and Communication
BESRA	Basic Education Sector Reform Agenda	DPWH	Department of Public Works and Highways
BFAR	Bureau of Fisheries and Aquatic Resources	DSWD	Department of Social Welfare and Development
BIR	Bureau of Internal Revenue	DTI	Department of Trade and Industry
BOC	Bureau of Customs	EDCOM	Congressional Commission on Education
BRW	Bureau of Rural Workers	EDPITAF	Educational Project Implementation Task Force
BSP	Bangko Sentral ng Pilipinas	EFA	Education for All
CA	Court of Appeals	ERC	Energy Regulatory Commission
CARP	Comprehensive Agrarian Reform Program	GAA	General Appropriations Act
CDF	Countryside Development Fund	GCCA	Government Classification and Compensation Act
CES	Career Executive Service	GSIS	Government Service Insurance System
CESB	Career Executive Service Board	HGC	Home Guaranty Corporation
CESO	Career Executive Service Officer	HUDCC	Housing and Urban Development Coordinating Council
CHED	Commission on High Education	INSET	In-service teacher education
CIIP	Comprehensive and Integrated Infrastructure Program	IPO	Intellectual Property Office
CO	Capital outlay	IRA	Internal Revenue Allotment
COA	Commission on Audit	JBC	Judicial and Bar Council
COE	Current operating expenditures	JBIC	Japan Bank for International Cooperation
Comelec	Commission on Elections	LBP	Land Bank of the Philippines
CPBO	Congressional Planning Budget Office	LWUA	Local Water Utilities Administration
CSC	Civil Service Commission	MDG	Millennium Development Goals
DA	Department of Agriculture	MMDA	Metropolitan Manila Development Authority
DAR	Department of Agrarian Reform	MOOE	Maintenance and other operating expenses
DBCC	Development Budget Coordinating Council	MPS	Mean percentage score
DBM	Department of Budget and Management	MTPDP	Medium-Term Philippine Development Plan
DBP	Development Bank of the Philippines	MTPIP	Medium-Term Public Investment Plan
DECS	Department of Education, Culture, and Sports (now Department of Education or DepEd)	MWSS	Metropolitan Waterworks and Sewerage System
DENR	Department of Environment and Natural Resources	NAFC	National Agricultural and Fishery Council
DepEd	Department of Education	NAMRIA	National Mapping and Resource Information Authority
DFA	Department of Foreign Affairs	NAPC	National Anti-Poverty Commission
		NAT	National Achievement Test

NCBTS	National Competency-Based Teacher Standards	PRC	Professional Regulation Commission
NEC	Non-Executive Career	PS.....	Personal services
NEDA.....	National Economic and Development Authority	PSALM	Power Sector Assets and Liabilities Management Corporation
NEP	National Expenditure Program	PTCA	Parent-Teacher-Community Association
NFA	National Food Authority	PTV4	People's Television 4 (now National Broadcasting Network)
NIA.....	National Irrigation Administration	Quedancor	Quedan and Rural Credit Guarantee Corporation
NICA.....	National Intelligence Coordinating Agency	RAC	Revised Administrative Code
NPC.....	National Power Corporation	RAMSE	Regional Assessment in Mathematics, Science, and English
NSBA	National Sample-Based Assessment	SBM	School-based management
NSC	National Security Council	SBMA	Subic Bay Metropolitan Authority
NSCB	National Statistical Coordination Board	SC.....	Supreme Court
NTA	National Tobacco Administration	SCAW	Supreme Court Appointments Watch
NTC	National Telecommunications Commission	SEC.....	Securities and Exchange Commission
ODA	Official development assistance	SONA.....	State of the Nation Address
OECD	Organization for Economic Cooperation and Development	SSL.....	Salary Standardization Law
OMB.....	Office of the Ombudsman	SSS.....	Social Security System
OP	Office of the President	SWS	Social Weather Stations
OPIF	Organizational Performance Indicator Framework	TAN	Transparency and Accountability Network
OPS	Office of the Press Secretary	TEEP	Third Elementary Education Project
OSP	Office of the Special Prosecutor	TESDA	Technical Education and Skills Development Authority
PADCC	Philippine Agricultural Development and Commercial Corporation	TIC.....	Teacher-in-charge
PAGC	Presidential Anti-Graft Commission	TIDC	Trade and Investment Development Corporation
PAGCOR.....	Philippine Amusement and Gaming Corporation	TIMSS.....	Trends in International Mathematics and Science Study
PC/PA.....	Presidential consultant/adviser	UNDP	United Nations Development Programme
PCA	Philippine Coconut Authority	UNESCO.....	United Nations Educational, Scientific and Cultural Organization
PCEG	Presidential Commission on Effective Governance	USEC.....	Undersecretary
PCER.....	Presidential Commission on Education Reform	WB	World Bank
PDAF	Priority Development Assistance Fund	WGI.....	World Governance Indicators
PDIC	Philippine Deposit Insurance Corporation		
PESS.....	Philippine Education Sector Study		
PEZA	Philippine Economic Zone Authority		
PHIC.....	Philippine Health Insurance Corporation		
Phil Genetics...	Philippine Genetics Incorporated		
Philrice.....	Philippine Rice Research Institute		
PLSBP	Principal-led School Building Program		
PMS	Presidential Management Staff		
PNP	Philippine National Police		
PNR.....	Philippine National Railways		
PPC	Philippine Postal Corporation		

CHAPTER 1

Institutions, politics and human development

*Sa loob at labas ng bayan kong sawi,
kaliluha'y siyang nangyayaring hari,
kagalinga't bait ay nalulugami,
ininis sa hukay ng dusa't pighati.*

—From FLORANTE AT LAURA by Francisco Baltazar

The idea is slowly gaining ground that something more fundamental afflicts human development in the Philippines than merely misguided policies and flawed personalities. This realization is due mainly to the numbing experience that fundamental change is needed but has not occurred, notwithstanding outward changes in leadership and nomenclature, high-flown campaigns for moral renewal and conversion, and a continuous stream of reports and analyses detailing policy failures and recommending reforms. In the case of education alone, wise counsels for reform have harped on variations of the same theme since the turn of the 20th century, with little progress to show. Similar things can be said of health care, the provision of public infrastructure, other social and economic services. Beyond this, various political experiments—dictatorships, popular uprisings, elections, and attempted coups d'état—would seem to have brought little by way of significant and lasting change to the masses.

What then holds back sustained progress in human development in the Philippines? What accounts for the poor reach of social programs? A lack of practical knowledge? A failure of research and imagination? The blackened souls of unworthy men? A “damaged culture”? Wrong mental models?

This Report argues that deeper than policies and larger than individuals, it is the institutions that structure behavior which matter deeply for whether human development advances or not.

Institutions matter

Institutions are simply the incentive systems that structure human interaction [North, 2003]. They are the “rules of the game” in society—formal rules,

informal constraints, and their enforcement characteristics—which reduce uncertainty, generate regular behavior, and allow people to get on with everyday business.

Of particular concern are institutions in the *public sector*. Public sector institutions—those that loom large in people’s public or political actions—include, on the one hand, the explicitly defined constitutions and laws, rules and regulations, which together are meant to ensure good governance. These formal rules prescribe the functions and accountabilities of branches of government, agencies, politicians and bureaucrats, their interaction among themselves and with the public. For instance, they define how government funds are budgeted, allocated, monitored, and accounted

for; how civil servants are hired, evaluated, and rewarded; how these and other rules are enforced; and what processes take place when rules are violated, including how and when whole governments may be replaced.

On the other hand, public sector institutions also include informal or internalized norms—tacit but no less real and effective “ways of doing things.” At times, such informal rules may even be more important than formal ones. For rules are meaningful only to the extent they are respected; norms and beliefs motivate compliance with formal rules, and they themselves may have arisen from learned responses to the same rules.

For instance, while a formal rule may state that it is illegal to bribe a traffic cop, “informal norms” may indicate that it is acceptable to do so and involves no adverse personal consequences. Or, yet again, civil servants have a choice of either “working to the rule” or working for results. The latter could involve exercising initiative and imagination in filling in what is left unstated in a job’s terms of reference. The former, the *rational* response of bureaucrats who wish to protect themselves from unreasonable demands from higher-ups that are of a biased or partisan nature.

Indeed, public managers are more likely to be risk-averse, rank-and-file timid, and processes clogged with red tape the more numerous the political principals that must be served. If independence or outspokenness is penalized by threats of disallowances, withdrawal of privileges, or reassignments, then employees will learn to be obedient. If tenure is secure in law but not in practice, then obedience will likely become sycophancy. All these merely illustrate, first, how formal and informal rules may or may not reinforce one another and, second, how their interaction can produce results that may or may not be in the public interest.

Public sector institutions are important for two reasons.

First, there is a strong link between economic performance and human development on the one hand and “governance” on the other, i.e., the exercise of political authority through formal and informal institutions. Studies consistently find institutions and government policies to be an important factor

in explaining the growth differentials across countries [Acemoglu, Johnson, and Robinson, 2004; and Rodrik, Subramanian, and Trebbi, 2002, among others]. Kauffman et al. [2002, 2005] show a strong causal link between improved governance and better development outcomes, including GDP per capita, infant mortality, and literacy, using indicators they have developed and compiled since 1996. Their World Governance Indicators, or WGI, consist of rule of law, control of corruption, regulatory quality, government effectiveness, political stability, and voice and accountability. By their estimates, the “development dividend” for good governance is about a 300 percent increase in incomes per capita in the long run, similarly for social development.¹ Using selected WGI components, Fabella [2008] finds that the quality of governance helps explain why some countries benefit from a policy of openness, by way of poverty reduction, and others do not. “Openness is a window of opportunity,” he said. “To exploit that opportunity we must put our house in order.”

The drop in the Philippines’ ranking in the WGI between 1996 and 2007 is alarming though not surprising [Box 1.1]. The country has long been described as a “soft state,” where rules and enforcement are for sale [Fabella, 2000]. There is wide agreement that the weakness of political institutions in the Philippines is a major, if not **the** major, hindrance to its further progress.

Second, and on a more tangible level, public sector institutions are of interest because when all is said and done with regard to progress in human development outcomes, the fate of policies and programs ultimately lies in the hands of government. Whether and how policy reforms are adopted and implemented, whether change takes place and how fast, and whether programs are delivered effectively and with integrity hinge on the functioning of government organizations and the behavior of agents of government. How agencies and agents function derives in turn from the formal and informal rules that impinge on them.

The puzzle of Philippine education is a case in point. Despite years of diagnosis, prognosis, and reform initiatives, Philippine education remains in

crisis. By now the numbers are well known: Out of 100 children who enter Grade 1, only 86 move on to Grade 2; 76 to Grade 4; 67 to Grade 6; and only 65 finally complete the full elementary cycle of six years.² Further, of these 65, only 58 go on to high school, of whom only 42 graduate four years later.

Achievement levels, as measured by national tests, are alarmingly low. In March 2004, all High School Fourth Year (IV) students were given the National Achievement Test (NAT) in English, science, and math to determine their levels of preparedness for university or the world of work. Less than seven in every hundred seniors passed the English test with a score of at least 75 percent, considered the benchmark score for determining “mastery” of a subject area. Somewhat more passed math (13 percent) but fewer passed science (0.7 percent). Overall, only 2 percent of all high school seniors attained the passing grade of 75 percent. Even if the passing score were lowered to 50 percent, only one-third would have passed. Similar results were revealed in a diagnostic test taken by incoming freshmen in 2004.³ The learning gaps among Grade 6 pupils have in fact been wide and persistent over the past two decades [Box 1.2].

While much has been heard and written about

the ills of Philippine education (including the 2000 edition of this same Report), what may be startling to some is the fact that the same issues of access, equity, quality, and relevance seen today were already observed 83 years ago in a 1925 critique of Philippine education by Yale professor George Counts [Bautista et al., 2008].⁴ The problem of high dropout rates, low pupil performance, poor teacher quality, inappropriate language of learning, irrelevant learning materials, excessive centralization, and inadequate financial resources were articulated then—and repeatedly since by 25 other education surveys and reform projects undertaken in the past century [Chapter 2, Box 2.1].

In short, the question to ponder is no longer how to improve education outcomes, since this has been discussed *ad nauseam* and answers to it are fairly well known. Rather we must ask why—despite the same diagnosis and recommendations by a slew of experts and scholars who have investigated the problems of Philippine education—fundamental issues in education have not been resolved. What explains the stasis in education, or the inability of the public school system to formulate, adopt, or implement reforms that have repeatedly been identified and advocated?

Box 1.2 Evidence of persistent learning gaps

1986–1988 Survey of Outcome of Elementary Education (SOUTELE)

Math (Grade 6) – 44.3% mean passing score or MPS [1986]

Math (Grade 6) – 41.9% MPS [1988]

Overall test scores (Grade 6) – 47.5% MPS [1988]

1989 Bureau of Elementary Education-Program for Decentralized Education (BEE-PRODED)

Math is least-learned subject among Grade 6 pupils.

1991 University of the Philippines College of Education (UPCE)–PRODED

Overall test scores (Grade 6) – 47.3% MPS

1993–2004 National Elementary Achievement Test (NEAT)

Math and science (Grade 6): from 40.4% to 52.7% MPS

2004 National High School Readiness Test (HSRT)

English: 0.81% passing rate at the mastery level (75% and up MPS)

Science: 0.85% passing rate at the mastery level

Math: 2.12% passing rate at the mastery level

Total test: 0.64% passing rate at the mastery level

General finding: Less than 1 percent of incoming high school freshmen have mastered the minimum competencies of elementary education, and most are *not* ready to learn the high school curriculum.

Source: Luz [2008]

Box 1.1 Measuring governance and local institutions

The Worldwide Governance Indicators (WGI) project defines governance as “the traditions and institutions by which authority in a country is exercised, including the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them” [http://www.govindicators.org]. It reports aggregate and individual governance indicators for 212 countries and territories from 1996 to 2007 for six dimensions of governance, capturing the key elements of this definition:

■ **Control of Corruption** – The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

■ **Rule of Law** – The extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

■ **Regulatory Quality** – The ability of the government to provide sound policies and regulations that enable and promote private sector development.

■ **Government Effectiveness** – The quality of public services, the capacity of the civil service and its independence from political pressures, and the quality of policy formulation.

■ **Political Stability and Absence of Violence** – The likelihood that the government will be destabilized by unconstitutional or violent means, including terrorism.

■ **Voice and Accountability** – The extent to which a country’s citizens are able to participate in selecting their government, their freedom of expression and freedom of association, as well as the existence of a free media.

Among others, its research shows that improved governance raises development, and not the other way around. When governance is improved by one standard deviation, infant mortality declines by two-thirds and incomes rise about threefold in the long run. Moreover, such an improvement in governance is within reach since it is a fraction of the difference between the worst and best performers.

The indicators draw on 35 different data sources reflecting the views on governance of thousands of citizen and firm survey respondents worldwide, as well as thousands of experts in the private, NGO, and public sectors. They are intended to prompt public discussion of governance challenges and successes.

Margins of error are also explicitly reported, however, reflecting the inherent difficulties in measuring governance using any kind of data. In the latest update [Kauffman et al., 2008], the authors show that even after taking margins of error into account, the WGI permits meaningful cross-country comparisons, as well as monitoring progress over time.

The Philippines’ WGI percentile rankings have decreased between 1996 and 2007, and regional comparisons show a mixed picture [Box Table 1]. Its largest decreases have been in Control of Corruption, from 45.1 to 22.2 or a decrease of 22.9 percentage points, and Rule of Law, from 54.8 to 33.8 or a decrease of 21 points. Its rankings in the other categories: Political Stability/Absence of Violence, from 29.8 to 10.1 or a decrease of 19.7 points; Regulatory Quality, from 67.8 to 50.5 or a decrease of 17.3 points; Voice and Accountability, from 53.6 to 43.3 or a decrease of 10.3 points; and Government Effectiveness, from 60.2 to 56.4 or a decrease of 3.8.

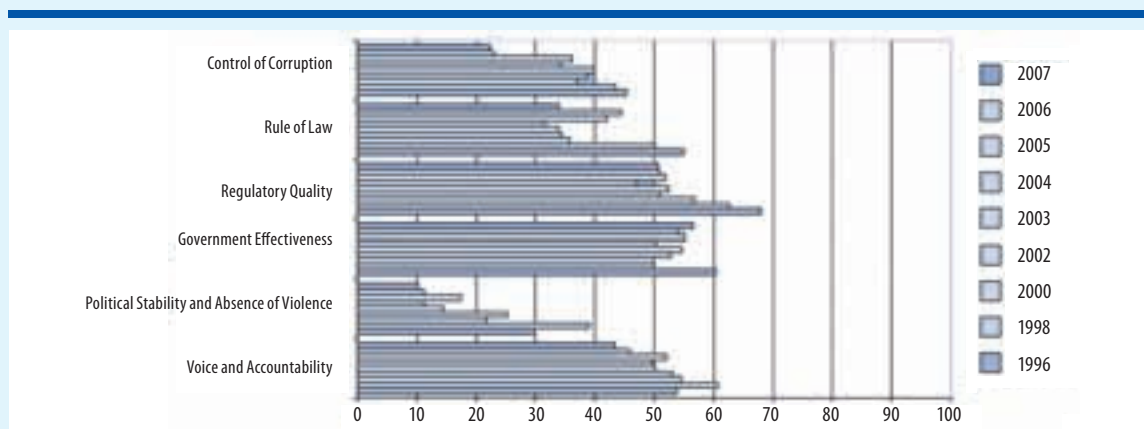
Compared to countries in the region, the Philippines comes in dead last in Control of Corruption and Political Stability, second to the last in Rule of Law, and third to the last in Government Effectiveness [Box Table 2]. It is ranked highest in Voice and Accountability, a category where all comparator countries fall below the 50th percentile.

Measuring local institutions

A number of measures are available and could be generated to proxy for the quality of local institutions.

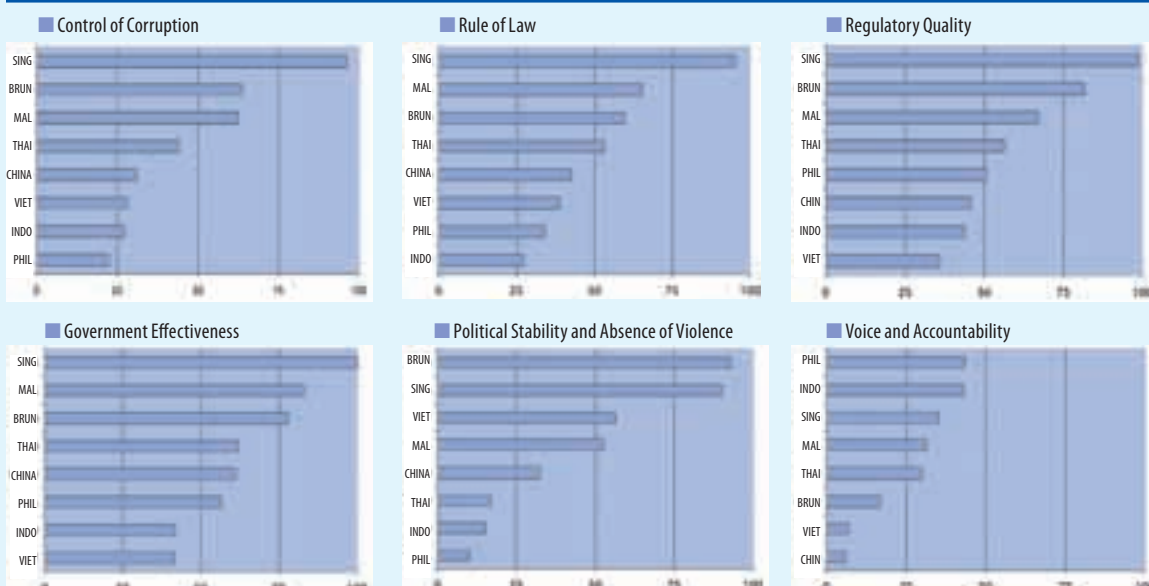
For local institutions as organizations, one such measure is from the National Statistical Coordination Board (NSCB), which several years ago constructed a Good Governance Index at the provincial level based on administrative data. The index is an aggregate of many measures, including per capita spending on social services, crime solution rate, and per capita revenue index. The Asian Institute of Management (AIM), in its City Competitiveness Program, has also generated what may be considered measures of governance quality at the city level. These measures are based on scores given by

Box Table 1 Philippines WGI percentile rank (0-100):
Comparisons for 2007, 2006, 2005, 2004, 2003, 2002, 2000, 1998, 1996 (top-bottom order)



Source: Kauffman, Kraay, and Mastruzzi (2008)

Box Table 2 WGI regional comparisons for 2007



Source: Kauffman, Kraay and Mastruzzi [2008]

“experts.” Among these measures are:

- Need for bribes to secure business permits in local government offices
- Honesty and transparency of local government
- Conduciveness of regulatory environment for business
- Simplicity and efficiency of securing a business permit
- Local government has online services

For institutions as norms, voter participation rates at the level of the province or municipality from the Commission on Elections (Comelec) and participation rate of households in nongovernment organizations or people’s organizations from the Annual Poverty Indicators Survey (APIS) can be viewed as measures of the attitudes or norms prevalent in the local population that affect the degree to which good government services can be demanded.

Philippine city-level analysis predicting entrepreneurship indicates a strong positive correlation between entrepreneurship and people’s perception of city government corruption [Ducanes and Piza, 2008]. The former is proxied by number of establishments (e.g., number of wholesale/department stores, manufacturing, restaurants, hotels, recreational establishments from the 2000 Census) and the latter by the *absence of bribery* and *honesty and transparency of local government* (i.e., the first two AIM measures above).

Specifically, the number of establishments increases by 31 and 24 percent for every unit improvement in the people’s perception of bribery and honesty in government, respectively, and 32 percent for every unit improvement in the simple average of the two, after controlling for LGU and regional income levels. LGU income is also statistically significant but may not be of practical importance: A 1 percent increase in LGU income increases the number of establishments between 0.32 and 0.39 percent, depending on the measure of corruption used.

Province-level analysis predicting sixth grade standardized test scores also shows some evidence of the impact of “good” institutions. After controlling for per capita income, the share of social expenditures to total LGU expenditures, and the education of the adult population, provinces with higher *voter participation rates* are found to be more likely to achieve higher test scores, whether in the aggregate (English, math, and science) or separately for math and English, although the results are statistically significant only for English scores. A 1 percentage point increase in voter participation is associated with about a 0.5 percentage point increase in English scores.

The number of years of schooling of adults and the share of LGU social expenditures are also significant, with a year increase in the former associated with percentage point increases in test scores of 3.0, 3.6, and 2.2 for aggregate, math, and English scores, respectively. A year increase in schooling of adults is also associated with an increase of a nearly 1 percentage point in enrollment rates, controlling for per capita income, share of LGU social expenditure, and NGO participation rates. *NGO participation rates* are statistically significant and positively correlated but of little practical importance.

In other words, a good institution in the form of a noncorrupt local government is likely to encourage more people to undertake formal entrepreneurial activities, generating more economic activity and employment, which will raise their standard of living. Likewise, a good institution in the form of a socially more active populace is more likely to demand better services and hold their local officials accountable during elections and, as a consequence, get better school inputs, ultimately raising education outcomes in the locality.

One must be aware of the criticisms typically hurdled at institutional measures such as those from AIM. First, that these things are themselves outcomes and not institutional constraints. Second, that surveys of experts are seldom comparable because different “experts” do the ranking or scoring in different places.

Inadequate ‘funds,’ ‘leadership,’ or something else?

The perennial answer to many of these questions has been “funds” and “leadership”—or, more exactly, the lack of these. For instance, the usual response by the Department of Education (DepEd) to the overwhelming evidence of poor performance throughout the system is to cite *shortages* as the root cause [Luz, 2008]. Classroom shortages currently range from a few thousand to tens of thousands, depending on whether one assumes a single or double shift. Teacher shortages could range from as low as 9,000 to as high as 30,000, depending on the assumed class size. The extent of textbook shortages also varies, depending on whether textbooks for music, art, and physical education are counted on top of books for the regular subjects of English, Filipino, mathematics, science, and social studies/civics. Furniture (e.g., school desks and chairs) shortages are easier to compute: one desk and chair for every child.

Shortages are driven by the level of public funding relative to the demand for services (i.e., the level of enrollment). The demand for services is in turn driven principally by rapid population growth.⁵ If the level of the education budget does not increase quickly enough to meet the demands of our public schools, shortages are the inevitable result.

From 1995 to 2008, the DepEd’s share in the national budget was almost a constant 13 percent. On a per-student basis, however, investment was declining in real terms. **Tables 1.1 and 1.2** show public elementary and secondary school enrollment growing at an average of 1.8 percent per year while per-public school student budget of the DepEd grew in real terms at an average of 2.1 percent per year, a rate that looks respectable at first glance but which includes a notable spike in the 1997 budget due to increases in teacher salaries as provided by the Salary Standardization Law. After the one-time 1997 spike, the per-student budget declined by an average of 0.3 percent per year in real terms.

Table 1.1 Public and private enrollment (1995-1996 to 2007-2008)

SY	Public (in millions)				Private (in millions)			
	ES	HS	Total	GR (%)	ES	HS	Total	GR (%)
1995-1996	10.63	3.30	13.93		0.86	1.51	2.37	
1996-1997	10.94	3.46	14.40	3.37	0.89	1.44	2.33	-1.69
1997-1998	11.28	3.55	14.83	2.99	0.93	1.41	2.34	0.43
1998-1999	11.55	3.70	15.25	2.83	0.94	1.35	2.29	-2.14
1999-2000	11.77	3.87	15.64	2.56	0.92	1.27	2.19	-4.37
2000-2001	11.82	4.09	15.91	1.73	0.92	1.25	2.17	-0.91
2001-2002	11.90	4.38	16.28	2.33	0.91	1.25	2.16	-0.46
2002-2003	12.05	4.79	16.84	3.44	0.91	1.24	2.15	-0.46
2003-2004	12.07	5.06	17.13	0.23	0.95	1.26	2.21	2.31
2004-2005	12.10	5.10	17.20	0.41	0.99	1.31	2.30	4.07
2005-2006	11.99	5.01	17.00	-1.16	1.01	1.28	2.29	-0.43
2006-2007	12.08	5.02	17.10	0.59	1.03	1.29	2.32	1.31
2007-2008	12.03	5.12	17.15	0.29	1.09	1.33	2.42	4.31
AAGR				1.78				0.16

SY – School Year; ES – Elementary School; HS – High School; GR – Growth Rate; AAGR – Average Annual Growth Rate
Source: Department of Education et al. [2005]. Updated from <http://www.deped.gov.ph/factsandfigures>.

Table 1.2 Department of Education budget (1995-2007)

FY	DepEd Budget		Budget Per Public Student (pesos)		GR (%)	
	(in million pesos)					
	Current prices	Constant prices (1995)	Current prices	Constant prices (1995)	Current prices	Constant prices (1995)
1995	46,674	46,674	3,350.61	3,350.61		
1996	55,618	51,731	3,862.36	3,592.44	15.27	7.22
1997	73,137	64,424	4,931.69	4,344.16	27.69	20.93
1998	82,758	66,717	5,426.75	4,374.87	10.04	0.71
1999	86,225	65,610	5,513.11	4,195.01	1.59	-4.11
2000	92,918	68,016	5,840.23	4,275.05	5.93	1.91
2001	95,793	65,656	5,884.09	4,032.92	0.75	-5.66
2002	103,134	68,631	6,124.35	4,075.48	4.08	1.06
2003	105,921	68,132	6,183.36	3,977.35	0.96	-2.41
2004	105,970	64,320	6,161.05	3,739.54	-0.36	-5.98
2005	107,720	60,748	6,336.47	3,573.42	2.85	-4.44
2006	118,758	63,039	6,944.91	3,686.49	9.60	3.16
2007	139,406	71,964	8,128.63	4,196.16	17.04	13.83
AAGR [From 1997]					11.88 [6.48]	2.10 [-0.34]

Source: Department of Education et al. [2005]. Updated from <http://www.deped.gov.ph/factsandfigures>.

Table 1.3 Education department secretaries (1979-present)

President	Secretary
Ferdinand E. Marcos (1965–1986)	ONOFRE D. CORPUZ July 1979– January 1984 (55 months)
	JAIME C. LAYA January 1984–February 1986 (26 months)
Corazon C. Aquino (1986–1992)	LOURDES R. QUISUMBING February 1986–December 1989 (47 months)
	ISIDRO D. CARINO+ January 1990–June 1992 (30 months)
Fidel V. Ramos (1992–1998)	ARMAND V. FABELLA July 1992–July 1994 (24 months)
	RICARDO T. GLORIA+ July 1994–June 1998 (40 months)
	ERLINDA C. PEFIANCO – Acting February 1998–June 1998 (6 months)
Joseph E. Estrada (1998–2001)	Bro. ANDREW B. GONZALES, FSC+ July 1998–June 2001 (30 months)
Gloria Macapagal-Arroyo (2001–present)	RAUL S. ROCO+ January 2001–August 2002 (17 months)
	EDILBERTO C. DE JESUS September 2002–August 2004 (23 months)
	FLORENCIO B. ABAD August 2004–July 2005 (11 months)
	FE A. HIDALGO – OIC July 2005–September 2006 (11 months)
	JESLI A. LAPUS September 2006–present (28 months as of December 2008)

+ deceased

In other words, stagnant or falling real expenditures per student have been a recurrent problem and will likely persist because of the government's tight fiscal situation (and its continuing rejection of an active stance on population). Even if funds were hypothetically allocated to cover input shortages, it is not at all obvious that more of the *same* inputs could produce radically different outcomes. "In an input-output equation, if inputs result in poor output, more of the same inputs will [merely] create more of the same poor output and miss the real bottom line—quality education—unless there is a radical change in the throughput (e.g., education processes)" [Luz, 2008].

Indeed, improving education processes in terms of structure (e.g., decentralization) and pedagogy (e.g., curriculum) has been stymied not by funds but by *internal cultural factors* along with *externally imposed rules* [Bautista et al., 2008]. Further, the "disconnect between goals and priorities" in the education sector is caused in a major way not by the level of funds but by, ironically, the form and timing of the *annual budget process* itself [Luz, 2008].

What about leadership?

The last 30 years have seen 13 secretaries of education with an average term in office of 27 months [Table 1.3]. The highest turnover occurred in the last seven years, with four department secretaries and one acting secretary staying an average of 18 months each. Since the basic education cycle is 10 years, one might understandably attribute the failure to adopt or implement education reforms to the mismatch between the long-term requirements of the system and the short-term tenure of department leaders.

Top leadership does matter but is a double-edged sword [Bautista et al., 2008]. On the one hand, while the DepEd bureaucracy has the capacity for policy continuity (as demonstrated in the advocacy for and adoption of decentralized reform discussed in Chapter 2), mainstreaming these reforms requires a resoluteness and flexibility that an inertia-prone bureaucracy cannot muster on its own. A department secretary who is an outsider can help to break the impasse, prioritize, and push reforms, as the late Raul Roco did in the case of

the Third Elementary Education Project or TEEP [Chapter 2]. That Roco was also a politician even endowed his decisions with a weightiness and suasive power that ordinary bureaucrats may not have marshalled. On the other hand, an involved, hands-on secretary risks politicizing the reforms he shepherds, especially if these begin as his pet projects. Indeed, TEEP became a "virtual orphan" after Roco left [Bautista et al., 2008].

Ultimately, whether or not a rapid turnover of department secretaries hinders change and presents obstacles to effective and continuous policy implementation depends highly on the quality and professionalism of middle managers, down to leadership at the division, district, and school levels [Luz, 2008; Bautista et al., 2008]. If middle managers are professionals who base their actions on acceptable norms of their profession and high performance standards, then turnover at the top is not necessarily dislocating. If, on the other hand, they are weak and work solely on top-down instructions, then it most likely will be. The practice of coterminous appointments of undersecretaries and assistant secretaries weakens the development of a professional managerial culture within the department, for these levels should in principle provide professional and departmental continuity. Continuity in the top leadership definitely matters, but it is equally important to have a strong second layer of career executives [Bautista et al., 2008].

Summing up, while the size of funds and tenure and quality of top political executives do matter, a number of less tangible factors are at least as important. Among these are externally imposed rules and processes, organizational culture, and the quality of department bureaucrats. These factors are some of the institutions (as earlier defined) that impinge not only on the DepEd but on other government agencies as well. Therefore, to understand the persistence of fundamental sectoral issues and the inertia of public organizations to reform, a deeper **institutional** view of the government is necessary.

Institutions affect human development

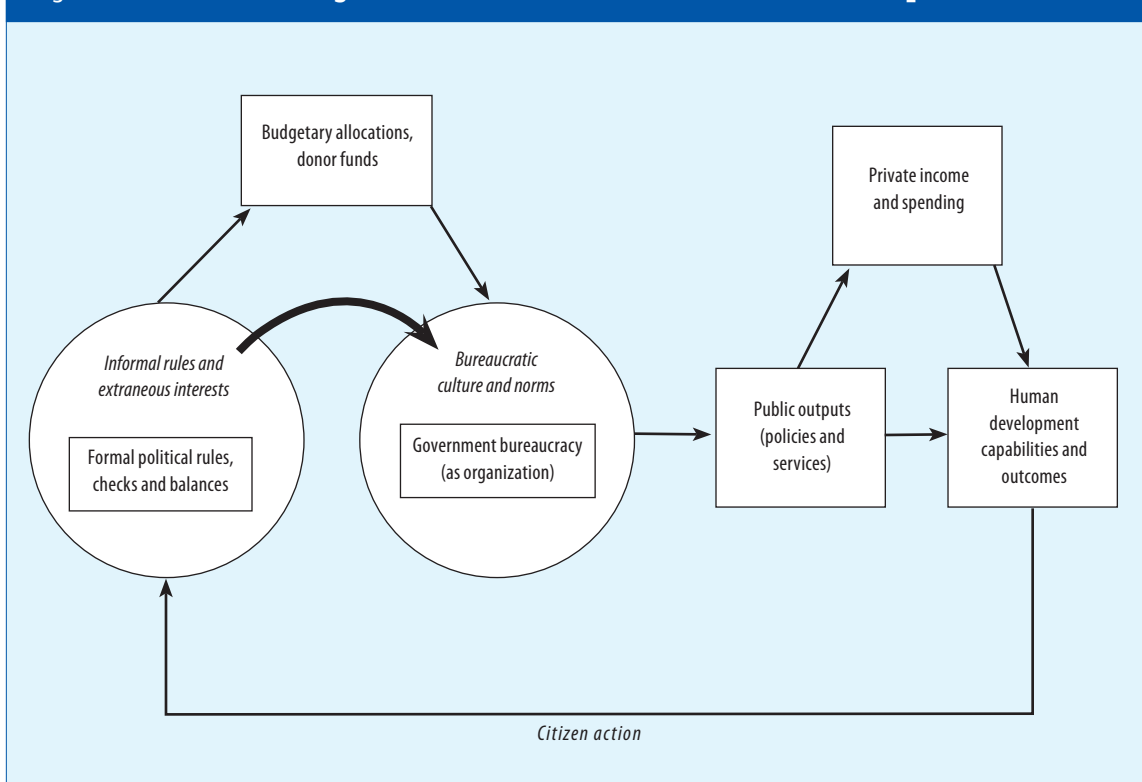
“Government” is really shorthand for a collection of organizations and rules. It is one organization made up of many different organizations bound by interrelated rules and norms, embodying certain expectations, and each with its own responsibility—some tasked to maintain peace and order, deliver health services, deliver education services, provide permits for drivers, protect natural resources, and so forth. These responsibilities are determined by the broader accepted functions of government of providing overall leadership and representation of the general public to enable—in a democratic society—self-governance among the citizens. It follows that the form and quality of institutions can spell large differences in the level of development across different domains.

The link between government institutions and human development outcomes is outlined in **Figure 1.1**. Human capabilities are determined by the level and quality of private and public goods and services

consumed. The public goods and services that promote human development are in turn produced by government organizations or agents, who execute tasks set by the bounds of both formal political rules and informal norms and extraneous interests, mediated by the prism of their own culture and norms. If the combination of informal and formal controls hampers rather than enables the agency’s fulfillment of its tasks, then the quality of inputs into human development will suffer. If shirking, waste, or dishonesty is not penalized, for instance, “bad” rather than “good” government will be delivered.

In this sense, a “weak” or “soft” state is one where informal norms overwhelm the formal controls and incentives in both the bureaucracy and the political system—seen as the circles being larger than the squares—and formal rules and enforcement are easily co-opted. The transformation into a stronger state, therefore, entails increasing the size of the “squares” relative to the “circles” so that more transactions are consummated using the formal parts of institutions rather than their informal parts—by updating unsuitable codes, for

Figure 1.1 **Link between government institutions and human development outcomes**



instance—*as well as* aligning norms more closely to what is codified to strengthen compliance. A balance must be struck between the two for there is a limit to what formal rules can do to make up for bad norms [Box 1.3]. In any case, citizen action is critical to the reform process.

Greater progress in human development, therefore, requires one to focus on rules and norms that affect the performance of government organizations or agencies. The most important are those rules and norms that directly motivate government employees, that determine the level and management of agency funds, and that enforce other rules, provide checks and balances, and exact accountability.

This chapter discusses each in turn: the civil service corps, the national government budget process, and the judicial and quasi-judicial bodies which comprise the internal rule enforcement mechanisms of government.

The quality of the civil service corps at the national and local levels affects the quality of policy

advice and development, on the one hand, and the quality of policy implementation and service delivery, on the other. As already observed, in a regime where top executives serve at the pleasure of the President and where there is a high turnover rate of appointed or elected officials, a *strong civil service is key to effective governance*. The behavior and performance of government organizations on the whole then turn on how the civil service corps is treated—how they are motivated, the constraints they face, what is rewarded, both formally and informally, and what is not. What incentive structures drive the behavior of government employees? How is this linked to agency performance, especially in the human services sector?

The budget cycle as a formal institution also warrants a closer look. The national government budget is supposed to embody the policies and priorities of the state with regard to economic and human development. As a tool, it is supposed to enable the achievement of desired outcomes, both short- and long-term,

Box 1.3 Compensating for a history of fraud in elections: Formal rules gone wild



The measures provided by law and by implementing rules to secure official ballots are extreme. First, each ballot is signed by the chairman of the three-person Board of Election Inspectors (BEI) before being handed over to a voter for use. The voter fills up his ballot, folds it, and affixes his thumb mark on the ballot coupon. The voter then signs the list of voters and receives indelible ink from the chairman, who countersigns the same list. When voting and counting are finished, all valid ballots are placed in an envelope, secured by a paper seal, and signed by all members of the BEI. The sets of election returns (ER), with all their pages and copies, are also signed and thumb-marked by all three BEI members as well as by six accredited watchers (if available), folded and secured with another paper seal, and placed in color-coded envelopes to separate all seven copies—which are once again secured with paper seals and again signed by BEI members. Unused ballots are torn in half, with each half

placed in a separate envelope. The tally board sheets, envelope of valid ballots, envelope of one half of torn unused ballots, envelope of spoiled ballots, envelope of the ER copy for the ballot box, envelope of the minutes of voting, and stubs of used pads of official ballots are then collected and all placed inside a ballot box that is built like a **tank**: a metallic box with a small glass window, an inner lid secured by a plastic security seal, and an outer lid with three ears to place three padlocks, the front ear locked by an additional plastic security seal. The three padlock keys are then placed in yet another set of envelopes, which are—again—sealed and signed by the BEI, to be distributed one each to the election officer, prosecutor, and treasurer. The ballot box is delivered to the treasurer while other paraphernalia, including the envelope with the other half of torn unused ballots, is delivered to the election officer.

There is a limit to what formal rules can do to anticipate fraud. Perhaps it is high time to deal squarely with the culture of fraud itself.

protected from undue interests and unhampered by transactional politics. In practice, however, the budget is a process of negotiation among agencies within the executive and between the executive and the legislature. These negotiations present opportunities for political interventions and the imposition of political constraints on the flexibility of the budget. Further, the budget pie itself may not be growing. Does the budget enable the efficient delivery of human development related services? Does it motivate the delivery of good government?

In a simple world of prospectively repeated face-to-face exchange, it will pay to cooperate so that rules and norms can be largely self-enforcing. Where exchange is impersonal and “the quid is separated from the quo,” however, the reverse is true: It would pay to take the money and run, not to live up to agreements or contracts [North, 2003]. In such a world, enforcement by a third party is frequently required, ultimately embodied in a judicial system that puts in place and enforces rules and contracts. Likewise, government needs credible rule enforcement mechanisms to ensure compliance with powers, responsibilities, and codes of behavior. Judicial and quasi-judicial entities such as the Civil Service Commission (CSC), the Office of the Ombudsman, and the Supreme Court are mandated to serve as enforcers, providing recourse for and on behalf of ordinary citizens. The extent to which they are credible, however, depends on larger institutional dynamics as well as how their own members behave [Greif, 2006]. How effective are the CSC, the Ombudsman and the courts as internal rule enforcers and how can they be strengthened?

The civil service

The potential impact of the efficiency of government's direct operations on per capita income levels and growth cannot be ignored. Its direct involvement in the economy as consumer and producer is extensive. Government is the country's largest purchaser of goods and services, with the national government accounting for 3.5 percent of total spending for 2008, excluding transfers [Boncodin, 2008a]. It has 77 chartered government-owned and -controlled cor-

porations, including financial institutions, and 928 corporations (e.g., water districts) chartered under the Corporation Code, including subsidiaries. All these account for 5.7 percent of the 2008 GDP. Another 118 business-like enterprises, including 114 state colleges and universities, and 15 major credit programs comprise its business portfolio. The agents responsible for manning government instrumentalities on a day-to-day basis are the civil service corps.

As of 2004 (the last inventory available), the Philippine civil service comprised almost 1.5 million personnel, including police and uniformed men in the jail and fire bureaus but excluding uniformed personnel in the military. This makes the government the single biggest direct employer in the country.⁶ Eighty-nine percent were career personnel and 11 percent noncareer [Tables 1.4 and 1.5], with the DepEd accounting for a full third [Box 1.4]. The fiscal implication of such a workforce is reflected in the government's wage bill, which averaged one-third (33.2 percent) of national government obligations from 2001 to 2007 [Figure 1.2].

Table 1.4 Dimensions of the Philippine civil service (2004)

Branch of government	Career	Noncareer	Total
Executive (National)	966,160	50,185	1,016,345
Executive (Local)	304,951	104,028	408,979
Legislative	2,317	3,521	5,838
Judiciary	25,734	1,197	26,931
Constitutional	17,004	602	17,606
Total	1,316,166	159,533	1,475,699

Source: Monsod [2008]

Table 1.5 Largest public sector employers (2004)

Department	Number of personnel
Education	500,951
Interior and Local Government	149,292
State universities and colleges	59,913
Public Works and Highways	27,270
Judiciary	26,931
Health	26,730
Autonomous Region of Muslim Mindanao	25,480

Source: Monsod [2008]

Box 1.4 Physical dimensions of DepEd

The Philippine Commission under American colonial rule formally established the Philippine public school system in 1901 as the Department of Public Instruction. While schools had existed throughout the era of Spanish rule, these were run, for the most part, by religious orders and were neither organized as a system of education for the general public nor regulated by a single regime of standards that applied to all schools.

Three weeks after Manila was occupied by American forces in 1898, seven public schools were opened, each handled by a soldier assigned to teach English. By 1901, 22 more schools were established in different parts of the country with a total enrollment of more than 4,000 students. To teach a growing number of students and a population increasingly interested in educating young children, 1,074 American teachers from 47 states of the United States arrived to take up teaching posts all over the country. They became known as “Thomasites” after the U.S. troop carrier, *USS Thomas*. The ship carried the largest contingent of 509 teachers, who arrived on August 23, 1901 [Racelis and Ick, 2001].

By 1904, the number of enrolled students expanded twelvefold to more than 50,000; 23,000 children were turned away for lack of space. To meet the growing demand, the legislature of the Philippine Commission passed a law to set up more schools. That year, 355,722 students were enrolled throughout the archipelago [Encarnacion, as cited in Racelis and Ick, 2001].

A decade later, the number tripled to over a million children in over 4,000 schools. By the start of the 1930s, over 1.2 million elementary school pupils were joined by 17,355 high school students. Yet this number represented only 37 percent of all school-age children recorded by the census [Perez, as cited in Racelis and Ick, 2001].

Today the Department of Education is responsible for providing elementary and secondary education to all Filipinos. It is the largest government bureaucracy in the country, directly operating 37,807 elementary schools and 6,488 high schools nationwide (as of SY 2007-2008), organized into 176 schools divisions and 17 regional offices.

In school year 2007-2008, the DepEd had in its employ more than 480,000 elementary and high school teachers and 65,312 nonteaching personnel, such as principals, education and district supervisors, division superintendents, school nurses, and librarians. Even with its sizable workforce the teacher-student ratio of public elementary schools and high schools—1:35 and 1:39, respectively—remains high compared to other countries.

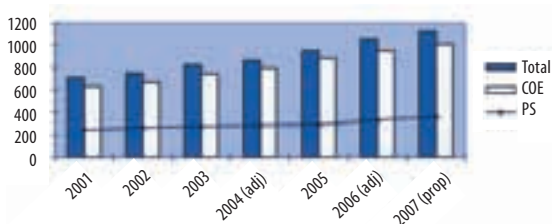
Box Table 3 Pupil-teacher ratio (2006)

Pupil-Teacher Ratio	Cambodia	Indonesia	Japan	Philippines	Singapore	Thailand	Vietnam
Pre Primary	24	16	29	33	-	25	17
Primary	50	20	19	35	23	18	21
Lower Secondary	30	13	14	42	-	22	21
Secondary	28	12	12	37	18	22	23
Upper Secondary	25	10	11	26	-	21	27

Source: UNESCO

Taken from Luz, 2008

Figure 1.2 Personal services to national government obligations (2001-2007)



PS – Personal Services; COE – Current Operating Expenditures
Source: Monsod [2008]

How the civil service corps is treated—including motivations and constraints—is the key to understanding the behavior and performance of government organizations on the whole.

Monetary incentives

By nature, and in contrast to the private sector, the link between money wages and observed performance is weak in government agencies. For one, only by exception are government agencies able to retain earnings (if they have any at all), much less devote earnings to the private benefit of staff. Even for agencies that have a financial “bottom line” such as the Bureau of Internal Revenue (BIR), the hiring, purchasing, contracting, and budgeting of productive factors remain governed by political, and not bureaucratic, rules. Supervision of factors of production, in other words, is political and vested in external entities such as Congress, the courts, or politicians rather than in public managers.

Further, employee “performance” itself is difficult to define. Unlike in private organizations, the primary goals of public sector organizations are often ambiguous, difficult to interpret in precise operational terms, and even more difficult to monitor or measure. For instance, mandates can read as broadly as “to educate youth...” or “to promote long-range security...” phrases that reasonable people are likely to disagree on as to interpretation and how they should be operationalized and attained. Agencies also differ according to whether agency

outputs (the work the agency does on a day-to-day basis) and outcomes (how the world changes as a result of outputs) are more or less observable. These make the measure of employee performance and the challenge of motivation much more difficult [Box 1.5].

Government’s limited leeway in using monetary incentives makes it urgent to optimize these incentives. The compensation structure that civil servants currently face, however, is far from optimal. The structure is prescribed in Republic Act No. 6758, or the Salary Standardization Law (SSL) of 1987, as well as in Joint Resolution No. 01, s. 1994 of the Senate and the House of Representatives. Although the law was originally intended to standardize compensation, a number of external and internal inequities and other performance-incompatible features now characterize the system.

External inequities refer to how government salaries compare with those for equivalent jobs in the private sector and other competing labor markets (i.e., other governments and multilateral or international donor agencies.) Using “medium-sized” private firms as a benchmark, a study by the CSC [2006] found that salaries for senior managers and highly technical personnel in government were 74 percent below comparable jobs, and salaries for professional and technical personnel about 40 percent below.

Figures 1.3 to 1.5 show four sets of salaries to illustrate the divergences in salary schedules. The medium blue curve represents average salaries in the private sector sample, regardless of size. The gray curve represents average salaries for medium-sized firms, a subset of the private sector sample and the benchmark group for government. The dark blue curve represents salaries in some government agencies exempt from the SSL such as the Land Bank of the Philippines (LBP), while the black curve represents salaries in all other regular government agencies. It is only at the clerical and trade levels where salaries in government were 20 percent above benchmark.

Who are the civil servants most affected by these divergences?

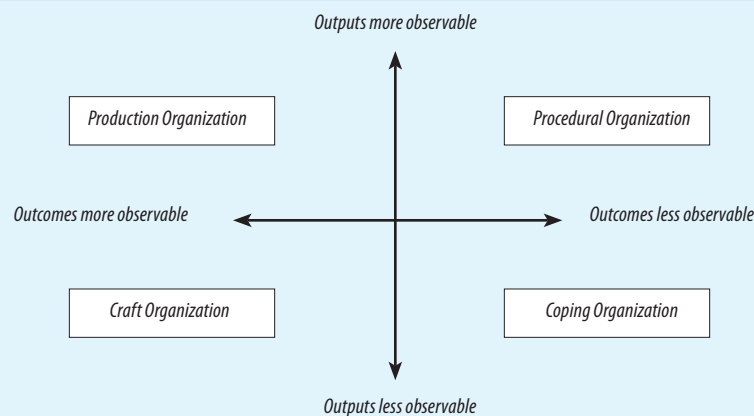
Salary grades 25 and above include assistant di-

Box 1.5 DepEd a ‘coping agency’

Wilson [1989] discusses four types of government agencies according to the extent to which outputs and outcomes are observable. A different mix of incentives may be required to motivate staff depending on type of agency [Box Figure 1]. Outputs are defined as the work the agency does on a day-to-day basis while outcomes are the results of the agency work—that is, how (if at all) the world changes because of the outputs. Outcomes may be hard to observe because they appear after long delays and because there are difficulties in their identification and attribution.

For instance, the output of postal workers (letters sorted, delivered) is relatively easy to observe while the output of a physicist (developing a theory) or forester (usually performed out of view of the manager) is not. Outcomes of Bureau of Internal Revenue (BIR) agents are relatively easy to observe while outcomes from police work (changes in level of security, safety, and order) are not.

Box Figure 1 Typology of government agencies



The BIR is an example of a **production** agency. Its outcome is to maximize taxes collected per employee, and the activities of clerks and auditors as well as the amount of taxes collected as a result of those activities can be measured. Workers of production agencies can be evaluated on the basis of their contributions to efficiency.

Craft agencies include investigative, research, or engineering agencies. Although outputs are less observable, outcomes are more, thus making them goal- rather than means-oriented. Craft agencies are likely to rely heavily on the ethos and sense of duty of the staff to motivate and control behavior and can be procedurally self-regulating. Managers can evaluate and reward the staff on the basis of results they achieve.

Management becomes means-oriented in **procedural** organizations (like juvenile detention centers and barangay health centers). Basically, since activities of the staff can be watched (while results appear after long delay), it will be watched all the time. Consequently, morale is likely to suffer and work may be biased by surveillance.

Finally, effective management is almost impossible in **coping** agencies, where both outputs and outcomes are less observable. Public school systems, local police forces, and diplomatic corps are examples. In public school systems, teachers work on their own on a daily basis away from the sight of managers, education outcomes are long delayed and difficult to attribute, and resources are rarely under the school's control. Management has a strong incentive to focus effort on the most easily measured and controlled activities of the staff (e.g., lesson plans, attendance records, and forms completed), and there is likely to be a high degree of conflict between managers and teachers. The same may not hold for private schools since they must survive by attracting clients and they face far fewer constraints in the use of capital and labor.

‘No memo, no action’

The DepEd is an illustrative case. The focus on inputs at the expense of outcomes, or on “standard operating procedures rather than standards,” can be precisely explained by the fact that education “outcomes require a long-term time horizon, both in terms of planning and implementation, while the demands are immediate and can be strident” [Luz, 2008].

Congressional requests and pressure raised by annual budgeting force the bureaucracy to look at the input side rather than outputs (much less outcomes). In three years of defending budgets before Congress [from 2002 to 2005], not once has the interpellation by congressmen been on education outcomes. Every year, the attempt by the Department to present school outcomes was cut short by requests of legislators to answer questions on school needs in their own districts [Luz, 2008, p. 16].

The choice of “which processes matter” is likewise influenced by the nature of outputs and outcomes. Processes include curriculum design, in-classroom teaching, testing, guidance and counseling, and student extracurricular programs. The methodology or delivery mechanisms reflect differing interpretation of standards and policy [Luz, 2008].

In curriculum design, for example, should the Department of Education prescribe a platform of *desired learning competencies* expected of all children or *minimum learning competencies* based on what the average student can achieve?... For DepEd, the debate is often shaped by the pressures of growing enrollments that are straining the system as a whole, and leading to overcrowding of schools in particular. In the effort to meet the growing demand for education services (more from population pressure than from actual household appreciation), DepEd tends towards a “one-size-fits-all” rule as the most efficient way to try to address need all over the country. This has tended towards the minimum learning competencies mode [Luz, 2008, p.8].

A “culture of obeisance” [Bautista et al., 2008] or of “no memo, no action” is also described. Although the Basic Education Act of 2001 provides for school-based management and principal empowerment, the DepEd and the public school system are still very much top-down bureaucracies. Luz [2008, p.19] recounts:

Instructions flow from the central office to all schools through the time-worn “DepEd Memo,” a written set of instructions that may be as important as the announcement of a new direction, policy, or program (e.g., on the new Basic Education Curriculum), to the mundane (e.g., dress code of teachers), to the purely informational (e.g., announcement of declared holidays), to the reiteration of past and current policies and practices still in effect (e.g., reminders of existing rules on school fees and the manner and timing of these collections). In a given year, as many as 400 DepEd Memos may be issued by the central office either by the secretary of education or one of the undersecretaries, in the name of the secretary.

The DepEd bureaucracy lives (and dies) by the DepEd Memo and this is so ingrained in the system that administrators and school heads will wait for these rather than act on their own. A common joke: A principal will wait for a DepEd Memo on “principal empowerment” before he will act on an issue.

From coping to craft agency

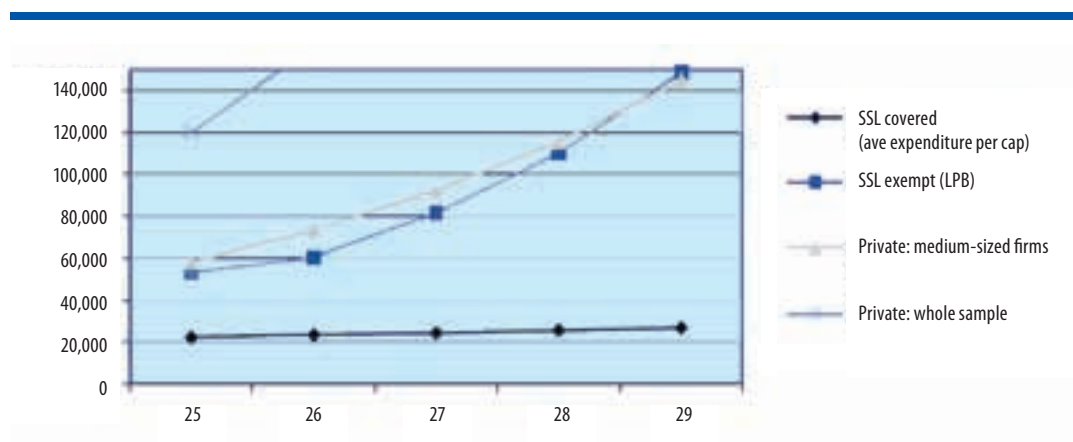
School-based management (SBM) and community involvement represent a way forward. Using Wilson’s framework, making the shift to SBM can be viewed as moving the DepEd and the public school system **closer to being a craft agency** where the possibility of motivation and effective management is greater.

Just as craft agencies rely heavily on the ethos and sense of duty of the staff, the intention of SBM is to enable and empower all schools with their communities to manage their own affairs for improved delivery of education services in a sustainable manner. With SBM the ownership of schools and of education outcomes are given primarily to those at the front line—principals, teachers, and local communities.

The visible effect or impact of “empowered principals” to effect or observe outputs and outcomes was demonstrated by the relative success of SBM experiments [Bautista et al., 2008]. For instance, under the Third Elementary Education Project (TEEP) supported by the World Bank and the Japan Bank for International Cooperation (JBIC), schools learned how to focus on education outcomes. Among the improvements observed: higher participation and promotion rates, lower dropout rates, narrower gaps in completion rates, more TEEP schools (by proportion) placed among the country’s top 1 percent schools in terms of the National Achievement Test (NAT), TEEP schools with a larger share of schools at the 75 percent mastery level and 60 percent near-mastery level based on the NAT results.

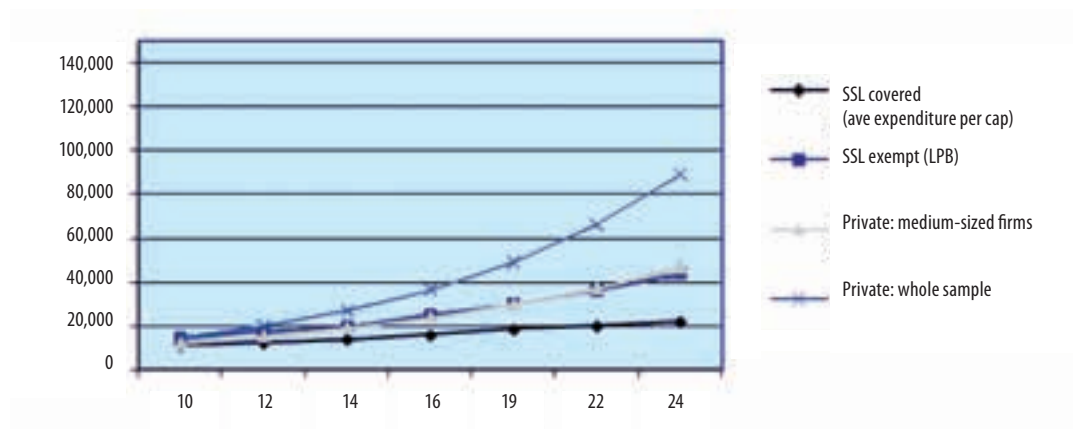
Source: Monsod [2008]

Figure 1.3 Comparative salary levels: Higher technical, supervisory, executives (Salary grades 25 and above)



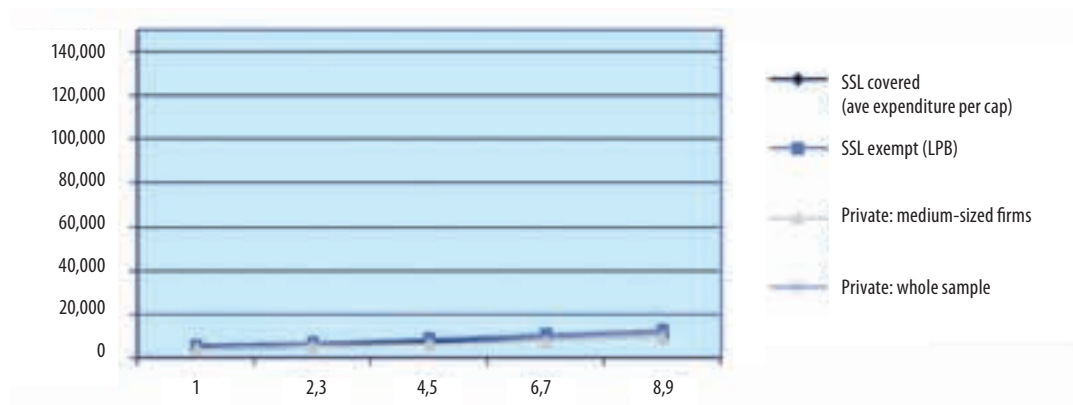
Source: Monsod [2008]

Figure 1.4 Comparative salary levels: Subprofessional, professional/technical (Salary grades 10–24)



Source: Monsod [2008]

Figure 1.5 Comparative salary levels: Clerical and trade (Salary grades 1–9)



Source: Monsod [2008]

rectors, directors, district engineers, schools superintendents, college professors, prosecutors, state auditors, assistant secretaries, undersecretaries, and the like. These people are responsible for policy design, higher-level technical services, and the day-to-day management of government. Salary grades 10–24 cover division chiefs, public attorneys, school principals, public health nurses, social workers, teachers, election officers, customs examiners, engineers, agriculturists, and others who directly implement public programs at the front line. For government to formulate quality policies and deliver quality services, it must be able to *attract* and *retain* good people for the tasks. The inequities described above clearly make it difficult to do so.

Better compensation in agencies such as the Land Bank relative to the rest of the bureaucracy further illustrates the *internal inequities* that have crept into the system. Although RA 6758 sought to consolidate the numerous special compensation plans then existing, a number of government-owned corporations and national government agencies have since been able to secure exemptions from the SSL through Congress, leading again to a proliferation of salary schedules.⁷ Specific occupational groups have also been able to get additional benefits through special laws, such as public health workers through their own Magna Carta (RA 7305). Needless to say, the resulting salary distortions have been a source of demoralization across the bureaucracy.

Internal inequities exist not only because of SSL exemptions but also because of distortions in job classification, with the “same” job being ranked differently across agencies [Table 1.6]. Budget and management specialists at the Department of Budget and Management (DBM), for example, are classified one grade higher than economists at the National Economic and Development Authority (NEDA), although their job qualifications and scope of work are comparable. Librarians are ranked lower still although they require a Professional Regulation Commission (PRC) certification, which the DBM and NEDA positions do not.

There also seems to be a bias against female-dominated positions such as teachers and nurses

[Table 1.7]. Female-dominated positions requiring a four-year college degree are generally pegged at Salary Grade 10 when the rule is Salary Grade 11. Pharmacists and physical therapists actually require a five-year course and on this basis should be at Salary Grade 12 along with architects and engineers. Moreover, a number of these Salary Grade 10 positions also require a PRC license while Salary Grade 11 male-dominated jobs do not. Social workers and community development officers are ranked equally at Salary Grade 11 even if the latter are not licensed.

Table 1.6 ‘Same’ job, different grade across agencies

Salary Grade	Job
10	Librarian I
11	Economist I
12	
13	Budget and Management Specialist I
14	Librarian II
15	Economist II
16	Budget and Management Specialist II
17	
18	Economist III; Librarian III
19	Budget and Management Specialist III
20	
21	
22	Budget and Management Specialist IV; Economist IV; Librarian IV
23	
24	Budget and Management Specialist V; Economist V; Librarian V

Source: Monsod [2008]

Performance among civil servants is further discouraged by the SSL’s compressed salary schedule and longevity policy. The SSL schedule contains 33 salary grades, each with eight steps. This results in very narrow bands that overlap at the fourth step. Longevity in turn is rewarded with a permanent step increment in base pay rather than a one-time bonus. These two policies combined can create situations where a long-serving subordinate

Table 1.7 Possible bias against female-dominated occupations

Female-dominated Positions	Salary Grade	Male-dominated/ Neutral Positions	Salary Grade
Teacher 1*	10	Agriculturist 1	11
Nurse 1*	10	Forester 1*	11
Nutrition Officer 1*	10	Geologist 1*	11
Pharmacist 1* +	10	Police Inspector 1*	11
Physical Therapist 1* +	10	Traffic Operations Officer 1	11
Librarian 1*	10	Community Development Officer 1	11
Guidance Counselor 1	10	Currency Analyst 1	11
Records Officer 1	10	Planning Officer 1	11
Teller 1	10	Trade Specialist 1	11
Social Worker 1*	11	Architect 1 * +	12
Population Program Officer 1	11	Engineer 1 * +	12
Psychologist 1	11		
Public Relations Officer 1	11		
Human Resources Management Officer (HRMO) 1	11		

* Requires PRC license or equivalent; + Requires a five-year course. All others require a four-year course.

Source: Monsod [2008]

receives a larger salary than his or her newly appointed supervisor [Table 1.8]. This distortion also gives rational employees a greater incentive to *stay* in a position and underachieve or underperform, since added responsibilities and longer hours resulting from a promotion will likely outweigh any incremental gains in compensation from superior performance.

Table 1.8 Consequences of salary schedule compression: Subordinate with greater salary level

Position	Grade	Step	Salary (in pesos)	Level
HRMO IV	22	7	22,325	Subordinate
HRMO V (Division Chief)	24	1	20,828	Supervisor

Source: Monsod [2008]

Civil service rules provide that a government worker has security of tenure once hired, and can only be removed for serious administrative offenses such as graft, dishonesty, and immorality, as well as for poor performance, and only after due process. When performance monitoring and evaluation mechanisms are weak, however, (and assuming graft and dishonesty are not issues), secure tenure becomes a major source of long-term problems for the bureaucracy. This is demonstrated in the public school system where the Magna Carta for Public School Teachers enacted in 1966 provides all teachers, good or bad, with security of tenure *starting from the date of hiring*. For a good teacher, this is an incentive. For a poor or underperforming teacher, however, the system is stuck with that individual for more than 30 years, the average tenure of a public school teacher.

One last problem particularly important to the DepEd example pertains to job descriptions themselves. Monetary incentives are based on job salary grades, which in turn are based on an evaluation of job descriptions. Qualification standards pertain to the minimum and basic requirements of positions in government, including education, training, experience, and eligibility. If qualification standards for a job are not accurately identified, then people hired according to these standards will not have the knowledge or skills set needed by the agency.

In the case of the DepEd, current qualification standards for the position of school principal and upward are ill-informed or outdated, and wrong-headedly credentialist at the expense of merit and performance [Luz, 2008]. Specifically, a postgraduate degree is required despite the well-known problem that quality graduate schools in the provinces are hard to come by:

Because the requirement is strictly administered, it is pursued relentlessly by those interested in moving up the public education ladder. Elementary school principals feel they have to pursue graduate studies up to the doctoral level in order to obtain the highest principal rank possible (Principal IV). District and education supervisors and assistant and schools

division supervisors have to find time to do part-time doctorates at provincial schools, no matter how dubious these credentials are. On the other hand, the Department of Education, CSC, and DBM spend little time, if any, ascertaining the quality of the credential, much less whether these were attained with proper study or not...Not only does this pursuit of credentials take education administrators away from their task at hand, it can also breed petty corruption in the attainment of graduate degrees [Luz, 2008:30].

A 1996 study found that high performance among schools was influenced more by the *managerial capacity* of principals than by their academic qualifications [Box 1.6]. High-performing principals established a daily presence in their schools and were highly visible in terms of instructional leadership. They were visible to parents at all times, looked up to as community leaders, and were able to parlay their visibility into much-needed resources in cash or in kind in addition to those received directly from the DepEd. High-performing principals were also concerned with the improvement of faculty relations and the development of faculty skills, fundamental goals which low-performing principals omitted.

For all that, however, there is no qualifying or licensure exam for would-be principals, and much less any formal management training or any additional training for principals currently in service. The career path to becoming a principal is traditionally determined by longevity, with principals generally rising from the ranks starting out as classroom teachers.

Incentive effects of established 'practices'

Since there are no high-powered legal monetary incentives in government service, the relative significance of nonmonetary incentives becomes magnified. Such nonmonetary incentives include a sense of mission, professional pride, or ideology. Fostering such internal norms among employees

is a challenge, which greatly depends on how well public managers can define and protect the organization's core tasks and boundaries. Absent these, it is not surprising for motivation among some civil servants to degenerate into a search for illicit pecuniary gains instead.

A number of practices have made this task difficult, however, particularly in recent years. One such practice is the creation of *ad hoc* bodies and appointment of *presidential consultants/advisers* (PC/PAs) whose mandates clearly overlap with those of regular agencies or officials. How, for example, are authorities defined between the Presidential Adviser on Foreign Affairs, the Special Adviser for Energy Affairs, and two Presidential Assistants for Education, and the official cabinet secretaries for these same portfolios? Or between bureaus in the energy, environment, and agriculture departments and *ad hoc* bodies such as the Philippine Strategic Oil, Gas, Energy Resources and Power Infrastructure Office, Minerals Development Council, and the National Organic Agriculture Board? Even the designations of the *ad hoc* bodies and advisers themselves sow confusion, for instance, as between the PA for Job Generation and the PA for Food Security and Job Creation, or between the Task Force on Anti-Smuggling and the Presidential Anti-Smuggling Group to Apprehend, Seize, Investigate, and Prosecute Acts Involving Smuggling, Unlawful Importation and Other Similar Violation, and Providing Measures to Curtail Smuggling and Expedite Seizure Proceedings.

It is the Office of the President (OP) that unilaterally creates *ad hoc* bodies and appoints PC/PAs. One may gauge the extent of this practice by the flow of offices and agencies in and out of the OP as well as the number of PC/PAs attached to it through the years. On the whole, there was a net decrease in the number of agencies under the OP between 1993 and 2007 [Figure 1.6]. This net decrease was due to the sharp decline in the number of agencies between 2001 and 2003, attributed to the work of the Presidential Commission on Effective Governance (PCEG) whose job was to streamline the number of agencies in the executive. However, the PCEG was abruptly abolished in 2004, after which the number of agencies again began to increase.

Box 1.6 School-based managers for DepEd

For school-based management (SBM) to work, school-based leadership is important. Yet the vast majority of public schools do not have principals or school heads. Of over 37,807 elementary schools in the system, only 34.73 percent (13,129) had full-fledged principals in SY 2007-2008. Of the 6,488 high schools, 69.99 percent (4,541) had full-fledged principals [Basic Education Information System, DepEd].

Moreover, a 1996 study concluded that high-performing schools were led by high-performing principals and the predictor for high performance was **managerial capacity** more than academics [Licuanan, 1996]. The study was commissioned to determine the most important factors for high-performing schools.

High-performing (as opposed to low-performing) principals established a daily presence in their schools and were highly visible in terms of instructional leadership. They were also visible to parents at all times, looked up to as a community leader, and able to translate their visibility into additional much-needed resources to augment DepEd-allocated resources, in cash or in kind. Finally, in citing their goals for the school, high-performing principals also included the improvement of faculty relations and the development of faculty skills as fundamental goals which low-performing principals omitted.

As it is, however, there is no qualifying or licensure exam for prospective principals, much less formal management training for them. Neither is there any additional training for currently appointed principals. The career path to becoming principal is traditionally by seniority, with principals generally rising up from the ranks starting out as classroom teachers.¹

For SBM to work as a governance mechanism, there is a need to identify and hire better principals with better management capabilities to match their academic background. This has to begin with recruitment. The following proposals might make a difference:

1 A Professional Regulation Commission licensure exam for principals as a prequalification standard prior to appointment (for Principal Grades 1, 2, and 3) and a second-level qualifying exam for Master Principal appointment (Principal Grades 4 and 5).

2 Delink principal rank from school size, which is a Department of Budget and Management requirement. This would disincentivize the establishment of extra-large (and consequently, mediocre) schools that is the current requirement for higher principal rank.

3 Create an incentive structure to motivate principals to make school-level decisions. This need not be promotion in rank or salary grade. It could include additional school resources for high performance in terms of education indicators and academics.

Schools superintendents

The Schools Division is the front line for organizing education outcomes and attaining critical mass for performance indicators. It can provide enough critical mass in terms of schools, student enrollment, and teachers to determine if the system is attaining its objectives and meeting performance standards and indicators. It is also at the level of the schools division that resources can be assembled in large but manageable chunks and much more efficiently than if individual schools did their own resource generation.

While a schools division can assemble resources in bulk, it must also spend strategically to be able to meet the individual objectives of each school. Hence, such questions as: Where are new teachers best assigned? Where are libraries, computer labs, science labs, or even classrooms best allocated? If certain schools have high dropout rates, what interventions need to be established there and at what cost?

This allocation of resources requires an analytical and **strategic** way of thinking, which is currently alien to the Department of Education's organizational culture. The current thinking provides a "one-size-fits-all" model regardless of context and local demands and needs. This leads to a tendency to allocate resources across the board even if (a) it is spread too thinly to make a difference and (b) schools receive resources even when there is no necessity or need for these. Strategic thinking, on the other hand, requires an ability to make choices that recognize different situations and needs. Hence, some schools will receive what appear to be more resources than others, but which may in fact create more returns on investment if spent wisely.

In October 2004, the Civil Service Commission (CSC) conducted a special Management Aptitude Test Battery (MATB) for the DepEd as a qualifying examination for the superintendent exam (also known as the Educational Management Test). The

results reflected the general lack of management capacity of individuals *already in the DepEd system*. Of 1,654 examinees that took the test, only 21 (1.21 percent) passed based on the 80-percent prescribed passing rate.

Box Table 4 Number of passers in management aptitude test in DepEd (2004)

POSITION LEVEL	No. (%) of Passers
Assistant Schools Division Superintendent	0
Public Schools District Supervisors	0
Education Supervisors	8 (5.5 %)
Elementary School Principals	4 (2.8 %)
Secondary School Principals	5 (5.0 %)
Master Teacher, Head Teacher, Teacher-in-Charge	1 (1.5 %)
Others, in public sector	1 (3.6 %)
Others, in private sector	2 (16.7 %)

Analyzing the results more closely, the Career Executive Service Board observed:

1 Most examinees scored poorly in *reading comprehension* and *quantitative and logical reasoning*. “The data is disturbing because it is contrary to the general expectation that teachers should be proficient in these areas for them to effectively transfer the skills to their students.”

2 “Examinees generally have inadequate working knowledge of management concepts and their practical application.”

3 “Since the MATB is a predictor of one’s potential as a manager...the results speak of the quality of existing managerial quality in our school system. There are education supervisors and principals who possess the managerial wherewithal as against those next to the superintendent level but are not tapped for higher responsibilities.”

4 “The political considerations on the appointments of assistant school division superintendent and other senior positions in the division may also be a reason for the low passing rate. Quality may have suffered since political clout is given more weight rather than merit and fitness.”

There is need to aggressively work on reforming this situation. The CSC recommended the following:

1 Reevaluate and rewrite the appropriate qualification standards for schools division superintendents.

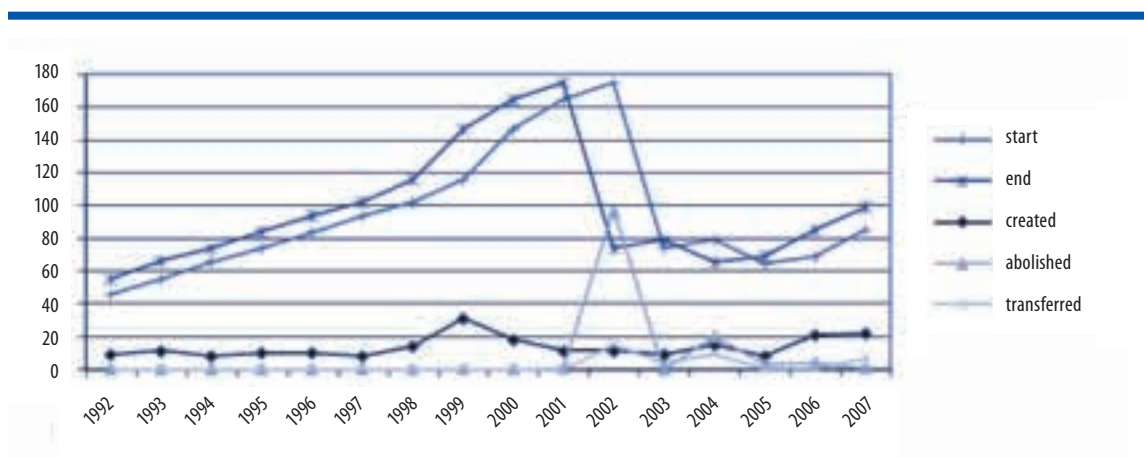
2 Rethink the recruitment and selection of schools division superintendents, and expand the universe for selection outside of the DepEd.

3 Identify “high flyers” from within and outside the DepEd (e.g., in the private school system) through appropriate and deep selection processes, and do intensive training and career development.

Source: Luz [2008]

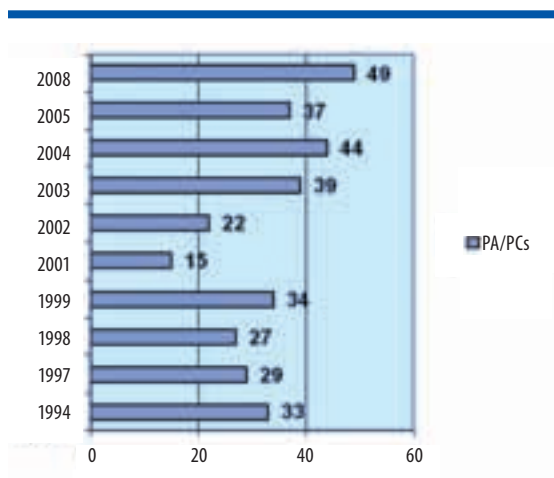
¹ For elementary school principals, this can take up to 20 years. For secondary school principals, the number of years is less at just below 10 years.

Figure 1.6 Flow in number of agencies under the Office of the President (By year)



Source: Monsod [2008]

Figure 1.7 Number of presidential advisers/consultants/assistants (1994-2008, with five missing years)



Source: Monsod [2008]

A similar trend is observed in the number of PC/PAs [Figure 1.7]. The number has risen significantly since 2002, after a steady decline in the period 1994-1998 (the Ramos administration), a slight spike in 1999 (Estrada), and a sharp decline in 2001 (Arroyo, Part I). By the beginning of 2008, however, the number of PC/PAs had reached an all-time high of 49.

PC/PAs enjoy the title and authority without accountability. When their "authorities" allow them to undermine established bureaucratic

checks and balances, however, costs are tangible and can be quantified. This is illustrated by the aborted National Broadband Network Project awarded to the Chinese firm ZTE Corporation (NBN-ZTE). "Consultants" of the NEDA secretary "informally" participated in the evaluation of the project, a process reserved for the technical bodies of the Investment Coordinating Council. If the process had continued, the project cost would have been bloated from an original \$130 million to about \$329 million. Special consultants in this case were hired by the head of agency despite a whole technical plantilla at his command, but it stands to reason that the same access and liberties are likely given to consultants appointed by the head of state.

Another issue has to do with *political appointments to formal plantilla positions*, as distinguished from PC/PAs. This practice undermines the constitutional notion of "merit and fitness," leading to demoralization and the destruction of initiative in the regular civil service. "The moment you know that it is not good work that is rewarded, it becomes sycophancy. The moment you know that your boss may not like it whenever you try to do something a little bit extra, you kill initiative...The bureaucracy is so timid, so tame, so domesticated, so fearful, and so powerless because of the appointment process that is so open to abuse" [Constantino-David, 2007].

This is not a trivial issue. About 10,000 positions, including those at the highest third level

career posts as well as highly technical posts, are the subject of presidential prerogative, including positions that are based in provinces and cities far removed from the center, creating a wide venue for politicians to intervene in the appointment process [Constantino-David, 2007]. The problem emanates from what is called the “residual powers of the President”: When the law does not stipulate the appointing authority, that power is presumed to rest with the President. The CSC has no power to veto a presidential decision when the subject is a “presidential appointee.” A career civil servant in a position subject to presidential appointments is not

protected by security of tenure.

How extensively has this prerogative been exercised in recent years?

An indication is provided by the number of incumbent undersecretaries and assistant secretaries over and above what is prescribed either by law, executive order, or administrative order [Table 1.9].⁸ As of December 2007, out of 24 departments, 13 had excess undersecretaries or assistant secretaries, bringing the number of incumbents to 222, when only 131 are actually prescribed. This is an excess of 81 incumbents, or 62 percent. Assuming each of them draws an average of P722,000 a year in

Table 1.9 USEC/ASEC appointees in excess of number prescribed by law (December 2007)

Agency	Total U/A	Occupied	Excess	Rank: Excess	Not Eligible (NE)	% NE	Rank: NE
OP	6	37	31	1	33	89%	3
DND	1	9	8	2	7	78%	5
DAR	2	9	7	3	2	22%	19
DOJ	3	8	5	4	7	88%	4
DILG	5	10	5	4	7	70%	7
DOH	3	8	5	4	2	25%	17
DFA	14	19	5	4	NA		
DSWD	5	9	4	8	2	22%	19
DOT	4	7	3	9	5	71%	6
PMS	3	6	3	9	2	33%	15
HUDCC	1	4	3	9	1	25%	17
DEPED	8	9	1	13	6	67%	9
OPS	3	4	1	13	4	100%	1
DOST	6	6	0		0	0%	23
DENR	12	11	-1		6	55%	10
DTI	10	9	-1		4	44%	13
DOE	6	4	-2		4	100%	1
DA	12	10	-2		7	70%	7
DOLE	8	6	-2		3	50%	11
DOTC	12	10	-2		5	50%	11
NEDA	8	6	-2		0	0%	23
DOF	10	7	-3		3	43%	14
DBM	10	7	-3		2	29%	16
DPWH	11	7	-4		1	14%	21
TOTAL	163	222	81		113	56%	

USEC – Undersecretary; ASEC – Assistant Secretary

Source: Monsod [2008]

Box 1.7 Civil service terms

■ *Eligibility* – Refers to the result of passing a merit and fitness test which may be determined as far as practicable by competitive examination or other tests of merit and fitness conducted by the Civil Service Commission and other institutions such as the Professional Regulation Commission, Career Executive Service Board, and the Supreme Court.

■ *Career service* – The entrance of employee is based on merit and fitness determined by competitive examinations or on highly technical qualifications. Employees under this category enjoy opportunities for advancement to higher career positions and security of tenure.

Classes of positions in the career service:

■ *First level* – Clerical, trades, crafts, and custodial service positions

■ *Second level* – Professional, technical, and scientific positions

■ *Third level* – All positions higher than chief of division (salary grade 25 and up), including positions in the executive and managerial class, and the positions in the highly technical and specialized class, such as the foreign service, the scientific, technical, artistic and academic fields

■ *Noncareer service* – The entrance of employees is based on factors other than the usual test of merit and fitness. Their tenure is limited to a period specified by law, is coterminous or subject to the pleasure of the appointing authority, or is project-based. Eligibility requirements (i.e., passing a merit and fitness test) are not prescribed for these positions although preference should be given to eligibles. Also, appointees to casual, contractual, and coterminous positions that are not primarily confidential must still meet education, training, and experience requirements.

■ *Career Executive Service (CES)* – Executive and managerial third level positions, excluding those specified under NEC. To be eligible to occupy said positions, one must pass a stringent set of tests administered by the CESB or CSC.

■ *Non-Executive Career (NEC)* – Career positions at the third level, including scientists, professionals, Foreign Service officers, judiciary, prosecution service, and third level positions in local government units.

salaries, allowances, and discretionary funds, then these excess incumbents cost government an extra P58 million a year. Moreover, of the 222 incumbents, 56 percent had no executive service eligibility [Box 1.7] and were thus technically ineligible to occupy their positions. The Office of the President possessed the most number of excess undersecretaries and assistant secretaries at 31 (or 38 percent of the excess number), of whom 89 percent were ineligible.

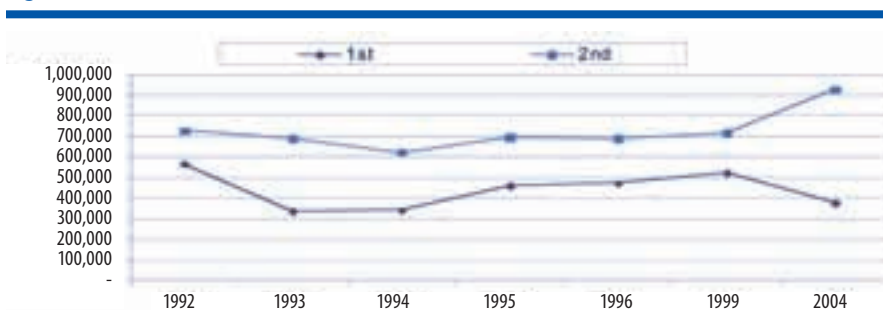
One should expect that the disincentives from a 20-year-old compensation structure, coupled with increasing political intervention into the bureau-

cracy in recent years, would have taken their toll on the quality of the career service. Have they done so? And has this ultimately affected performance?

Quality of bureaucracy and agency performance

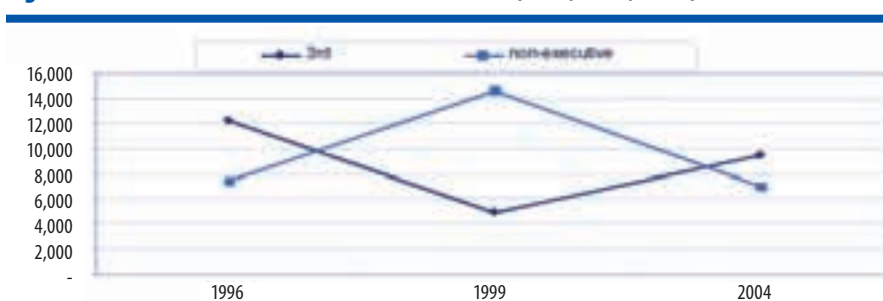
If a better quality of the bureaucracy is associated with greater numbers of career service personnel in the civil service corps and a greater share of Career Executive Service (CES) or Career Executive Service Officer (CESO) eligible people occupying third level

Figure 1.8 Trend at the first and second levels (1992-2004)



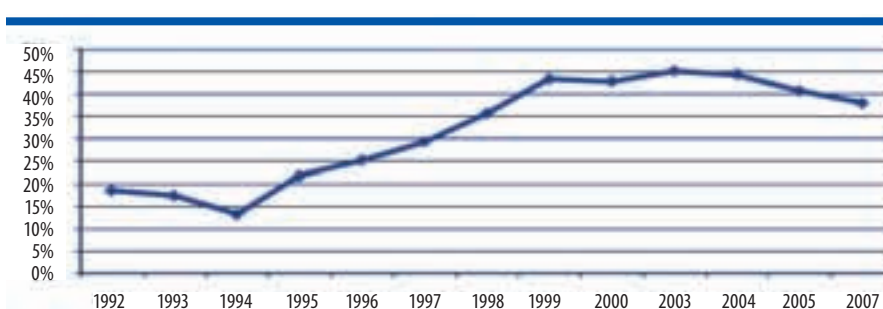
Source: Monsod [2008]

Figure 1.9 Trend at the third level: CES versus NEC (1996, 1999, 2004)



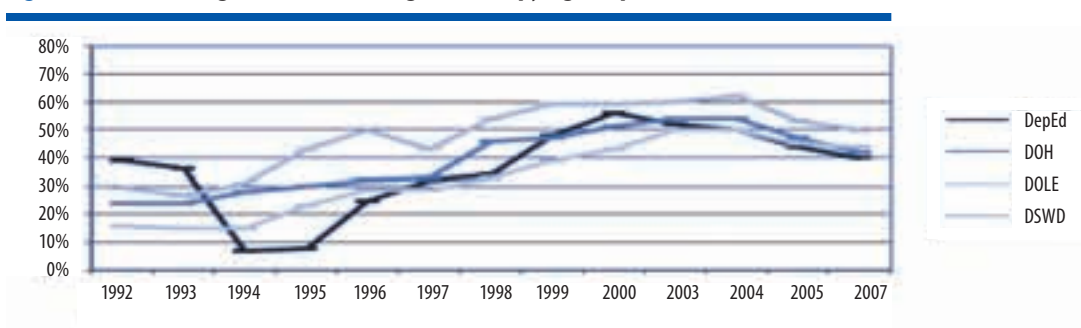
Source: Monsod [2008]

Figure 1.10 Percentage of CESOs/CES eligibles occupying CES positions at the executive branch (all national government agencies)



Source: Monsod [2008]

Figure 1.11 Percentage of CESOs/CES eligibles occupying CES positions: Human services sector



Source: Monsod [2008]

CES posts [Box 1.7], then trends from recent years indicate a stagnant or decreasing quality at all levels of the corps.

Decreasing quality at the first level of the corps is evident from Figure 1.8, which also shows an increasing trend at the second level. This increasing trend was likely driven by teacher hires, however, which merely reflects the increasing population of schoolchildren rather than an improvement in the quality of those in previously existing positions.

An overall trend of decreasing quality at the third level is also evident. Figure 1.9 shows decreasing numbers of career personnel in Non-Executive Career (NEC) positions, indicating that the corps may be losing quality among highly technical positions and among executive positions at

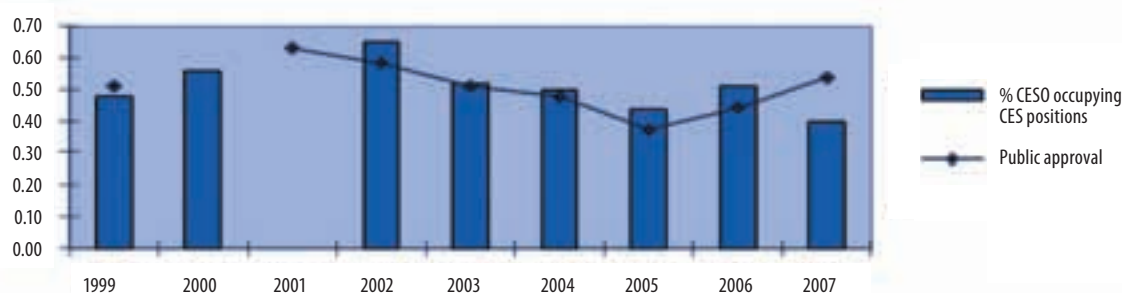
the local government level. Figures 1.10 and 1.11 further indicate that at the third CES level, the share of CESO eligibles occupying CES positions has been falling beginning around 2004. This cuts across all types of agencies, including those in the human services sector.⁹ A decreasing share indicates that the share of political appointments (i.e., of ineligible personnel) is increasing or that CESO eligibles are leaving voluntarily. Note from the numbers alone that this decreasing share cannot be attributed to a lack of supply of CESO eligibles to fill in CES positions.¹⁰

What do these quality trends mean for agency performance?

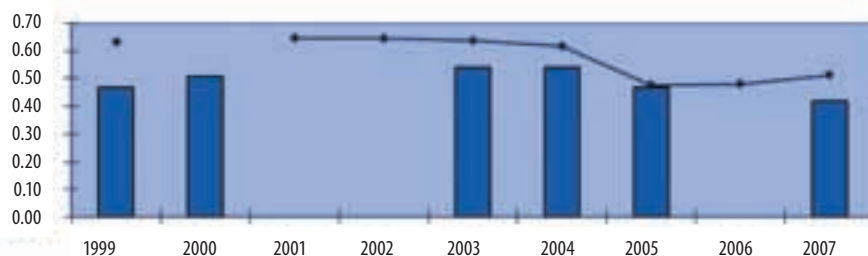
Simple correlations between public approval ratings of the DepEd, the Department of Social

Figure 1.12 Quality of bureaucracy and public approval for DepEd, DOH, DSWD

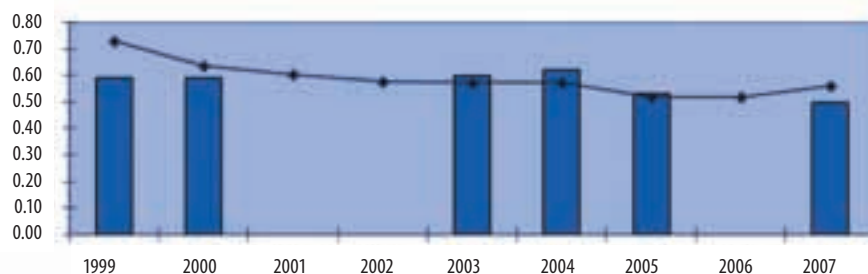
DepEd ($P = .50$)



DOH ($P = .69$)



DSWD ($P = .37$)



Source: Monsod [2008]

Welfare and Development (DSWD), and the Department of Health (DOH) from 1999 to 2007 and the percentage of CESOs occupying CES positions for each agency yield a positive coefficient [Figure 1.12].¹¹ There is some evidence, therefore, that, at least in the human services sector, a better quality of bureaucracy is associated with better agency performance as evaluated by the public.

A strong civil service becomes a key to good governance, especially where political leadership is fickle and the turnover rate of appointive and elective officials is high. A strong and professional bureaucracy is also required for the improvement of human development outcomes. If there is concern for good governance or human development outcomes, or both, then institutions (rules and incentives) that are currently impinging on the civil service clearly need to be reformed or, at the very least, contained.

One tack is to strengthen third-party enforcement with regard to personnel hiring in order to reduce or check ineligible political appointments. Doing this requires formally clarifying the extent of the “presidential prerogative” to appoint—identifying which positions are subject to it and which should be based purely on merit and fitness. For this purpose, a bill to establish a *Career Executive System* has been drafted by the CSC and proposed to Congress. Overhauling the 20-year-old SSL will likewise require a law such as the proposed *Government Classification and Compensation Act* also pending in Congress.

Limiting the adverse impact of presidential consultants/advisers may not require a law but is definitely trickier. On the one hand, any president should be entitled to his or her advisers. The question, however, is who these are, what their terms of reference are, and whether and how they should be held accountable to entities other than the President. On the other hand, this matter would probably *not* be an issue if only the Office of the President practises a policy of transparency. Such a policy is enshrined in the 1987 Constitution, which recognizes the right of the people to information on matters of public concern. It would seem, however, that the executive prefers the opposite: a

policy of nontransparency, as attempted through Executive Order No. 464 issued in September 2005. EO 464 requires specific heads of departments and public officials to secure the prior consent of the President before appearing before Congress. While the Supreme Court struck down portions of the executive order unanimously, the same court (unfortunately) tempered the weight of the people’s right to information in a later decision on *Neri vs. Senate Committee et al.* relating to the NBN-ZTE case [Box 1.8].

The national government budget

The national government budget ought to be an instrument for development—raising resources, allocating these to achieve socioeconomic goals, and financing public goods and service that enhance human development. It can also be a tool for efficient management and accountability—such as when it assigns authorities to government units and reaps the desired results from authorized expenditures [Boncodin, 2008a]. Ultimately then, the questions to be answered are: Has the budget *in practice* enabled or constrained the achievement of state and agency goals? Has it facilitated the efficient delivery of human development-related services? Has it motivated the delivery of good government?

An instrument for human development

The budget allocation for human development sectors, including education, health and nutrition, children, gender, labor, and social welfare, increased marginally from 28.8 percent in 2003 to 30 percent in 2008 [Boncodin, 2008a]. By subsector, particularly for education, per-public school student spending did not fare too badly over the same period, increasing by 1.38 percent per year in real terms [Table 1.2]. That said, the Philippine government still does not invest enough in education, spending only half of the global norm of 5 to 6 percent of GDP [Table 1.10].

Box 1.8 The exercise of 'executive privilege'



The people's right to information on matters of public concern is enshrined in Article III, Section 7 of the 1987 Constitution, which states: "The right of the people to information on matters of public concern should be recognized. Access to official records and to documents and papers pertaining to official acts, transactions or decisions, as well as to government research data used as basis for policy development should be afforded to citizens subject to such limitations as may be provided by law."

To the extent that investigations in aid of legislation are conducted in public, any executive issuance limiting disclosures of information in such investigations—presumed to be on a matter of public concern—necessarily deprives the people of this right. Citizens are denied access to information they can use in forming their own opinions on the matter before Congress—opinions they can then communicate to their representatives and other government officials through the various legal means allowed by their freedom of expression.¹

Executive Order No. 464 can be considered an attempt to impair the power of Congress to conduct inquiries in aid of legislation, which is a direct violation of Article III, Section 7 of the Constitution. Basically, it requires all heads of departments and other public officials specified therein to secure prior consent of the President before appearing before either house of Congress.

EO 464 was issued in September 2005 after the National Security Adviser was invited by the Senate to testify on the controversial Venable LLP contract and after two military officers appeared before the Senate on the "Hello, Garci" investigation. However, it was invoked not only in hearings pertaining to alleged large-scale corruption (such as the "Hello, Garci," fertilizer fund scam, and North Rail cases), but also in regular budget hearings.

Responding to six petitions challenging the validity and constitutionality of EO 464, the Supreme Court on April 20, 2006 unanimously struck down certain portions of the presidential directive. In *Senate vs. Ermita*, the tribunal upheld the right of Congress to compel senior government officials and military officials to attend congressional hearings *in aid of legislation*. It noted that while the President may invoke executive privilege, invocation must include *precise and certain reasons for the claim coupled with an announcement that the President has not given her consent*. The SC declared the following confidential: (1) conversations and correspondence between the President and a public official; (2) military, diplomatic, and other national

security matters which, in the interest of national security, should not be divulged; (3) information between inter-government agencies prior to conclusion of treaties and executive agreements; (4) discussion in closed-door Cabinet meetings; and (5) matters affecting national security and public order.

The power of inquiry as part of Congress' oversight function is expressly recognized in Article VI, Section 22 of the 1987 Constitution on the question hour, and in Section 21 on inquiries in aid of legislation. In hearings pursuant to Congress' exercise of its oversight function under the former, department secretaries may not appear without the consent of the President. However, if the hearing is in aid of legislation under Section 21, anyone, except the President and justices of the Supreme Court may be summoned. In such instances, appearance of heads of departments is mandatory, unless the President has made a valid claim of executive privilege.

The SC also struck down Section 2(b) and 3 in EO 464, which enumerated all categories of persons required to secure presidential consent before appearing before Congress. Executive privilege may be invoked in relation to specific categories of information, but not to categories of persons, the court said. Moreover, implied executive privilege is not recognized. It does not suffice to merely declare that the President has determined that the information is privileged. Congress has the right to know precise reasons why it is so.

The SC has in fact held in a long line of cases that given the extraordinary character of the executive privilege, the presumption always lies heavily against executive secrecy and in favor of public disclosure. It stated in the *Ermita* case that a transparent government is one of the hallmarks of a truly republican state.

However a later decision (*Neri vs. Senate Committee, et al.*) tempered the weight of the people's right to information. The SC's March 25, 2008 decision even took note that the country was unlike other jurisdictions, especially the U.S., where free information is provided with a legislative stamp.

The Neri case

During a Senate investigation on the awarding of the National Broadband Network Project to the Chinese firm ZTE Corporation (NBN-ZTE), former National Economic and Development Authority Director General Secretary Romulo Neri revealed that he had been offered a bribe by a high government official and that he had reported this to the President. When asked to elaborate, Neri invoked executive privilege, prompting the Senate to issue a contempt order against him.

In a 9-6 vote, the SC nullified the contempt order. Recognizing Neri's claim of executive privilege, it said the questions propounded by the Senate were covered by presidential communications privilege in relation to the President's power to enter in executive agreements. The court also said that the requirement of a valid invocation of executive privilege enunciated in *Senate vs. Ermita* had been complied with.

The SC further said the people's right to information on matters of public concern is, as stated in the Constitution, subject to limitations as may be provided by law. It cited Section 7 of Republic Act No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), Section 229 of the Revised Penal Code, and Section 3(k) of Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act).

The High Tribunal categorically declared that *the right of Congress to obtain information in aid of legislation could not be equated to the people's right to information*. Further, the right of information must be balanced with and should give way in appropriate cases to constitutional precepts, particularly those pertaining to the interplay of executive-legislative powers and privileges.

With notes from Atty. Maia Unico

¹ Quoted from *Senate vs. Ermita*

**Table 1.10 Public expenditure on education:
Philippines versus other countries**

Country	Public Expenditure on Education in 2005	
	As a % of GDP	As a % of Total Gov't Expenditure
Malaysia	8	28
Mexico	5.8	23.8
New Zealand	6.8	20.9
Philippines	3.2	17.2
United States ¹²	5.9	15.2

Source: World Development Indicators 2007

Simply increasing the overall allocation to education is easier said than done, however. For one, the national government budget has very little flexibility. Over the period 2003–2008, the headroom in the national government budget was an average of only 18 percent [Boncodin, 2008a]. The bigger share of funds was already “committed” for general administration, personal services, debt service, internal revenue allotment (IRA), and other mandatory obligations.

Second, *intersectoral* reallocations (say, from defense or general administration to social services) are difficult to wrangle. Individual agencies are given three-year “baseline budgets” determined by the DBM as the minimum level of expenditure at which an agency can continue to perform its basic mandate and functions [DBM, 2000]. The agency baseline budget provides the initial ceiling or resource envelope allocated by agencies to their various programs, activities, and projects. This baseline allocation may be augmented but only at the expense of another agency *within* the same sector and not *across* sectors. In other words, departments and agencies within the same sector are forced to compete for a predetermined amount of sector funds. This situation makes little sense if it is determined that human development sectoral spending, relative to other sectors, must increase to improve human development outcomes. Sectoral ceilings are based on priorities determined by the

Development Budget Coordinating Council (DBCC), the highest cabinet-level fiscal policy maker, and the expenditure proposals of various agencies are ranked in a technical budget hearing co-chaired by the DBM and NEDA. At the get-go, therefore, it is the executive who is accountable for how much of the total pie human development inputs receive.

The education budget is even more inflexible if one considers that roughly 89 percent goes to personnel expenses although not all salaries are for teachers and school principals.¹³ With capital outlays (including construction and repairs) taking up about 3 percent, only 8 percent is left on average for maintenance and other operating expenses (MOOE), including supplies. There is hardly room to finance pedagogy-related and other innovations.

This may explain the DepEd’s “almost absolute dependence over the last 20 years on the implementation of foreign-assisted programs that have reform activities built in,” as discussed in Chapter 2. Not only have foreign donor agencies—the Australian Agency for International Development (AusAID), Japan Bank for International Cooperation (JBIC), World Bank (WB), and the Asian Development Bank (ADB)—funded these projects, they also initiated, nurtured, monitored, and saw them through to completion. It would thus appear that reform activities were undertaken only as the DepEd moved from one foreign-assisted program to another.

While there is nothing inherently wrong with treating the conceptualization and implementation of reform interventions as projects, doing so becomes problematic if scaling up or sustaining reform is not undertaken without external prodding, or when the enthusiasm of the bureaucracy for change wanes once project targets are met. Indeed, the “externally induced, disjointed, and projectized mode of pursuing education reform” by the DepEd, as discussed in Chapter 2, is a key factor in understanding its inability to institutionally adapt or implement the reforms which have been indicated for over 80 years.

Dependence on foreign funds has another consequence. While serving to augment agency resources, particularly for critical projects, it also creates that much more room for leakages and

corruption. The NBN-ZTE project, for instance, was to be financed by a soft loan from China, as was the North Rail project, another big-ticket infrastructure project which cost \$503.04 million.¹⁴ The aborted Cyber Education project, estimated to cost around P26.48 billion, was another one. In all three cases, congressional investigations were prompted by highly questionable project terms of reference and costs.

This is not to say foreign-financed or ODA (official development assistance) projects *per se* invite corruption. Indeed, as the recent World Bank cancellation of a major road project demonstrates, at least some foreign agencies do have more stringent and effective anti-corruption rules than are required by local funding.¹⁵ Absent such controls, however, corruption seems to be facilitated by weak congressional oversight on ODA transactions in particular and on overall spending by the executive in general, an anomalous situation under a Constitution which vests Congress with the “power of the purse.” As will be discussed shortly, however, it is the executive and not Congress that, by law and practice, actually wields effective power over the purse.

An instrument for efficient management and accountability

The government’s budget cycle has four stages—preparation, legislation, execution, and accountability [Box 1.9]. In principle, the process is supposed to embody the relationships between branches of government that together attempt to plan, coordinate, and prioritize the spending of resources while checking the others’ powers. For instance, budget preparation is the domain of the executive, where macroeconomic targets and assumptions are updated, budget guidelines are issued, and agency proposals prepared, reviewed, and consolidated. Budget legislation is the domain of Congress where first the House of Representatives, then the Senate, and, finally, the two chambers together in a bicameral committee review the executive’s proposal, make their own adjustments, and pass the same in the form of a General Appropriations Act (GAA). The executive takes the

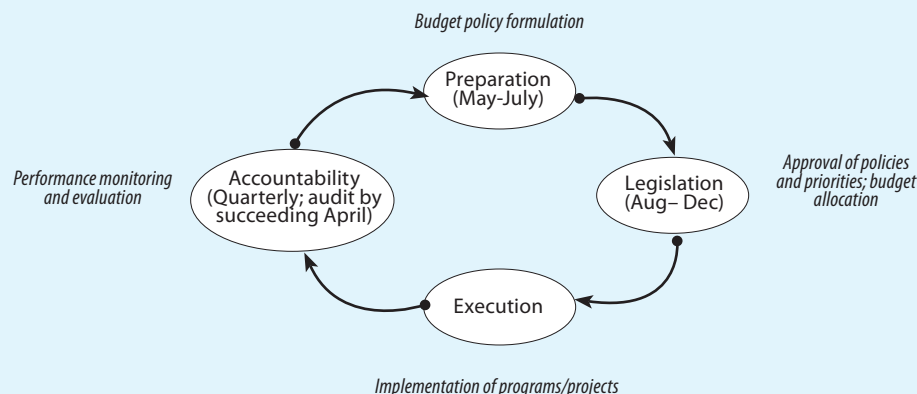
lead once again for budget execution and control while a third party, the Commission on Audit (COA), assumes the lead for budget accountability.

Each stage presents opportunities to optimize the use of government resources and exact results for development—opportunities that may be leveraged by the different branches of government. Such opportunities, however, are either not fully implemented or are passed up [Boncodin, 2008a]. For instance, in the initial stages of the cycle, results-based or policy-based budgeting is not fully implemented or exercised. That is, while the budget intends to allocate funds for identified deliverables, it pays no attention to whether deliverables from the previous year(s) have been delivered or not. Part of the problem is that audit and accomplishment reports of previous years are not used intensively during budget preparation and debate. Budget preparation and defense within the executive are also scheduled from May to July, well before the programs and projects of the previous budget are delivered. Because the delivery of programs and projects is not material to the drafting of the succeeding year’s budget, agencies are not accountable for performance.

Records likewise show how Congress fails to adequately validate the performance of agencies or the consistency of proposed budgets with state policy. Congress is given four months to debate the budget. But, more often than not, debates—particularly in the House of Representatives—deal not with policy but with rather parochial concerns [Boncodin, 2008a]. Questions about agency performance are asked only intermittently and superficially. Cost estimates of budget proposals are rarely challenged.

Opportunities to monitor performance are also present at the execution and accountability stages of the budget cycle. Spending agencies are required by law to submit quarterly work and financial reports to Congress, the COA, the DBM, and the OP. These reports contribute to transparency and should inform future fund releases to agencies. However, agencies fail to meet this requirement in a complete and timely manner, to the chagrin even of the DBM, the executive’s own budget oversight agency. Congress in turn fails to pursue the matter.

Box 1.9 The budget cycle



The budget cycle is a four-stage process that is generally consistent with international standards and practice in democracies. It is designed in accordance with law, primarily the Constitution, Book VI of the Revised Administrative Code of 1987 (Executive Order No. 292), and relevant Supreme Court rulings.

1 *Budget preparation (May–July).* This involves the updating of macroeconomic targets and assumptions, formulating a budget policy and strategy, issuing a budget call, preparing budget proposals by agencies, reviewing budget proposals, presenting the budget to the Cabinet and the President, and, finally, submitting the proposed budget to Congress. The proposed budget is guided by, among others, the Medium-Term Philippine Development Plan (MTPDP), Medium-Term Public Investment Plan (MTPIP), Comprehensive and Integrated Infrastructure Program (CIIP), the Local Government Code, and other appropriations laws. The President’s budget is transmitted to Congress in the form of the President’s Budget Message (PBM), Budget of Expenditures and Sources of Financing (BESF), National Expenditure Program (NEP), Staffing Summary, and the Organizational Performance Indicator Framework (OPIF).

2 *Budget legislation (August–December).* The proposed budget is first reviewed by the House of Representatives, which drafts a General Appropriations Bill (GAB) and endorses this to the Senate, which may make its own adjustments. Any disagreeing provisions and amendments between the House and Senate are discussed in a Bicameral Committee. Ratification of the Bicameral Committee Report and the GAB by the two chambers signals its finalization, after which the House would submit the budget to the President, who signs it into a General Appropriations Act (GAA).

Congress cannot increase appropriations proposed by the President, but may reduce it. The Chief Executive in turn may veto expenditure items in the GAA (line item veto power), although Congress may override this veto. If Congress fails to pass the GAA, the GAA of the immediately preceding year shall take effect.

3 *Execution and control.* This stage entails the preparation of a National Budget Program based on the GAA, agency work and financial plans, and quarterly allotment and cash programs; fund releases indicated by Special Allotment Release Orders (SARO), Notices of Cash Allocation (NCA), and Notices of Noncash Availment Authority (NCAA); implementation of programs and projects by agencies; and the review of financial and physical reports. The President, Senate President, Speaker of the House, Chief Justice, and heads of constitutional commissions may use savings to augment other authorized appropriations. The President may also impose reserves to cover contingencies.

4 *Accountability.* This entails the conduct of reviews and audits, and the preparation of several reports, including budget utilization summary reports, agency performance reviews, agency annual reports (which include financial and physical accomplishments), audit reports by agency (to be completed by April of the succeeding year), and the Consolidated Annual Financial Reports covering the national government, all local governments, and government corporations. These are legally mandated reports, which are required by Congress, the Commission on Audit, the Department of Budget and Management, and the Office of the President. In addition, programs and projects are monitored, and official development assistance or ODA performance is reviewed.

Source: Boncodin [2008a]

Table 1.11 Selected national/corporate government sector matrix of audit opinion (1992-2007)

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OP	na	Na	BS-A IS-U	Q	A	A	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
MMDA	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
DAR	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	A
DA	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	A
BFAR	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A
NAFC	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	Q	A	A
NFA	Q	Q	Q							Q						
NIA-F501	A		Q	Q	Q	Q	D	D	D	D	A	D	D	D	A	A
NIA-others											D	D	D	D	A	A
NTA	Q	Q	Q	Q	Q	D	D	D	A	Q	Q	Q	Q	A	A	Q
PCA	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philrice	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A
Phil Genetics								Q	A	A	A	A	A	A	A	
PADCC												D	D	D	D	
Quedancor	Q	U	U	U	U	Q	Q	Q	Q	Q	D	Q	Q	A	A	A
DOE	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
DENR	na	na	na	na	A	na	Q	Q	Q	Q	Q	A	A	A	A	A
NAMRIA	Q	Q	Q	Q	Q	Q	Q	Q	A	A	Q	A	A	A	A	A
DPWH	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
DOST	BS-A IS-U	Q	BS-A IS-U	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
DOT	Q	Q	Q	Q	Q	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q
DTI	na	Na	Q	Q	Q	Q	Q	Q	A	A	A	A	Q	Q	Q	Q
DOTC	A	A	A	A	A	A	A	A	A	Q	Q	Q	Q	A	A	A
PNR	D	D	A	A	A	A	A	A	A	A	A	A	A	A	A	A
PPC	A	A	A	D	Q	Q	A	A	A	A	A	A	A	A	A	A
DBM	Na	BS=D IS=U	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
DOF	Q	Q	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
BOC	D	na	na	D	D	A	D	Q	D	Q	A	A	Q	Q	A	Q
BIR	A	A	D	A	A	A	D	D	D	Q	Q	Q	Q	A	A	A
Treasury	na	D	na	D	D	D	D	Q	D	Na	PR=Q NG=D	PR=Q NG=D	PR=D NG=Q	PR=D NG=Q	PR=D NG=Q	PR=D NG=Q
DFA	D	A	A	A	A	A	A	D	D	A	A	D	Q	A	Q	Q
DILG	na	na	A	na	na	U	Q	Q	Q	Q	Q	Q	A	A	Q	Q
PNP	na	na	na	na	Q	Q	Na	Q	Q	Q	Q	Q	Q	Q	Q	Q
DND	Q	Q	Q	Q	Q	Q	Na	U	Q	Q	Q	Q	Q	Q	Q	Q
AFP	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
AFP Army	na	na	A	A	Q	D	D	D	D	D	A	A	A	A	A	A
AFP-Air Force	A	A	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
AFP-Navy	Q	A	D	Q	Q	Q	Q	Q	D	Q	Q	Q	Q	Q	Q	Q
DOJ	Q	A	A	Q	Q	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q
NEDA	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
DECS	na	na	na	na	na	na	Na	Q	Q	Q	Q	A	A	A	A	A
DOH	A	D	A	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q	Q
DOLE	A	A	A	Q	A	Q	Q	Q	Q	Q	A	A	Q	Q	Q	Q
BRW	Q	Q	Q	Q	A	Q	Q	Q	Q	Q	Q	A	A	A	A	A
DSWD	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q

U – Unqualified (Auditor is satisfied in all material respects); Q – Qualified (Auditor disagrees with or is uncertain about one or more items in the financial statements that are material but not fundamental to an understanding of the statements); A – Adverse (Auditor is unable to form an opinion on the financial statements due to a fundamental disagreement which undermines the position presented); D – Disclaimer (Auditor is unable to arrive at an opinion regarding the financial statements due to an uncertainty or scope restriction which is fundamental); NA – Annual audit report not available; BS – balance sheet; IS – income statement; PR – Bureau of Treasury Proper; NG – Bureau of Treasury NG; F501 – Corporate Fund; Others – General and special funds

Source: Commission on Audit [2008]

If not performance audits, then how about compliance and financial audits? **Table 1.11** shows many instances of unresolved recurrent adverse audit findings among national government agencies and corporations. One problem is the lack of any mechanism for systematic legal or administrative sanctions against agencies exhibiting such behavior, notwithstanding the oversight functions and powers of the COA [**Box 1.10**]. It is also unclear whether or how these findings have any bearing on future agency budgets. Congress certainly does not seem to check.

In evaluating the influence of the budget process on governance effectiveness, Boncodin [2008a] gave the “accountability” and “compliance” components of the budget process qualitative ratings which, when quantified and averaged using a simple scale of 1 (poor), 2 (satisfactory), and 3 (excellent), were equivalent to 1.6 and 1.3, respectively.¹⁶ On the overall, the influence of the budget process on governance effectiveness would be an equivalent 1.5, or below satisfactory [**Appendix 1**]. A first-hand account of the perverse incentives that arise from the current budget process is described in **Box 1.11**.

An instrument for (partisan) politics

The budget process prescribed in Book VI of the Revised Administrative Code (RAC) of 1987, or Executive Order No. 292, defines the powers and limitations of both the executive and the legislature in the preparation, authorization, and implementation of the annual GAA. Unfortunately, this law largely borrows from Presidential Decree No. 1177 of the Marcos regime, which was passed at a time when executive power was heavily favored at the cost of the independence and power of the legislature [SB 2996]. Thus, while the 1987 Constitution, which took effect after the RAC, sees Congress holding the power of the purse—an active, not passive, participant in the budget process—the RAC shackles the power of Congress to determine and express the priorities, direction, and vision of government in the GAA.

Much of the imbalance in the power of the

purse pertains to budget execution [**Tables 1.12 and 1.13**]. For instance, Congress does not have the power to increase appropriations proposed by the President, but it can reduce it or realign allotments as long as the total is maintained. The executive, however, can override the mandate of the GAA as enacted by Congress in a number of ways. First, by not releasing or by delaying the release of authorized appropriations. Second, by transferring “unused” (read: unreleased) appropriations to “savings” and using this amount for other purposes within the executive branch. How such amounts are identified as “savings” is unclear. Third, through the use of discretionary, intelligence, or confidential funds—over which the legislature has no oversight—as well as “unprogrammed” funds in the budget. The President also has power to decide on debt service, which can significantly affect the total amount of resources in play over the year.

The tremendous leeway given to the executive branch to allocate resources not specifically assigned to it is illustrated by the amounts involved. Lump sums in the 2009 National Expenditure Program (NEP)—defined as one-liner appropriations amounting to P100 million or more—comprised 16 percent (P224.44 billion) of the proposed national budget [**Box 1.12**]. Confidential and intelligence funds amount to another P1.12 billion. “Savings” between 2004 and 2007 ranged from P11.4 billion in 2004 to P117.5 billion in 2007. Presidents can, and have, restored programs scrapped by Congress by using “savings,” lump sums, or contingency funds.

Further, in a fiscal crisis, the locus of responsibility falls on the executive, giving the President the power to impose reserves or suspend expenditure of appropriations to manage the deficit. Reductions in fund allotments are also allowed under the same conditions. This power is open to abuse unless it is clarified that reserves should only be allowed when revenues fall short of target, and that once lifted, reserves should be returned to agencies. In the event that new funding requirements are identified, supplemental appropriations must be passed.

Table 1.12 Balance of powers over the purse

Executive Branch	Legislative Branch
Submits budget of expenditures and sources of financing as basis for general appropriations.	✓ Approves general appropriations and other appropriations laws. Cannot increase appropriations proposed by the President, but can reduce it or realign allotments.
Exercises line-item veto power.	✓ Exercises “override” of vetoed items.
Implements appropriations laws: ■ Power to impose reserves ■ Power to suspend expenditures of appropriations ■ Releases appropriations of agencies with fiscal autonomy in full ■ Transfers unused appropriations through use of savings within executive branch.	✓ Exercises oversight function over implementation of budget. ✓ Transfers unused appropriations through use of savings within its own jurisdiction.

Source: Boncodin [2008b]

Ironically, Congress plays a significant part in undermining its own powers [Table 1.14]. Apart from inadequately exercising its technical oversight functions, when it fails to pass a GAA (despite four months given it), the previous year’s budget is automatically reenacted. Congress has a poor track record for reenactments, with three fully reenacted budgets since 2000 (2001, 2004, and 2006) and a few more being partially reenacted. This situation is undesirable from a management and planning perspective. A fully reenacted budget means identical appropriations for program priorities of the previous year, which may be very different from priorities of the incoming year.

Moreover, the rules for using budget allocations for reenacted budgets contain nuances that provide more flexibility for agencies and the chief executive. Agencies do not have the freedom to reprogram 100 percent of their reenacted budget, but they can use savings to augment other items. And there are larger-than-average savings when a budget is reenacted because of money reserved for previous year’s projects that may have been completed

Table 1.13 Major budget issues due to executive

PROBLEMS	IMPLICATION/IMPACT
1. Interpretation of authorized appropriations under a partly reenacted budget scenario.	Increase in available appropriations beyond what Congress authorized. Implied violation of budget authority.
2. Nonrelease or delayed release of authorized appropriations.	Programs/projects intended to be undertaken by Congress are not implemented or are delayed. Executive branch overrides the mandate of law as enacted by Congress.
3. Use of unreleased appropriations by transferring to savings and using amounts for other purposes.	Programs/projects intended to be undertaken by Congress are not implemented or are delayed. Executive branch overrides the mandate of law as enacted by Congress.
4. Laxity in the use of intelligence or confidential funds.	Public funds are abused for unintended purposes.
5. Abuse of “unprogrammed funds.”	Conditions for the release of appropriations charged against the “unprogrammed funds” are not followed strictly, resulting in abuse.
6. Locus of responsibility in the event of a fiscal crisis falls on the executive branch.	Executive branch resorts to imposition of reserves or suspension of expenditures of appropriations to manage the deficit.
7. Inadequate reportorial responsibilities; financial reports oftentimes not submitted.	Congress is not properly informed of developments.

Source: Boncodin [2008b]

Box 1.10 The Commission on Audit

The Commission on Audit (COA) of the Philippines is one of the largest “supreme” auditing institutions (SAI) in the world, employing around 12,000 (out of a plantilla of 15,219). As a SAI, the COA is tasked with independently auditing government finances and is autonomous within the structure of the state, as part of the checks and balances on government. It audits all government subdivisions (provinces, cities, and municipalities), agencies, corporations and subsidiaries; constitutional bodies, commissions, and offices; and nongovernment organizations (NGOs) which receive subsidy or equity, directly or indirectly, from or through the government. With a bureaucracy of about 1.5 million people, this means a ratio of one COA employee to every 100 to 125 civil servants, not a trivial investment toward ensuring that government spending is above-board.

The COA has the power to audit all accounts pertaining to *all* government revenues and expenditures and uses of government resources on a post-audit basis and to prescribe accounting and auditing rules. The Constitution also gives it exclusive authority to define the scope and techniques for its audits, and prohibits the legislation of any law which would limit its audit coverage. Through these functions, the COA is supposed to play a key role in improving fiscal governance and curbing corruption. Without quasi-judicial or sanctioning powers, however, the COA is an oversight rather than an enforcement agency.

The actual financial benefits from the COA's anti-corruption efforts have yet to be properly studied. To give some idea of benefits on the *revenue* side, Ursal [1999] reports that the COA revenue audit drives from 1995 to 1997 (before the Bureau of Internal Revenue was covered) yielded revenue losses and other audit findings amounting to P10,356.7 million. Assuming that these losses were ultimately recovered and that 20 percent of the COA's total resources were used up during these revenue audits, one could say the revenue audits during the period generated a return of P6.58 for every peso invested. Also, revenue collections between 1994 and 1997 increased by 69 percent, compared to an increase of 46 percent between 1991 and 1994—another possible indicator of the COA's impact on fiscal governance [Ursal, 1999].

Box Table 5 Measuring COA's impact on fiscal governance

Year	Average number of employees	COA expenditures (in pesos)	Revenue/fraud audit findings (in pesos)	Return/ employee* (in pesos)	Return/ peso spent *
1995	12,000	1,945,646,000	2,546,400,000	1,061,000	6.54
1996	12,000	2,524,892,000	3,009,500,000	1,253,958	5.96
1997	12,000	3,314,852,000	4,800,800,000	2,000,333	7.24
Average	12,000	2,595,130,000	3,452,233,333	1,438,431	6.58

*Assumes a 20 percent level of effort

Source of base data: Ursal [1999] and National Expenditure Program 1997-1999

Whether and how the COA has been an effective foil against waste or fraud on the *expenditure* side is harder to determine, however. Conceptually, one could trace the amount of contract or project delivery deficiencies detected through the years, the disallowances issued, or the malversation cases successfully prosecuted. Agency behavior as indicated by audit opinions and findings could also be evaluated. On this score, a number of national government agencies, corporations, and Metro Manila local government units show repeated unresolved adverse audit findings [COA, 2008]. It is technically possible, however, to get an “unqualified” audit opinion even if fraud is found, if the latter does not represent a substantial part of agency resources.

Institutional arrangements such as type of audits, enforcement of audits, and the quality of the COA's linkages within the financial oversight system may help explain its effectiveness (or lack thereof) as regard corruption or fiscal governance. The COA's priority has long since been *compliance* auditing rather than *performance* auditing—although a reorganization in 2002 seems to have made financial auditing the focus [Ursal, 2007].

Compliance auditing is concerned with the formal adherence with legal and financial regulations framing the budgetary process, and includes checking agency compliance with legislative mandates through the budget law. Performance auditing deals with substantive compliance with the objectives of the budget law and the efficiency, effectiveness, and economy in which public resources have been deployed [Santiso, 2007].

Although an increased emphasis on performance and results is necessary to overcome the inefficiencies of a procedure-driven bureaucracy, it “should not replace the need to uphold standards of integrity and probity necessary to combat corruption, *especially in countries where the rule of law is weak*” [ibid, italics added]. This last qualifier justifies the COA's original emphasis on compliance auditing and its offshoot, fraud audits.

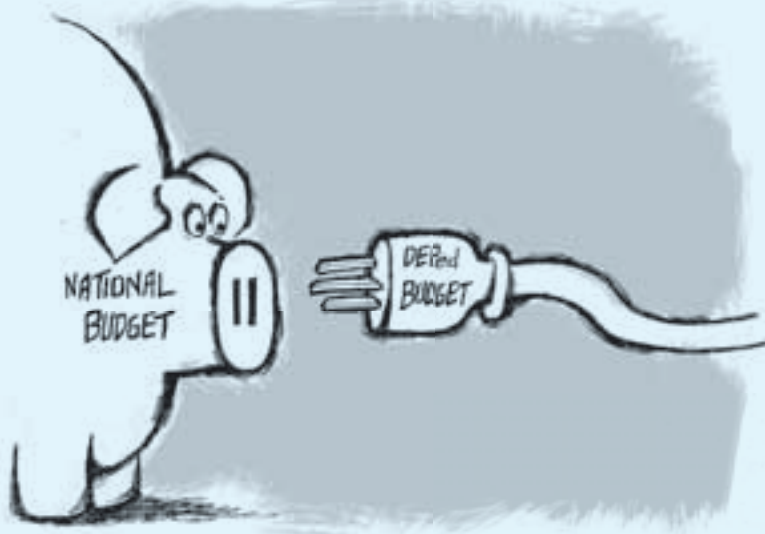
On the other hand, the reorientation toward financial audits in 2002 is difficult to understand. While financial audits examine the accuracy and reliability of government financial reporting, they can also “conceal more than reveal.” Jamal [2006] points out why financial statement auditing, at least as practiced in the mandatory audits of publicly traded companies, is rather ineffective in detecting fraud. The more detailed the rules, the easier it is for management to cheat and structure transactions to get around the rules. *Inclusio unius est exclusio alterius*.

As an oversight agency with limited sanctioning powers, the COA's emphasis on compliance needs to be supported by effective linkages with the legislature and judiciary in order to have any meaningful impact [Santiso, 2007]. Ideally, audit findings are followed up through remedial legislative action such as corrective legislation, inquiry commissions, or impeachment proceedings, as well as the expeditious transmission of audit findings to the courts. Currently, these mechanisms are weak, however. The COA findings are not used intensively during budget preparation or debate [Boncodin, 2008a], and when instances of probable fraud or corruption are found, the COA must rely on the Ombudsman for investigation and prosecution, an institution that has a poor record of disposition of cases and convictions. Audit findings have been used in at least one high-profile impeachment proceeding, however (i.e., involving former Supreme Court Chief Justice Hilario Davide).

One institutional arrangement that has been repeatedly identified as a reason to doubt the integrity of COA audits is the Resident Auditor, a SAI arrangement that seems to be unique to the Philippines. A legacy from the “pre-audit” system days of COA (the audit system since its establishment in 1899 which was replaced in the 1987 Constitution by “post-audit”), resident auditors hold office in agencies that they are auditing, interacting with agency employees on a daily basis, even if they are expected to act as an external auditor. Although prohibited by law from receiving all forms of allowances and fringe benefits from the management of auditee agencies since 1989, this is difficult to monitor, much less enforce.

A nonresident audit policy was declared in 1982, reversed in 1986, and declared again by the commission through COA Resolution No. 88-35, which resolved “to declare as a policy of the Commission that its auditing units shall be gradually withdrawn from residency at the auditee's business premises” [Ursal, 1999]. A 2002 COA organizational restructuring (Resolution No. 2002-005) further formalized an “Audit-Team Approach,” assigning to each director a cluster of government agencies on a nationwide basis. Despite these initiatives, it is still not clear whether or when resident auditing units will finally and completely be withdrawn.

Box 1.11 DepEd and the national budget process: A mismatch



The current form of annual budgeting is a major reason behind the mismatch between goals and priorities of the Department of Education (DepEd). There are two reasons the annual budgeting process does not address the problems of education for the most part.

First, the annual budget allocates funds for identified deliverables but pays no attention to whether deliverables from the previous year(s) have been delivered or not. The period for budget preparation and defense is set well before the programs and projects of the previous budget are delivered. The reality: Whether these programs or projects are in fact delivered or not is immaterial to the drafting of the succeeding year's budget. Therefore, no one is accountable for performance.

Second, the education budget cycle and the national budget cycle do not coincide. The latter is based on the calendar year while the former starts with the commencement of the school year in June. In truth, the entire budget cycle of the DepEd is closer to 18 months from budget call to initial release of funds versus the 12-month cycle of the national budget.

Because of the mismatch between national and departmental budget cycles, it is easier for the DepEd leadership to focus on inputs as the measure of performance.

The problem: In an input-output equation, if inputs result in poor output, more of the same inputs will create more of the same poor output and miss the real bottom line—quality education—unless there is a radical change in the throughput (e.g., education processes).

The way out of this budgeting mismatch dilemma is to engage in multi-year budgeting. In 2004, the DepEd undertook a multi-year budget simulation study to “condition” colleagues from the Department of Budget and Management (DBM) and the Development Budget Coordinating Committee (DBCC) to allocate higher budget ceilings for the DepEd. The study created a number of enrollment scenarios up to 2015, as a way of simulating the size of investment required by the DepEd to deliver on specific scenarios [Department of Education et al., 2005].

Based on that study, the DepEd budget should grow at a rate of 8 percent per annum from 2005 to 2010 and 6 percent from 2011 to 2015 if it is to address shortages, move toward desired class sizes, retain 10 percent more pupils and students at every grade level, and keep up with inflation. More importantly, the multi-year budgeting mechanism would allow the DepEd leadership to plan and program for the long-term with an eye on outcomes.

Source: Luz [2008]

since. If, for instance, a capital outlay (CO) was budgeted to construct a building this year, a reenacted budget would consider the budget allotted for the building “savings” and reassigned to a different project, as long as the money is spent within the agency and within the same CO category.

In short, the reenactment of a budget even strengthens the President’s control over allocations, owing to larger savings that can be disbursed at his or her discretion.

Table 1.14 Major budget issues due to Congress

PROBLEMS	IMPLICATION/IMPACT
1. Delay in the enactment of Congress.	Public services delayed. Previous year budget reenacted.
2. Inclusion of automatic appropriations in the GAA.	Increase in total expenditures beyond what the executive proposed. This violates the Constitutional provision that Congress cannot increase the appropriations for general operations of the government as submitted by the President.
3. Inadequate technical oversight.	Poor agency compliance to budget rules.

Source: Boncodin [2008b]

In the context of the power politics and lump sums involved, the impact of transactional politics on the budget seems quite petty. Transactional politics is primarily manifested through “pork barrel” funds.¹⁷ Pork may be explicit—in the form of the Countryside Development Fund or CDF (from 1990 to 2000) or the Priority Development Assistance Fund or PDAF (from 2000 onwards)—or, as budget experts have pointed out, embedded in the budgets of the Department of Public Works and Highways (DPWH) and the Department of Transportation and Communication (DOTC). The CDF/PDAF allocations have risen from P2.3 billion in 1990 to an average of P8 billion from 2004 to 2008. The highest levels during this latter period occurred in 2004 and 2007—both election years—at P8.3 billion and P11.4 billion, respectively. For 2009, senators and representatives were each given P200 million and P13 million, respectively, to allocate.

Pork embedded in the DPWH and DOTC amounts to more in absolute terms than the CDF/PDAF. For instance, as proposed by the House of Representatives, the pork in the DPWH budget for 2009 will amount to P19.6 billion or roughly 18 percent of the agency’s total budget of P120.53 billion [Table 1.15].

Whether pork barrel items are actually released, however, is an altogether different matter. Anecdotal evidence indicates that the executive is selective in the release of these funds, leveraging them for specific partisan purposes. PDAF budget items of some senators critical of the President since the “Hello, Garci” electoral scandal have apparently not been released since 2005. More recently, pork barrel releases were reportedly offered in exchange for signatures of support for charter change [Table 1.15].

Table 1.15 ‘Pork’ items in the 2009 General Appropriations Bill under DPWH (in billion pesos)

Description	Allocation
i. Improvement of access roads to airports—Nationwide	.18
ii. Improvement of access roads to ro-ro (roll on/roll off) ports	.43
iii. Construction/completion/ continuation of unfinished/ongoing bridges—Other bridges	.13
iv. Rehabilitation/replacement of damaged bridges along national roads	.10
v. Rehabilitation/reconstruction of damaged paved national roads generate from Pavement Management System/Highway Development and Management—Nationwide Originally 1,184,347,000 but reduced to 400,347,000 in GAB, with the balance realigned to specific road projects of congressmen	.40
vi. Road upgrading based on Gravel Road Strategies, Traffic Benchmark for upgrading to paved road standard—Nationwide Originally 1,819,000,000, but reduced to 279,500,000 in the GAB, with the balance realigned to specific road projects of congressmen	.28
vii. Various infrastructure, including local projects Originally 6,590,000,000, with each province receiving between 20,000,000 and 120,000,000 and a nationwide lump sum of 2,220,000,000. Now tripled with provinces receiving between 40,000,000 and 240,000,000, and a nationwide lump sum of 9,336,000,000	18.05
Total Or, 21,886,583,000 if “realignments” in items (v) and (vi) are included.	19.6

Box 1.12 Discretionary funds in the national budget

Savings

Moving money to and from the overall “savings” account constitutes a form of realignment on the part of the President. What happens is that an amount appropriated for a specific purpose is transferred to the overall savings account so that it could be realigned by the President for a different purpose. This power is provided for in Book VI of the Revised Administrative Code or Executive Order No. 292:

The President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations [Section 1(6), Chapter 1].

...Further, the President may authorize the use of savings realized by an agency during a given year to meet non-recurring expenditures in a subsequent year [Section 28, Chapter 3].

While this gives the President some form of flexibility in managing the budget, the amounts currently being realigned are large.

The massive realignments in 2006 could be a result of 2006 being a reenacted budget year. However, 2004 was also a reenacted budget year but with much lower levels of savings realignments. The years 2005 and 2007 saw partially reenacted budgets because of the delayed approval of the new budget, a situation which Department of Budget and Management (DBM) sources claim generated extra appropriations that were ultimately transferred to savings.

The Department of Education (DepEd) has been a consistent source of savings. Another consistent source is the Department of Interior and Local Government (DILG) and the Agriculture and Fisheries Modernization Program (AFMA). On the other hand, consistent recipients of savings are the Miscellaneous Personnel Benefits Fund (e.g., for Christmas bonuses of government employees) and various government-owned and -controlled corporations (GOCCs).

Box Table 6 Summary of savings (2004-2007, in billion pesos)

	2007	2006	2005	2004
Total Generated Savings	117.55	16.28	111.60	11.43
Total Used Savings	11.44	35.71	7.84	5.71

Box Table 7 Top sources of savings (2004-2007, in billion pesos)

2007	2006	2005	2004
DepEd (29.9)	DPWH (12.0)	LGUs (35.4)	Miscellaneous Personnel Benefits Fund (2.6)
DND (12.9)	DOTC (1.6)	DepEd (21.8)	DepEd (1.8)
Pension and Gratuity Fund (12.4)	International Commitments (1.1)	DND (11.6)	DILG (0.9)
DILG (9.8)	DAR (0.4)	DILG (9.5)	DENR (0.8)
PDAF (6.0)	Contingent Fund (0.4)	SUCs (4.0)	AFMA (0.8)
AFMA (4.8)	DepEd (0.3)	AFMA (2.7)	DOJ (0.6)

Box Table 8 Top uses of savings (2004-2007, in billion pesos)

2007	2006	2005	2004
Support to GOCC (8.8)	Miscellaneous Personnel Benefits Fund (17.7)	Miscellaneous Personnel Benefits Fund (3.4)	Pension and Gratuity Fund (5.6)
Miscellaneous Personnel Benefits	DND (6.7)	DPWH (2.7)	DILG (0.06)
DND-AFPHQ (0.9)	AFMA (3.2)	Support to GOCCs (1.5)	Support to GOCC-PNR (0.06)
Comelec (0.3)	DILG (2.2)	Contingent Fund (0.2)	
Calamity Fund (0.2)	DSWD (0.8)	AFMA (0.08)	

Lump sums

One-liner appropriations in the 2009 National Expenditure Program (NEP) that amount to P100 million or more sum up to **P224.44 billion or 16 percent** of the P1.415 trillion proposed 2009 national budget. This does *not* include infrastructure projects detailed under the Department of Public Works and Highways (DPWH) and the Department of Transportation and Communication (DOTC), foreign-funded projects, or confidential and intelligence funds. In the spirit of transparency, it is crucial to find out which of these one-liners are actually backed up by plans and programs or which simply serve as discretionary funds.

Confidential and intelligence funds

Scattered throughout the NEP are confidential and intelligence funds used upon the discretion of the President and are not subject to proper audit. For 2009, these confidential and intelligence funds amount to **P1.12 billion**.

Although one must assume the necessary secrecy in the use of these funds, it is possible to create appropriate oversight mechanisms. For instance, a bipartisan Legislative Select Committee can exercise oversight over confidential, intelligence, and other similar discretionary funds with the condition that the details of the use of these funds cannot be divulged to anyone outside of the committee in the interest of national security.

With notes from Luis R. Abad

Box Table 9 Top clusters of lump sums/ large-ticket items (2009 budget)

Mother agency	Level (in billion pesos)	Share (%)
DND	45.3	20.1
DA (including AFMA, NFA)	29.1	12.9
DepEd	23.6	10.5
DPWH	15.0	6.7
DOH	12.8	5.7
DOTC	11.5	5.1
DILG	11.1	4.9

Box Table 10 Confidential and intelligence funds by office (2009 NEP, in billion pesos)

Office	2009
Office of the President-Presidential Anti-Organized Crime Commission	500.0
Office of the President	150.0
Office of the Vice President	6.0
DILG-PNP-Intelligence Services	219.0
DILG-PNP-Intelligence Services	28.6
DILG-PNP-Investigation Services	22.5
DOJ-BOI	8.0
DOJ-PCGG	5.0
DND-OSEC-Internal Security Operations	17.0
DND-OSEC-Territorial Defense	8.0
DND-OSEC-International Defense	8.0
DND-AFP-Army	24.0
DND-AFP-Air Force	6.2
DND-AFP-Navy	24.7
DND-AFP-GHQ	63.6
NICA	31.2
NSC	1.0
TOTAL	1.12

Enabling or constraining?

All things considered, one would have to say the budget is constraining of human development and good government. For one, the budget is inflexible as regard both allocation and procedural rules, a situation which does not allow greater investment or innovation in the delivery of public services, human development or otherwise. Inflexibility is a natural consequence of both binding budget ceilings and mandatory obligations, but it also seems to derive from an overall bias for administrative uniformity and simplicity in budget rules. In itself this bias may make sense if the rule of law is weak in general, but exceptions may be necessary for agencies like the DepEd that require room to plan strategically and achieve longer-term outcomes.

The lack of headroom in the budget also engenders dependence on foreign funds or ODA for critical projects, including reform initiatives, a modality that, ironically, marginalizes rather than mainstreams the very reform initiatives pursued, as the DepEd experience illustrates. Weak congressional oversight over these and other funds, combined with inherently powerful spending powers of the executive, has, unfortunately, also invited corruption, weakening government institutions even further.

The power to relax the constraining features of the budget process is lodged more with the executive than with Congress. Given its powers over the purse, the executive can engage in strategic, policy-based, and performance-based budgeting as well as clamp down on leakages if it so desires. Congress may, of course, also exercise what oversight powers it has to require that this be done. Without a *change in norms* on the part of the executive as regards critical collaboration with and respect for Congress, however, the loopholes in the current budget laws are easily exploited.

Rule enforcers

In which branch of government would corruption have the most harmful effects on the country? The answer of most would be the judiciary, and with good reason: a corrupt judiciary would necessarily mean that the legal and institutional mechanism designed to curb corruption in other branches would be seriously compromised. It follows that the judiciary should come under even more intense scrutiny than the other two [Collas-Monsod, 2008].

For formal rules to have meaning, noncompliance should be penalized. Public accountability of public officials is supposed to be enforced by third parties who, in our case, include the judicial department, represented by the Supreme Court, the Ombudsman, and the three constitutional commissions. These organizations, comprising the “third” branch of government as loosely defined, formulate rules in their respective fields, oversee compliance by public officials, and exact accountability from violators. To do their job with minimal political interference, they are given institutional and fiscal independence by the 1987 Constitution, as well as “individual” independence to the extent that incumbents cannot be removed from office except by impeachment. Judicial independence is considered a “prerequisite to the rule of law.”

How has enforcement of public accountability fared?

Two measures can give us some indication: the WGI’s Rule of Law (RL) and Control of Corruption (CC) indicators. RL measures the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, the police, and the courts. CC measures the extent to which public power is exercised for private gain, both petty and grand forms of corruption, as well as “capture” of the state by elites and private interest. As described in Box 1.1, these indices are based on multiple data sources, which reflect the views of public sector, private sector, and nongovernment organizations (NGO) experts, as well as thousands

of citizen and firm survey respondents worldwide.

On both counts, the picture is not good [Figures 1.13 and 1.14]. Since 1996, our percentile ranking (the percentage of countries with scores worse than ours) among 212 countries has fallen steeply. In RL, our rank declined from 54.8 in 1996 to 33.8 in 2007—after passing a low of 31.4 in 2004 and picking up in 2005-2006—putting us behind Singapore, Malaysia, Brunei, Thailand, China, and Vietnam and ahead only of Indonesia (see again Box 1.1). Our CC ranking has dropped even more, from 45.1 in 1996 to 22.2 in 2006-2007, picking up in 2002 and 2003 before sharply decreasing to 22.2 in 2006-2007. At this ranking, we are dead last among the same comparator countries.

Why the poor performance?

Clues lie in the institutional environment of Philippine enforcement organizations. In line with assuring their independence, the one external rule that provides a check to their performance—impeachment—is a partisan political process precisely designed so that it is not exercised frivolously and so that it prospers only after the most tedious requirements are met.¹⁸ This setup assumes, however, that once appointed, professional ethics, culture, and checks and balances *internal* to each enforcement agency can assure their performance. That is, they can and will ensure the quality of their own work and police their own ranks whenever necessary. This, of course, *further* assumes that only people with unquestionable integrity and track record are appointed to lead these bodies—and that the appointing authority will *honor* this expectation.

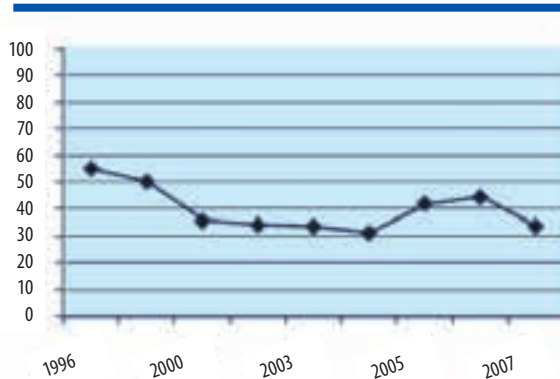
And there lies the rub. For in all three organizations which concern us—the Civil Service Commission, the Office of the Ombudsman, and the Supreme Court¹⁹—performance has been affected in varying degrees, and is anticipated to be further affected, by the direct or indirect interference from, or circumvention of rules by, the appointing authority.

The Civil Service Commission

Even with its vast powers, the Civil Service Commission (CSC) can be stymied by a disobliging or uncooperative President.

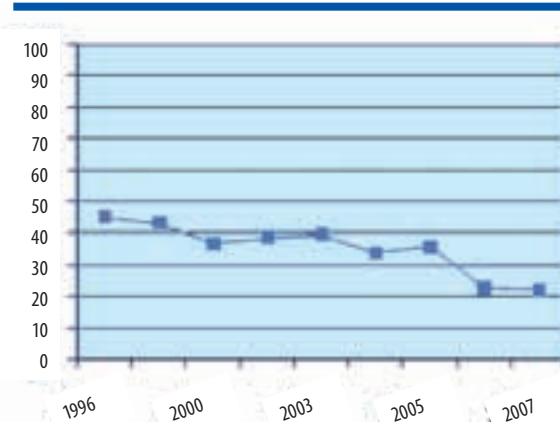
The CSC is both an oversight body and the central personnel agency of government, with quasi-legislative and quasi-judicial powers to formulate and administer civil service rules and sanction those who violate them. Among others, it administers and enforces constitutional and statutory provisions on the merit system for the civil service; prescribes, amends, and enforces rules to carry into effect civil service laws; sets standards for government appointments, position classification, and compensation; and formulates, administers, and evaluates programs to develop and retain a

Figure 1.13 Rule of Law percentile rank, Philippines (1996-2007)



Source: World Governance Indicators

Figure 1.14 Control of Corruption percentile rank, Philippines (1996-2007)



Source: World Governance Indicators

competent government workforce.

CSC opinions and rulings on personnel and civil service matters are binding on all heads of agencies and can be contested only at the Supreme Court. The commission can also issue subpoenas and hear and decide administrative cases instituted by or brought before it directly or on appeal, including contested appointments; officials and employees who fail to comply with its rulings are liable for contempt. The CSC has the power to impose sanctions, the gravest of which is dismissal from the service.

Rule-making and sanctioning powers notwithstanding, the CSC has had little recourse when confronted by the brazen use of power by an uncooperative chief executive. This was shown in an account to the Human Development Network (HDN) General Assembly by former CSC Chair Karina Constantino-David:

The CSC, as contemplated by the Constitution, is a powerful oversight body. Yet, it does not operate to the fullest extent of its oversight powers mainly because even the people in the CSC are scared. My office made a study on the legal right of the President to appoint, which concluded that the CSC can disapprove what the President does, as long as it is according to law. First, appointments can only be done if there is a plantilla item. But so many appointments come out [of the Office of the President] which DBM has no choice but to fund. Second, there are laws that say what qualifications should govern these appointments. In the case of the police, for instance, the President can only appoint from senior superintendent up, upon endorsement by the chair of the CSC. So I exercise my authority under the law: If you do not pass the exam, if you are not qualified, I will not endorse. This became problematic because some people could not meet the requirements for promotion—and so they were just appointed. That is illegal.

In a test case, the CSC disapproved and did not renew an appointment made by the President because the appointee did not meet the minimum qualification standards. Malacanang got

mad. We raised this in the Career Executive Service Board with a memorandum to the President, quietly saying what was wrong and presenting solutions. As an institution, it is CSC's role to advise the President of matters on qualifications etc. which her office must have overlooked. Apart from the ex-officio members of the board and two others who had fixed terms, all the rest of the members of the board were suddenly replaced with new ones in an acting capacity [Constantino-David, 2007].

In contrast, CSC rules on appointments are generally followed by local government units (LGUs); only 3 percent of appointments submitted to the CSC are disapproved. LGUs, however, may be considered the least professionalized branch of the bureaucracy in view of the high volume of appeals brought to the CSC by LGU employees who are illegally or arbitrarily dismissed—an indication that petty politics is still very much at play [Constantino-David, 2007].

The Office of the Ombudsman

The situation is different at the Office of the Ombudsman (OMB) where incentives and arrangements internal to the organization have been a significant factor in performance. Since the power of the Ombudsman to create these incentives and arrangements is magnified by its administrative and fiscal independence, it is the quality of leadership—that is, the quality of appointments to the position—that is a, if not *the*, key concern.

Remarkably, the OMB's primary task is to fight graft and corruption. The Constitution stipulates it must investigate anomalies and inefficiency in government, prosecute graft and corruption cases, conduct administrative adjudication of cases involving government excesses, provide public assistance, and implement graft prevention programs. Republic Act No. 6770, which created the OMB, further specifies that it should “act promptly on complaints filed in any form or manner against officers or employees of the government” and “give priority to complaints filed against high ranking

government officials and/or those occupying supervisory positions, complaints involving grave offenses as well as complaints involving large sums of money and/or properties" [Section 15].

The OMB's record in the disposition of cases and conviction rates has been far from sterling, however. In 1998, it was described as an agency where cases "just lie there and die there," implying not only a problem of sluggishness, but of inaction or immobility—a problem serious enough to warrant an admonishment from the Supreme Court as early as 1988 [Balgos, 1998]. After picking itself up and gaining ground from 2001 to 2005, however, credibility dropped again to a low level by 2008 [Table 1.16].

Table 1.16 SWS rating of the sincerity of the OMB in fighting corruption (2000-2008)

Year	Net Sincerity Rating	Ombudsman
2000	-5	Aniano Desierto
2001	+7	
2002	n.a.	Simeon Marcelo
2003	+21	
2004	+28	
2005	+22	
2006	+6	Merceditas Gutierrez
2007	+9	
2008	+4	

Ratings in 2003-2005 correspond to "moderate" sincerity and in 2006-2008, "mediocre" sincerity.

Source: Transparency and Accountability Network (2009)

Insiders have attributed the OMB's inefficiency in the late 1980s and 1990s to a management system, installed by then Ombudsman Conrado Vasquez, that rewarded the fulfillment of quotas, regardless of total workload or complexity of cases, rather than the expeditious disposition of cases [Balgos, 1998]. The system was quite easily abused by prosecutors who would finish easier cases first, meet quotas, and leave the more complex or uninteresting ones untouched for months or years.

Collecting evidence was also a problem. While mandated to investigate, the OMB's Fact-Finding and Intelligence Bureau (FFIB) actually depended heavily on the National Bureau of Investigation (NBI)—in one case waiting seven years for their findings—and the COA. By the end of 1994, the OMB had a backlog of more than 14,500 cases, representing 65 percent of its total workload.

The improvement in public perception of the OMB from 2002 to 2005 (notwithstanding low disposition rates) is also attributed to key institutional changes. Among these are the recognition of the importance of, and strengthening of, the Office of the Special Prosecutor (OSP) and Field Investigation Office (FIO) through training and recruitment;²⁰ the delegation of powers to deputy Ombudsmen and the reengineering of other internal procedures to improve efficiency; and the strengthening of partnerships to fight corruption such as through the celebrated Solana Covenant among the OMB, the COA, and the CSC that outlined a more coordinated approach to fighting corruption. Relations with other partner organizations in the fight against corruption—the Presidential Anti-Graft Commission (PAGC) and civil society organizations such as the Transparency and Accountability Network (TAN)—were also nurtured and criticism welcomed.

Apart from improved credibility, gains from these reforms were seen in immediate increases in the conviction rate—computed as the number of cases resulting in convictions, including guilty pleas, over the number of decided cases by the Sandiganbayan—from a mere 6 percent to 14 percent. This trend spilled over to the next administration until 2007 when it reached 55 percent.

Conviction rates have since decreased sharply, however, falling dramatically to 14.4 percent by the first semester of 2008, with rates as low as 5 percent in March, 3 percent in May, and zero percent in June. Performance and trust have been further undermined by the OMB's action—or inaction—on high-profile cases. These include the P2 billion purchase of automated counting machines by the Commission on Elections (Comelec) from Mega Pacific for the 2004 national elections, the \$2 million bribery case involving former Justice Secretary

Hernando Perez, the P728 million fertilizer fund scam, and the multimillion-dollar NBN-ZTE deal.

The first was inexplicably resolved with two conflicting resolutions—one finding liability of at least one senior Comelec official (June 2006) and another finding no one liable (September 2006). This was in stark contrast to a Supreme Court decision on a case filed separately by private citizens: The High Tribunal found the contract null and void with the attendant procurement irregularities.

The second—involving Perez, the former boss of incumbent Ombudsman Merceditas Gutierrez—was said to be deliberately defective. A two-year wait in the filing of the case resulted in its dismissal

due to technical lapses. Investigation findings and resolutions on the third and fourth cases, brought before the OMB in June 2004 and August 2007, respectively, have yet to be issued.

Not surprisingly, observers have attributed the slide in performance and credibility to the undoing by the incumbent Ombudsman of the very institutional reforms that had previously strengthened the organization. Decisions have been recentralized, including cases pending with the Deputy Ombudsmen for Luzon, Visayas, and Mindanao involving governors and vice governors. Relations with the OSP have become strained. The latter is accompanied by a “no hire” policy,

Table 1.17 Statistical report on criminal cases submitted to the OMB (1993-2005)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total workload of criminal cases and/or complaints	14,769	17,144	15,793	16,403	15,267	11,662	10,590	10,945	7,594	7,694	9,228	9,434	9,826
% In prosecution	6.3	6.2	9.6	9.2	14.5	18.6	19.0	20.2	18.1	16.5	14.8	12.8	11.7
% Dismissed, closed, or terminated	24.4	28.3	27.0	31.1	44.9	44.7	39.1	52.6	56.7	34.6	33.5	33.7	30.9
Total disposed (%)	30.7	34.5	36.6	40.3	59.3	63.2	58.1	72.8	74.8	51.9	48.3	46.6	42.6
Total pending (%)	69.3	65.5	63.4	59.7	40.7	36.8	41.9	27.2	25.2	48.9	51.7	53.4	57.4

Sources: Asian Development Bank 2005 (for 1993-2000); Ombudsman annual reports (for 2001-2005)
Annual reports after 2005 are no longer available online.

Table 1.18 Statistical report on administrative cases submitted to the OMB (1993-2005)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total workload of administrative cases and/or complaints	3,436	5,280	5,047	5,333	5,384	6,066	6,212	6,984	5,991	5,229	6,802	7,869	9,033
% Penalty imposed	2.1	1.8	1.9	3.4	16.4	4.2	5.2	7.4	6.5	3.1	5.2	5.9	5.0
% Dismissed, closed, or terminated	23.5	33.5	39.4	46.3	28.8	52.6	44.4	51.7	54.3	42.3	36.6	34.2	34.2
Total disposed (%)	25.7	35.2	41.3	49.7	45.2	56.7	49.6	59.1	60.9	45.4	41.8	40.2	39.2
Total pending (%)	74.3	64.8	58.7	50.3	54.8	43.3	50.4	40.9	39.1	54.6	58.2	59.8	60.8

Sources: Asian Development Bank 2005 (for 1993-2000); Ombudsman annual reports (for 2001-2005)
Annual reports after 2005 are no longer available online.

despite 36 percent of prosecutorial positions being vacant, and overt distrust as manifested by the requirement that OSP subordinates report directly to the incumbent Ombudsman weekly.

Most unfortunate for the fight against corruption on the macro level is the deactivation of the Inter-Agency Anti-Graft Coordinating Council (IAGCC), which was composed of the OMB, the COA, and the CSC. As chair, the OMB simply did not convene the council. The incumbent Ombudsman also cut off relations with CSOs critical of her agency.

It is difficult to say whether the recent changes in the OMB are driven by partisanship, basic managerial style differences, or technical incompetence. But the point is, *this question should ideally not even arise*. Because of their critical role in maintaining the quality of governance, appointments to the OMB and other constitutional offices need to be held to a far higher standard.

The courts

The significant role of internal culture and ethics, and therefore of appointments, is best illustrated by the case of the *judiciary* itself. Once appointed, no other body or agency can impose rules on how judges and justices conduct their business. Instead, they impose ethical rules upon themselves, implemented through the internal hierarchy of the judiciary whose power is vested in the Supreme Court (SC).

In the 1980s and 1990s, public confidence in the judicial system was consistently low. At one point, the judiciary was considered one of the most corrupt institutions in the country [Asian Development Bank, 2005]. This, along with international trends, prompted the judiciary to promulgate in April 2004 the New Code of Judicial Conduct for the Philippine Judiciary.

The code prescribes how judges and justices must behave in almost all situations, emphasizing judicial independence, integrity, impartiality, propriety, and equality in the performance of their duties. The concept of judicial independence was broadened to include not only institutional independence but also personal independence, where officers of the court must be “free of inappropriate

outside influences,” including those from political patrons, family members, associates, and the media. Further, judges were forbidden from endorsing political candidates and making contributions to campaigns.

Despite this effort, the Court of Appeals (CA) in 2008 found itself under investigation by the Supreme Court for violations of the Code of Conduct. A number of CA justices had accused one another of competing for a high-profile case involving the Manila Electric Company. Eight CA justices and one top public official, himself a lawyer and brother of one of the justices, were questioned by a special panel of retired Supreme Court justices convened for this purpose. By the end of the investigation, five justices were found to have committed improprieties in the conduct of their job: One was dismissed for dishonesty, undue interest, and conduct prejudicial to the interest of service; the other four were suspended, reprimanded, or admonished. As disciplining the top government official was not within its jurisdiction, the Supreme Court forwarded his case to the Integrated Bar of the Philippines for appropriate action.

In a published interview following the scandal, six retired CA and SC justices and two active CA justices opined that stricter internal rules were not enough to bring integrity back to the courts [Rufo, 2008]. Rather, a **better screening and selection process** was required. In their view, this was a failure of the Judicial and Bar Council (JBC), the constitutionally created body whose responsibility is to screen, select, and recommend nominees to various positions in the judiciary.

The JBC was created to insulate the appointment process from political interests, and in part from the overreaching powers of the President who makes the final appointment. Under the JBC process, the President should only appoint justices from a short list presented to her by the council. Unfortunately, applicants and nominees now seek out endorsements from politicians in their efforts to secure appointments. A better process would be one where the JBC does away completely with recommendations and instead relies on an independent and diligent search mechanism for qualified candidates.

The matter of screening and selecting appointees to the courts and to constitutional commissions is a fundamental issue, which may finally be brought to the fore by the fact that in 2009 alone, seven Supreme Court positions will be vacated. By the end of 2009, when all the seven new appointments will have been made, 14 of the 15 justices of the Supreme Court will have been appointed by a single president. This is unusual in two regards.²¹ First, the seven retirements will happen within a 12-month period: Six are mandatory because six justices are reaching the mandatory retirement age of 70, and one is retiring early. This gives the appointing power the ability to influence the nature and character of the High Court in a very short period of time—through her appointments. Second, never under normal circumstances has a single president been able to appoint nearly all members of the Supreme Court.

These unusual circumstances, and the problem of appointments to the judiciary in general, have not gone unnoticed by judicial observers. The Supreme Court Appointments Watch consortium (SCAW)²² has noted with concern the major weaknesses of the JBC and its nomination process that allow for abuses by an appointing power. One weakness is that the JBC would seem to be under the control of the President. Of the eight-person council, the President appoints five either directly or indirectly.²³ If the two congressional representatives in the council are also political allies of the president, then even they could be under his or her direct influence. Whatever the case, at least a majority of the members of the JBC would owe their position to the appointing power.

Another problem is that JBC members may have multiple terms. The Constitution states that a single term for a regular member of the JBC is four years. It, however, does not impose any term limit. The lack of term limits has resulted in a few JBC members having been reappointed and serving more than a single term. It also provides incentive for JBC members to stay in the good graces of the appointing power so that they may be reappointed. SCAW and others have recommended single terms for regular JBC members.

The JBC and the nomination and appointment process are further weakened by the perception that the JBC merely goes through the motions of a screening process but that it is constrained to ensure that the personal choice of the President is in its shortlist of at least three names.²⁴ In one anecdote, the President in 2004 returned a JBC shortlist and requested for additional names. The JBC obliged and gave a second list with two additional names. Not surprisingly, the President chose one from among the two new names. SCAW notes that by returning the list and waiting for one with an “acceptable” name on it, the President undermines the nomination process and, in effect, nullifies the work of the JBC.

Not all is bad news, however. In a December 2008 decision, the JBC decided to open voting records to the public, an advocacy pushed by SCAW and partner groups. While some individual members of the JBC had been quietly talking about open voting, the move finally got some steam because of very visible public clamor for increased transparency. Considered a major victory for transparency advocates, open voting allows the public to scrutinize the decisions of JBC members and make them more accountable.

The screening and selection of members of constitutional commissions is more problematic, since no JBC-like mechanism is provided under the Constitution. Unlike appointments to the judiciary and Ombudsman, appointments to the CSC, the COA, and the Comelec go through the Commission on Appointments, a process that has not engendered much confidence. The public perception that members of the congressional commission, which consists of senators and congressmen, engage in “horse-trading” was given credence when, in 2007, one congressman disclosed that he had personal knowledge that his son, the then unconfirmed secretary of finance, was approached for P5 million by members of the Commission on Appointments in exchange for confirmation. Although nothing came of this revelation in terms of reforms, it confirmed what many had long suspected of the confirmation process.

In addition, the Commission on Appointments does not reject candidates (which it is constitution-

ally empowered to do), but simply remains silent on those it passes over. This provides the opportunity for the nominee to be repeatedly reappointed, as has often been the case.

More noxious is the practice by the appointing authority of making *ad interim* appointments, which occurs when Congress is in recess. *Ad interim* appointees, unlike those appointed during congressional sessions, are allowed to serve out their duties as public officials until they are confirmed by the Commission on Appointments or, in the absence of rejection of such confirmation, until Congress adjourns its session. A less than subtle circumvention of the law, the Comelec has been the object of this practice in an alarming way, with 20 out of the 33 appointments since 1987 made on an *ad interim* basis [Libertas, 2006].

Changing institutions

The aim, ultimately, is a government that delivers better-quality public goods and services so that human development goals can be achieved. The principal argument put forward here is that beyond just policies and individuals, it is the institutions that structure people's behavior which matter for whether human development advances or not.

It has been shown how incentives in the civil service, both monetary and nonmonetary, have affected the quality of the bureaucracy, especially in the last several years. External and internal distortions weigh down the 20-year-old government compensation system, causing demoralization in the corps. Something as innocuous as job descriptions and salary steps spell the difference in the motivation of civil servants and the performance of agencies. The multiplying horde of ad hoc bodies, presidential consultants/advisers, and political appointees causes further demoralization as bureaucratic rules and processes are undermined and internal norms of merit, fitness, mission, and professional pride are challenged. Particularly in government, where no high-

powered legal monetary incentives exist, behavior and performance easily turn on nonmonetary disincentives (or compensatory illegal payments).

The issue of partisan political appointments is fraught with serious implications, particularly when it affects those offices (notably the justice system) that are meant to independently enforce and safeguard the rules themselves.

This chapter has also shown how the inflexibility of the budget—owing to both budget ceilings and a penchant for mechanical uniformity—may constrain rather than enable human development agencies and, possibly, government as a whole. The education department, for instance, sorely needs a different budget cycle if it is to plan strategically and achieve longer-term outcomes. The lack of headroom in the budget also engenders dependence on ODA funds, especially for special projects and reform initiatives, a modality that backfires on the very reform initiatives pursued, as demonstrated by the DepEd experience. Weak congressional oversight over ODA and other funds, combined with inherently powerful spending powers of the executive, has unfortunately also invited corruption, further weakening government institutions.

Few of these issues are entirely new, of course. From time to time, they may catch media's eye, particularly when a new example of alleged large-scale corruption erupts. As recent experience has shown, however, public attention is rarely engaged beyond the dramatic revelations and colorful personalities of the initial congressional fact-finding investigations, but this is understandable. A hard-headed discussion of rules and the needed changes would make poor tabloid fare. Even less would an examination of the oftentimes mundane processes, practices, or organizational arrangements in government that may have permitted underperformance, incompetence, or corruption in the first place. Hence, fireworks and morality plays are all the public gets.

But as this chapter has argued, a discussion of rules—rule changes, to be more exact—is precisely what is needed. The question to be answered then is how to effect institutional change. Or, at least, where does one begin?

In the business of government, when more transactions of enormous value and consequence are consummated in the informal rather than the formal sphere, public accountability and the state itself are weakened. Changing institutions, therefore, entails reversing this, first of all, by *updating or improving* the scope and content of *formal rules*—in this case, those rules dealing with the civil service, the budget, appointments to enforcement agencies, and transparency. But, second, it also means *realigning norms* and beliefs—perhaps, recovering some that have long been numbed by the circus of partisan politics—so that compliance with formal rules is better effected.

Changing rules

A number of rule changes have already been identified in previous sections. Here these are discussed in turn.

1. The idea of a career service defined by merit and fitness already emanates from the Constitution (Article IXB, Section 3). Current laws and practices, however, have run counter to this ideal. In order to reestablish professionalism and meritocracy in the corps, two rule changes are essential.

First, there is a need for an alternative job classification and compensation framework for the civil service. Its outlines are, by and large, already embodied in the proposed Government Classification and Compensation Act (GCCA) designed by the CSC in 2006 following two years of study. The proposed GCCA corrects the distortions and inequities of the existing system by, among others, reducing the large number of position titles by a third, to reflect the similarity of level and nature of jobs across different agencies. It then values jobs using a single standard, repeals exemptions to the SSL, and rationalizes the grant of excessive allowances by government-owned and -controlled corporations. It makes salaries more competitive by benchmarking them to those paid by medium-sized private companies (in consideration of fiscal realities and following a policy of modesty)

and defines progression within a salary grade by performance and merit rather than longevity. By reducing the number of salary grades as well as the steps per grade (e.g., from 33 grades with eight steps per grade to 22 grades with five steps per grade), the ladder is “decompressed” and merit increases now mean something significant (an increase of 7.5 percent in base pay, up from the current 2.5 percent), without overlaps with subordinates.

Second is the need to establish a genuine Career Executive System, as embodied in the House Bill No. 3956 or Senate Bill No. 270. This is meant to improve substantially on the career executive service currently in place. A career executive system would “ensure an effective, efficient, and responsible administration” of the executive and managerial class of the third level career service—the largest and the most crucial component of the third level—including providing for their professionalization and career development.²⁵ The system would be characterized by principles of merit and fitness (for entry and advancement in the system), security of tenure, and mobility, with a view to building a corps of public managers possessing the “necessary expertise and responsive leadership that will serve as a stabilizing force, an instrument for change, a vanguard of professionalism and careerism in the civil service, and a critical link between the government and the people.”

Such a system would be a serious attempt to minimize the politicization of the managerial and executive class by formally reducing the wide latitude currently enjoyed by the appointing authority. It would feature a rank system, based on competence, qualifications, and other relevant considerations where the issuance of, and promotion in rank would be by the CSC chair. Compensation of career executive officers would be based on rank (with an added premium if occupying a position covered by the CES), and CESO/CES eligibles would be prioritized for assignments to CES positions. Under HB 3956, the number of career undersecretaries and assistant secretaries and other officials of similar rank would be strictly limited to the number set by law. In case of vacancies, the assigning authority would be limited to a list of at least three qualified

eligibles. SB 270, on the other hand, limits the number of noncareer undersecretaries and assistant secretaries to no more than half the number of the career undersecretaries and assistant secretaries.

2. Major amendments to the budget law (Book VI of the Revised Administrative Code), in particular to restore Congress' power over the purse, are also warranted. There have been numerous serious efforts to do this in the past, notably by former Senator Alberto Romulo immediately after the EDSA revolution. Those efforts did not prosper for lack of support from the House of Representatives. Advocates have recently revisited the matter, however, and have identified a number of amendments that would limit executive discretion over the budget, restore constitutional checks on government spending, and increase transparency in budget implementation. For instance, the proposed *Budget Reform Act* (SB 2996) and the *Budget Impoundment Control and Regulation Act* (SB 2995) seek to make it illegal and punishable by law for the executive branch not to implement the budget as specified in the GAA without congressional authorization, including the creation of reserves and the suspension of expenditure of appropriations in a fiscal crisis. They limit what appropriations may be reenacted in cases of budget reenactments; ensure that Congress can revise implementing rules of lump-sum appropriations if they are unsatisfactory; require that savings generated from an unexpected reduction in costs are properly reported to Congress; and require that unspent amounts from lump-sum appropriations are reverted to the general fund, to be disbursed only following fresh congressional authorization.

3. New provisions to ensure transparency and oversight over domestic and foreign loans and off-budget accounts, as well as penalize the failure to submit reportorial requirements, are also provided for in SB 2996. Another proposed piece of legislation, the *Intelligence and Oversight Act* (SB 2700), creates a Joint Congressional Intelligence Committee to monitor and oversee intelligence activities and the spending of intelligence funds while maintaining

the necessary confidentiality.

4. Legislating a policy of transparency in budget releases and in other government transactions, such as appointments, is long overdue, particularly since the constitutional guarantee of access to information on matters of public concern appears insufficient. In the past decade alone, at least eight other countries in Asia have enacted a freedom of information legislation—Thailand (1997), South Korea (1998), Japan (1999), India (2002), Pakistan (2002), Indonesia (2008), Bangladesh (2008), and China (2008) — but little headway has been made in the Philippines. Proposed *freedom of information acts* (HB 3732, SB 109) recognize the right to information as indispensable to effective participation of people and their organizations at all levels of social, political and economic decision-making, and that free access to information is a means for building trust between the people and the State and, ultimately, for national progress.²⁶ The proposals adopt a policy of full public disclosure by the state of all its transactions involving public interest, except when the disclosure of such information would jeopardize other prerogatives of the government such as the protection of the privacy of individuals, trade secrets, national security, public order and safety, and foreign diplomatic relations. Mechanisms include requiring a response within ten days for written requests for information (unless proper justification is given by the government body and subject to the payment of reasonable fees), with penalties for violations

5. Updating the government compensation system, professionalizing and protecting the career executive and managerial corps, and ensuring transparency in budget implementation and other government transactions would change incentives in the entire bureaucracy, including the DepEd where impediments to reform, such as weak professional managerial culture and political appointments, have been identified. However, new legislation sometimes takes years to enact. Fortunately, *rule changes* are available *that do not require legislation*, only boldness and initiative on the part of

specific implementing and oversight agencies. The decision by the JBC in December 2008 to adopt a rule of open voting, thereby better protecting the integrity of its work, is a case in point.

Similar administrative rule changes have been proposed to facilitate reform in the DepEd. For instance, *changing the qualification standards and recruitment processes* for principals and schools superintendents to include licensure exams and managerial competencies—an action within the jurisdiction of the CSC—would go a long way toward strengthening leadership capability at the school levels and enable the shift to school-based management (discussed in Box 1.5). Delinking the rank of principals from the size of schools they administer—currently a DBM requirement—would also help in removing the incentive to create extra-large and frequently mediocre schools. School principals could be further motivated to make good school-level decisions through management incentives, such as additional school resources as a reward for high performance, that could be established internally by the DepEd. Even the peculiar case of the DepEd budget cycle versus the national budget cycle need not wait for legislation. The DBM could, at the very least, lengthen budget horizons by requiring *multi-year budgeting*, which would give the DepEd leadership and other policymakers a better grip on long-term requirements of their desired outcomes.

Undertaking these and other rule changes would enhance the catalytic role of principals as community leaders and school managers. The gains from doing so are tantalizingly demonstrated by the account of the *Brigada Eskwela*, an exercise in community and resource mobilization for one week in May every year since 2003, to do minor repairs and get schools ready for the incoming school year [Box 1.13].

6. For all this, however, addressing issues of teacher quality and personnel deployment in the most direct manner will likely require an amendment of the law. In particular, the *Magna Carta for Public School Teachers* may need to be amended to provide for a one-year probationary

period for newly hired teachers. This replaces the policy of immediate tenure upon hiring and allows a probationary period to determine whether or not candidates possess the qualities of a good teacher before they are permanently retained in the system [Luz, 2008]. This would balance the enjoyment of rights and privileges with the needs of the bureaucracy over the longer term. Safeguards are, of course, needed to prevent corruption and abuse in the hiring of teachers. But such a reform is objectively necessary if the system is to be assured that a hired teacher becomes a long-term asset rather than a permanent liability in the system.

7. Open voting in the JBC will be a significant step in strengthening the independence of the judiciary and the OMB and, thus, the quality of enforcement of public accountability. Beyond this, the JBC could itself design and adopt an *independent search mechanism for qualified candidates* that would do away with (or at least explicitly circumscribe) the influence of recommendations from politicians.

Anecdotal precedents exist in different contexts. During the term of Comelec Chair Christian S. Monsod (1991-1995), for instance, it was explicitly announced that contrary to past practice, endorsements from national or local elected officials or political party members would penalize rather than strengthen personnel applications for election officer and other staff positions, for obvious conflict of interest reasons. Former Ombudsman Simeon Marcelo (2002-2005) also instituted an analogous practice, stringently screening personnel applicants and conducting thorough background (integrity) investigations. It is no coincidence that the credibility and performance of the Comelec and Ombudsman peaked during the incumbency of these two officials.

Box 1.13 **Brigada Eskwela: The catalytic role of principals and shared values**



In January 2003, then Education Secretary Edilberto de Jesus began a weekly tour of schools divisions and was appalled by the lack of maintenance of school facilities. Every school visited was a domain of reeking toilets, peeling ceiling boards, termite-infested doors and windows, rusting roofs, broken furniture, and more. "If we accept such decrepit structures as acceptable facilities," de Jesus mused, "what message are we sending to our children? That this is quality education?"

The problem with the Department of Education (DepEd) budget—like any other government agency's budget—is that there is no real money for maintenance. The department builds but does little to maintain. Yet a classroom is a structure that has to last at least 30 years.

De Jesus set out to reverse this situation using the one tool the country was known for the world over: people power. Thus was born *Brigada Eskwela*—the National Schools Maintenance Week. Patterned after *Habitat for Humanity* and the *Gawad Kalinga* home-building efforts, *Brigada* sought to challenge local communities of parents and friends to converge in their schools for one week in May, exactly three weeks before school opening to do minor repairs to get their schools ready.

The key to a successful *Brigada* effort was the principal: a local leader who would encourage parents and friends to sign up to do the required minor repairs, to organize the effort in an efficient way, and to raise local donations from the community and local government to cover the effort, as needed and available. No national government money was put into *Brigada Eskwela* because there was simply no budget for that purpose.

In May 2003, 12,500 schools joined the effort voluntarily. Over 700,000 volunteer man-days were donated with an estimated total value of P392 million in labor and materials. More importantly, *Brigada* unleashed innovation at the school level never imagined by central office planners. Unfinished classrooms left abandoned by government contractors were completed by parents in a number of schools. A principal in Bacolod City took the 10-meter gap between two school buildings, and closed and roofed it to make an additional classroom at a fraction of the cost of a new one. A parent-teachers' association in Rizal led by a civil engineer/parent built canals and drainage culverts to divert water away from classrooms and the field and into the nearby ditches to run off into the stream behind the school. A school in Nueva Ecija transformed decaying toilets from a *dengue* threat into a sanitary facility. The list of innovations was endless.

In May 2004, the effort grew to include 16,050 schools. A year later, another 10,000 schools joined, swelling the number to 26,034. In May 2006, over a six-day period, close to four million man-days of volunteer time donated by parents, friends, and volunteers were realized in 29,215 schools nationwide. The original target in 2003 of involving 10 percent of all schools nationwide was now 70 percent all over the country by 2006. The total estimated value of labor and materials donated expanded fivefold from P392 million in the first year to over P2 billion four years later. None of this was savings; rather, all of it was additional value coming out of the sweat and commitment of parents who placed their children's future in our public schools.

What accounted for the success of *Brigada* over the years?

Parents and principals. The *Brigada* provided parents with the opportunity to share in the cost of schooling for their children, even if only in kind. The catalytic role of the principal in organizing the effort made this a reality.

Source: Luz [2008]

Changing norms

The degree to which formal rules bear effectively upon behavior depends on enforcement. Enforcement, in turn, is effected by the extent and credibility of the state's formal coercive powers, but also by society's norms. In fact, formal laws and coercion mechanisms, on the one hand, and informal norms, taboos, and codes of conduct, on the other, must be regarded as substitutes [Alston et al., 1996]. If members of a society generally believe that certain activities are not harmful—the illegal numbers game *jueteng* or the selling of one's vote, for example—the enforcement of a law banning such activities becomes prohibitively expensive. If, on the other hand, most members of society agree that something constitutes inappropriate behavior—for instance, evolutionarily hardwired taboos against incest and the killing of one's own offspring—fewer resources will be required in enforcing laws prohibiting it. A society's institutions are bound to function better and more effectively when the formal rules it designs for broad application are supported or complemented by the norms its people informally apply.

In this sense, there is a limit to the extent formal political rules, including formal enforcement mechanisms, can compensate for bad norms. Budget law reforms may in principle correct imbalances, plug loopholes, and engender more productive public spending, but only to the extent Congress cooperates and exercises its powers more seriously and determinedly. Open voting in the JBC may reveal the actual ranking of judiciary and Ombudsman candidates, as well as whether the appointing authority respects this ranking, but it cannot actually force the appointing authority's hand. Neither can it force appointed JBC members to voluntarily decline the offer to serve multiple terms. The civil service may institute minimum qualifications and new rules can be legislated to protect career executives, but if the assigning authority is recalcitrant, there is little more that can be done.

This brings up the further point that it is entirely possible that a powerful player, such as a president

or parliament, when motivated only by narrow self-interest, may simply overlook constitutional rules and play by new ones. In which case, it may be that only the shared attitudes of citizens, communicated clearly, can exact compliance. "The foundation for institutional restriction fundamentally rests on the attitudes of citizens" [Weingast, as cited in Alston et al., 1996]. The ability of citizens to collectively reject behavior that ignores, and even attempts to change, constitutional rules in favor of narrow self-interest was demonstrated in 1986 when the prospect of widespread cheating in the Snap Elections motivated hundreds of thousands of ordinary Filipinos to voluntarily guard their own and other's ballots, and again in 2006 when citizen groups foiled attempts by the House of Representatives and a number of incumbent executives to change the Constitution and lift their own term limits.

Likewise, given the country's current circumstances, it may be too much to expect that institutional change of the sort outlined above will simply come *motu proprio* from "supply" forces—the President, Congress, or other government entities through which laws are legislated, enacted, or decreed. Rather, "demand" forces—the constituents themselves—likely need to step up and assert themselves in the bargaining process.

It is for this reason that movements among interested constituents must be encouraged and supported. For instance, public clamor for increased transparency, particularly from SCAW and other groups, played a significant role in the decision of the JBC to open its voting records to the public. Citizen groups are likewise monitoring candidates for the CSC and the Comelec, highlighting the public's growing concern over the quality of appointments to these agencies.

The power of citizens to effect institutional change is also demonstrated by the Textbook Count program undertaken by the Government Watch of the Ateneo School of Government since 2005. Initiated by the DepEd in 2002 to address critical textbook shortages and guard against corruption, the program was able to bring down prices and improve the technical quality of textbooks (at least until 2005 while management reforms remained in

place), as well as reduce the incidence of deficient deliveries [**Box 1.14**]. As observed, “if communities of parents, teachers, students, and even local school boards can have a voice and can participate in the delivery of their children’s textbooks...the pressure put to bear on the national department by the heightened demand will go a long way to shaping the kinds of good governance behavior needed in the public education system. Arming them with the right information is the key” [Luz, 2008].

The lesson to be learned is how much effort can be harnessed based on appeals to deeply shared values of ordinary citizens. It is this same principle that can be used to transform more than a sector but rather—gradually—society itself.

Box 1.14 Textbook procurement: Changing institutions through citizen action



In 1999, the Philippine Center for Investigative Journalism (PCIJ) wrote: “The Department of Education...provides a classic case of corruption in the Philippines.” One area prone to corruption has been textbook procurement. “(T)he shortage of textbooks in nearly all the 40,000 public schools (was) so critical that on average, one textbook (was) shared by six pupils in elementary schools and by eight students in high schools” [Chua, 1999].

To address the shortages and guard against corruption at the same time, the DepEd designed a textbook procurement program it called *Textbook Count*, which was carried out from 2002 to 2005.

In November 2002, the DepEd opened bids for the printing and publishing of 37 million textbooks and teachers’ manuals amounting to over P1.3 billion (or \$30 million). The procurement reflected two years of textbook procurement since there was no textbook procurement the previous year while the Department underwent a change in leadership. Six publisher groups or consortia involving 15 partners were given awards in January 2003 to deliver the textbooks nationwide. Deliveries were organized by zone, each of which included three or more regions of the country and were for elementary schools (delivered to school districts) and high schools (direct door-to-door). There were 5,623 delivery points all over the country and over 30,000 deliveries to be made.

Textbook Count was able to achieve the following results over the three-year period in three successive rounds of textbook procurement:

1. Bring down textbook prices through international competitive bidding.
2. Improve on the technical quality of textbooks (which is not a procurement problem *per se*).
3. Shorten the procurement cycle from bid opening to full delivery from 20-24 months to 10-12 months.

The last improvement was significant because for the first time in DepEd history there was no overlapping of textbook procurement packages. In the past, the timing of different procurement packages provided a screen by which backroom deals could be hidden by the overlapping transactions that an uninitiated individual would have difficulty tracking, much less unraveling.

How were all of these results possible?

Reforms included changes in the bidding process, the planning of deliveries of textbooks, and announcement of deliveries to stakeholders through the national and local media. The key was to place all supplier/publishers on a common delivery schedule



and include third-party observers, *especially the local school community*, in monitoring deliveries.

In the past, supplier/publishers were given 150 days to deliver textbooks all over the country based on their own delivery schedules. This forced the department to “chase after” suppliers to ascertain if in fact full delivery was made. Inspecting textbooks after distribution to students makes it extremely difficult to determine if the numbers are in fact complete. Hence, “short” deliveries were very possible and were a major method used by department insiders and suppliers to make extraordinary profits.

In early 2003, with the synchronization of delivery schedules, the DepEd could publish delivery schedules in local newspapers and recruit community volunteers as *Textbook Count* “watchers” to be on hand to witness and inspect all textbook deliveries.

In all three years, *Textbook Count 1* was coordinated by *Government Watch* (G-Watch) of the Ateneo School of Government.¹ G-Watch recruited NGOs all over the country to participate in this program, starting with the local NAMFREL (National Citizens’ Movement for Free Elections) chapter and eventually recruiting the boy scouts and girl scouts (who are present in every school) as the core of the volunteer effort. Clearly, watching paid off. Over the 120-day delivery period in all three efforts, the incidence of deficient deliveries went down significantly.

Civil society pressure to continue on the reform path is necessary. In June 2008, G-Watch introduced a new innovation called *Textbook Walk* where local communities would not only monitor deliveries but would parade these around the community to inform parents and others of their arrival and generate public awareness of the need to protect and properly use these textbooks.

But the single most critical stakeholders are those directly involved in schools. If communities of parents, teachers, students, and even local school boards can have a voice and can participate in the delivery of their children’s textbooks (or other supplies and materials as the case may be), the pressure put to bear on the national department by the heightened demand will go a long way to shaping the kinds of good governance behavior needed in the public education system. Arming them with the right information is key.

Source: Luz [2008]

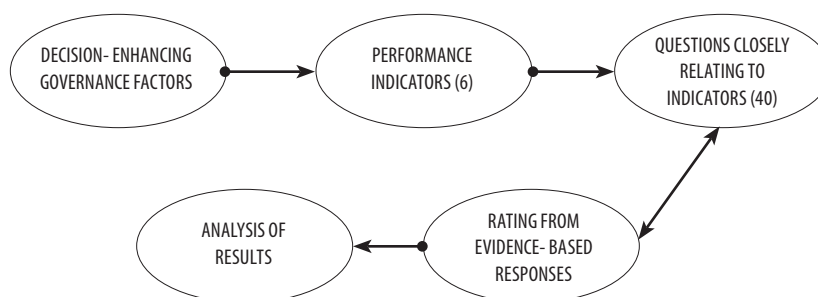
¹ Even after the team of Secretary Edilberto de Jesus left DepEd in 2004, G-Watch continued to organize *Textbook Count*.

Appendix 1

The budget process and governance effectiveness

For this Report, the influence of the budget process on the effectiveness of governance was measured along six dimensions or performance indicators: **accountability, predictability, participation, transparency, beneficiary reach/impact, and compliance to laws.**

Figure 1



These indicators are based on factors that enhance decision-making toward desired governance outcomes. This measurement was adapted, with modification, from the World Bank/Organization for Economic Cooperation and Development's Public Expenditure and Financial Accountability [2005] and the Budget Transparency Index of the Center for Budget Policy and Priorities, International Budget Project.

The budget process was tested on the degree by which decision-enhancing governance factors exist or are applied. The responses to questions were based on evidence, i.e., existence or nonexistence of documents that prove the validity of responses. A three-tier rating system was used—Excellent (E), Satisfactory (S), Poor (P) [Figure 1].

For this exercise, the test was done using Budget Year 2007 data, except for audit reports, which are based on 2006 data.

Results

BUDGET PREPARATION

Performance Indicators	Questions	Rating	Comments
Policy-based budgeting	1. Is the budget faithful to the development plan and the fiscal plan?	S	Synchronizing planning-budgeting system is being enhanced. The list of priority projects under CIIP and MTPIP needs proper costing.
	2. Are projections on expenditure commitments updated annually and prepared prior to the budget season?	P	Expenditure projections (called forward estimates) are updated but data is unreliable. Projections were not available on time.
Transparency	3. Are policy and programs announced prior to the budget season?	P	Priority programs are announced but not in a consolidated way. They are announced during the President's State of the Nation Address when the budget is almost already done.
Participation	4. Are nongovernment sectors consulted/involved during the budget preparation?	P/S	Nongovernment sectors are represented in some policy making bodies (e.g., CARP, NAPC) but participation is limited.
	5. Is the budget document accompanied by easy-to-read briefs on the budget proposal?	P	There is no simplified version of the budget.

Performance Indicators	Questions	Rating	Comments
Results orientation	6. Is the budget tied to clear performance targets by agencies?	S	The Organizational Performance Indicator Framework (OPIF) was initially rolled out for BY 2007. However, it is not yet fully linked to the budget.
	7. Are updated standard costs used as basis for costing expenditures?	P/S	Some departments (e.g., DPWH, DOH, DepEd) use unit costs. These costs are not regularly updated.
Timeliness of budget submittal	8. Is the budget proposal submitted within the prescribed time?	E	Submission of the proposed budget never missed the deadline.
Beneficiary reach	9. Are responsibility assignments followed in crafting the budget?	S	While clear assignments of expenditure based on devolution policies are observed, budget items include devolved functions (local road construction, agriculture extension, subsidies to local hospitals,).

BUDGET LEGISLATION

Performance Indicators	Questions	Rating	Comments
Policy-based budgeting	1. Are congressional budget deliberations generally based on policy options?	P/S	Policy debates usually happen in the Senate. Some policy debates happen in the House, but debates are more often based on parochial interests.
	2. Is there a reasonably sufficient time for Congress to debate the budget (at least three months)?	E	Congress is given four months to debate the budget.
Participation	3. Are nongovernment sectors consulted/involved during the budget preparation?	S	A group called Alternative Budget Initiative (ABI) advocating for MDG funding was heard by Congress and consulted on budget allocation. Other advocacy groups prepare position papers.
Results orientation	4. Are performance targets discussed in the budget debate?	P	The OPIF book came out after the debate in the House was finished. The Senate did not use OPIF in the debate.
	5. Were agency performance discussed in the budget debate?	P	Records of Congress debate proceedings showed agency performance was asked intermittently but not adequately.
Performance-based costing	6. Did Congress challenge the cost estimates in the budget proposals?	P	Records of proceedings show costings were not asked.
Timeliness of budget approval	7. Is the budget approved prior to the onset of the budget year?	P	The budget approval was delayed for three months; thus, the 2007 budget was partly reenacted.
Transparency	8. Was the approved budget widely disseminated and explained to the public?	P	Except for some news reports, the approved budget and its contents were not thoroughly explained to the public. The GAA component is, however, published in the DBM website.

BUDGET EXECUTION

Performance Indicators	Questions	Rating	Comments
Policy-based budgeting	1. Is the authorized budget implemented as approved?	S	Approved expenditures are not released in full (92 percent in 2007; 94 percent average from 2003 to 2007).
	2. Are there significant variations between budgeted and actual expenditure allocations?	S	Except for the effect of lump-sum appropriations that are not budgeted among administrative units, budgets versus actual expenditures are not significantly different. However, lump sums distort actual allocations since their recipients are not determined <i>a priori</i> .
Predictability of payments/ responses	3. Is a schedule of fund release prepared and announced for the guidance of implementing agencies?	S	An Allotment Program and a Cash Program are prepared but not disseminated.
	4. Are fund releases based on agency requests as shown in financial reports?	P/S	Allotment releases are based on Work and Financial Plans. Cash releases are based on cash availability in the National Treasury and agency cash balance reports.
Predictability of payments/ responses	5. Are payments to suppliers and contractors made within a reasonable time period (90 days at most)?	P	Government is notorious for delayed payments. In 2007 the DBM reduced fund releases for accounts payable to one month. At the agency level, however, payment delays run between 60 days and 240 days (see audit reports).
	6. Does government generally reply to queries within prescribed period (Republic Act No. 6713 standards)?	S	Complaints against delayed responses under the CSC "text-CSC" program show some noncompliance with rules on prompt responses.
Compliance to laws	7. Are procurement rules strictly observed?	P	Major cases of questionable procurement have been investigated by Congress. COA audit reports show many instances of violations.
	8. Are accounting and auditing rules strictly observed?	P	COA audit reports show many instances of noncompliance. In 2006, only the House of Representatives was given an "unqualified" opinion. All other major departments were given either "qualified" or "adverse" audit opinions.
Transparency	9. Do agencies produce and submit regular work and financial reports during the year?	S	Reports are submitted but are sometimes incomplete and delayed.
	10. Are there periodic variance reports submitted to oversight agencies?	S	Same as above.
	11. Are reports posted on agency websites?	P	No financial reports are posted on the websites of agencies.
	12. Are nongovernment sectors encouraged to monitor agency performance?	S	Government agencies cooperate with watchdog groups such as Procurement Watch, Textbook Watch, Medicine Watch, and Road Watch.

ACCOUNTABILITY

Performance Indicators	Questions	Rating	Comments
Compliance to reporting requirements	1. Do agencies produce annual work accomplishment reports?	P	Reporting of work accomplishments is incomplete, delayed, and not validated.
	2. Do agencies produce annual financial reports?	S/E	Reporting is required by law, but is sometimes incomplete and delayed.
	3. Do agencies produce annual budget variance reports?	S/E	Same as above.
Beneficiary impact	4. Do agencies report on actual persons benefited?	P	Reporting of beneficiaries is not a regular feature of reports. Also, reported beneficiaries are not validated.
Compliance to accounting and auditing requirements	5. Are the financial statements of all major agencies audited?	E	COA audits 100 percent of national government agencies and corporations. Among LGUs, barangays are not generally audited.
	6. Do agencies comply with accounting and auditing requirements?	P	Audit reports show many instances of noncompliance.
	7. Are agency internal control systems adequate?	P	Audit reports show generally unsatisfactory audit opinions.
Compliance to accounting and auditing requirements	8. Are there legal actions against agencies with recurrent unresolved audit findings?	P	No systematic mechanism is in place. COA has no quasi-judicial powers.
	9. Are corrective measures to resolve audit findings undertaken?	P	Audit reports show many instances of unresolved findings every year.
Transparency	10. Are audit reports available to the public?	S	Audit reports can be accessed upon request. Only 14 agency audit reports were posted in the COA website.
	11. Are nongovernment sectors involved in audit?	P	COA experimented in fraud audit involving an NGO, the Concerned Citizens of Abra for Good Government (CCAGG), in 2000, but the effort was discontinued.

SUMMARY OF FINDINGS

Governance Effectiveness Indicator	Findings	Implications
Accountability * Results orientation * Policy-based budgeting * Performance- based costing	<p>Initial stages. Results-based budgeting still to be fully implemented.</p> <p>Audit reports and other accomplishment reports not used intensively during budget preparation and debate.</p> <p>Generally policy-based. Congressional debate, however, oftentimes parochial.</p> <p>Standard/unit cost in place in most agencies but not regularly updated.</p>	<p>Poor accountability of agencies. Performance of agencies not related to budget.</p> <p>Budgets easier to prepare when plans are clear and credible.</p> <p>Insufficient provisions for basic needs to implement plans.</p>
Predictability * Predictability of fund releases and payments * Timeliness of budget approval	<p>Funds availability not very predictable. Work accomplishment reports likewise not predictable.</p> <p>Delayed budget approval. In 2006, the budget was reenacted.</p>	<p>Agency operations and program implementation hampered by delays in fund releases.</p> <p>Delayed congressional approval of the budget disrupts agency operations right at the beginning of the budget year. Planned work programs seldom accomplished on time. Benefits not derived as planned.</p>
Transparency	<p>No wide dissemination of national budget, although GAA was posted in DBM website. Approved budget program not prepared and automatic. Special and continuing appropriations not known until next budget year documents are submitted.</p> <p>In-year budget accomplishment and financial reports not available in a consolidated manner. There is no overall analysis of budget progress, except for quarterly aggregate fiscal reports.</p> <p>Not all audit reports posted in COA website. Poor follow through of audit findings.</p>	<p>People aware of GAA but not of complete expenditure. Analysis of expenditure can be misled by incomplete information.</p> <p>Public does not know progress of the budget. Public monitoring is, therefore, difficult.</p> <p>Public monitoring difficult.</p>
Participation	<p>Limited participation by nongovernment sector and by citizens due to inadequate reports, among others. A more welcoming attitude by government through partnerships with sector representatives and cooperation with watchdog groups.</p>	<p>Opening up of the budget process to more public scrutiny will lead to better budget targets and allocations at the national and agency level.</p>
Compliance	<p>Poor reporting compliance. Unvalidated work accomplishments.</p> <p>Poor follow through of audit findings</p>	<p>Poor performance not sanctioned, breeding inadequate discipline in the use of public funds.</p>
Beneficiary impact	<p>Unvalidated beneficiary count. Actual benefits and quality difficult to ascertain.</p>	<p>Quality of public good and services suffer from unvalidated performance claims.</p>
Beneficiary reach	<p>Unvalidated beneficiary count. Actual benefits and quality difficult to ascertain.</p>	<p>Quality of public good and services suffer from unvalidated performance claims.</p>

Source: Boncodin [2008a]

Endnotes to Chapter 1

¹ A one-standard deviation improvement in governance raises per capita incomes nearly fourfold in the long run. Interestingly, the reverse does not hold [Kauffman and Kraay, 2002; Kauffman et al., 2005]. The same improvement lowers infant mortality 2.5 to four times, and raises literacy by 15 to 25 percent [Kauffman, 2002 and 2005].

² Much of what follows is taken from Luz [2008]. The 65 percent elementary cohort survival rate represents a minimal improvement of less than two-thirds of 1 percent per year compared to 1975 when the rate was 45 percent.

³ The High School Readiness Test, called the National Diagnostic Test in 2002 and 2003, was tested on 1.3 million students aged 12 to 13.

⁴ Counts' findings are part of the 1925 Monroe Survey, the most comprehensive review of Philippine education during the American colonial period [Bautista et al., 2008].

⁵ Demand is also driven by economic growth if it increases household incomes, making schooling more affordable, or if it raises the expected returns to education.

⁶ Unless otherwise indicated, this section is taken from Monsod [2008].

⁷ SSL-exempt agencies as of April 2008 include the BSP, LBP, PPC, BCDA, GSIS, NPC, NTC, PSALM, SSS, TIDC, DBP, PEZA, HGC, PTV₄, PHIC, PDIC, PAGCOR, SBMA, MWSS, LWUA, ERC, SEC, and the IPO. Most recently, the University of the Philippines and the Philippine National University were also exempted. However, they do not have the funds to pay for higher salaries.

⁸ Data to determine the flow of political appointments across administrations is not available.

⁹ The sharp decrease in 1994 is due to an expansion of the base number of CES positions and not due to an exodus of CESO personnel [Monsod, 2008].

¹⁰ On the demand side, out of 6,388 CES positions, about 40 percent were occupied—a total of 2,555 vacancies at the end of 2007. On the supply side, there were 1,109 CESOs and 3,944 CES eligibles in the pool as of the first quarter of 2008 [Monsod, 2008].

¹¹ One way to measure agency performance is through user satisfaction or approval surveys. Two private research agencies conduct such public opinion polls of government agencies. The DepEd, DOH, and the DSWD are the only civilian government agencies with a nearly complete series of public approval ratings from 1999–2007 by one of them.

¹² Variation in the United States reflects differences in the division of responsibility for financing education between the public and private sector. Unlike most Organization for Economic Cooperation and Development (OECD) countries where public revenues provide virtually all the money spent on education, in countries

like the United States and Japan, 20 to 25 percent of educational funding comes from private sources.

¹³ This was the average for 2001, 2003, and 2005-2007.

¹⁴ This was the original cost of Phase I of the project. The second phase will need another \$500 million.

¹⁵ "Shameful Culture," Solita Collas-Monsod, *Philippine Daily Inquirer*, 31 January 2009, p.A8.

¹⁶ Quantification was done by the author and not by Boncodin.

¹⁷ Unfunded appropriations may also reflect transactional politics. Of 87 laws passed from 1991 to 2007, only 41 were fully funded, 13 partially funded and 33 not funded at all, for a deficiency of P101.2 billion [Congressional Planning and Budget Office, 2008].

¹⁸ Among others, the Constitution states that no impeachment proceedings shall be initiated against the same official more than once within a period of one year. .

¹⁹ The Commission on Audit (COA) is not an enforcement agency and was discussed in an earlier section. The third constitutional commission, the Commission on Elections (Comelec), will not be examined in detail in this Report but will be cited whenever relevant.

²⁰ Much of the data for this section comes from the Transparency and Accountability Network or TAN [2009].

²¹ Unless otherwise indicated, TAN contributed the rest of this section.

²² SCAW was launched by the Alternative Law Groups, Libertas, Philippine Association of Law Schools and TAN, among others. Prior to SCAW's formation in 2005, there was Bantay Katarungan. Another group, Bantay Korte Suprema (BKS), joined the advocacy in late 2008. The formation of such groups highlights the public concern over appointments to the judiciary, considered by many as the last bastion of democracy.

²³ The Chief Justice (ex-officio chairman of the JBC), the justice secretary, and the chairs of the Senate and the House committees on justice are ex-officio members of the JBC. Its regular members are a representative each from the Integrated Bar of the Philippines, the academe, private practice lawyer, and a retired justice. The justice secretary and the four regular members are appointed by the President.

²⁴ Article VIII, Section 9 of the Constitution requires that a list of at least three names be submitted to the President for his or her consideration, for appointments to the Supreme Court and the lower courts.

²⁵ HB 3956, the consolidated House version, was approved on third reading on May 26, 2008 and transmitted to the Senate on May 28, 2008. Other counterpart Senate bills are SB 2474 and SB 1649. A consolidated Senate version has not been forthcoming since an incarcerated senator chairs the committee.

²⁶ The House of Representatives passed HB 3732 on third reading on May 12, 2008. Other counterpart bills pending in the Senate are SB 1578 and SB 2571.

CHAPTER 2

Department of Education: When reforms don't transform¹

In 1925, Yale professor George Counts observed key problems in Philippine basic education that, alas, still resonate today. Half of the children were outside the reach of schools. Pupil performance was generally low in subjects that relied on English, although achievement in math and science was at par with the average performance of American schoolchildren. The functional literacy of Filipino pupils left much to be desired, constraining learning in later grades.

Counts attributed these problems to the content and language of teaching in a culturally diverse colony. Hewing to the view that the learning process is embedded in its context, which progressive thinkers like John Dewey advocated at the time, Counts bewailed the teaching of subjects in English in the absence of a *lingua franca*. This, he argued, redounded to a sacrifice of efficiency of instruction in the native tongue.

Apart from language, Counts described the Filipino children of the 1920s as handicapped by their reliance on experiences drawn from a civilization alien to them. Not only were they acquiring new ideas in a language not their own, they were also studying under a curriculum borrowed directly from the United States, using materials suited for American children. Exacerbating this situation was the centralized administration of education in the colony, which mandated the uniform implementation of a Western curriculum

throughout the archipelago. Considering the great diversity of climate, occupation, and cultural tradition in the Philippines, Counts deemed this practice indefensible.

Finally, Counts focused on the teacher factor and the quality of instruction. The lack of professional training of the more than 27,000 teachers at the time hampered Philippine education. Accordingly, instruction would be inferior to that of the United States until this problem was addressed.

From 1925, when Counts published his article as part of the 1925 Monroe Survey team, up to the 1990s, various reviews of the state of education [Box 2.1] had cited the same fundamental issues afflicting Philippine education. These include high dropout rates, low pupil performance, poor teacher quality (in a system where teachers were—and are still—central to the education process), a language of learning that was not attuned to scientific findings on cognition, irrelevant learning

¹ Condensed from Bautista, Bernardo, and Ocampo [2008] "When Reforms Don't Transform: A Review of Institutional Reforms in the Department of Education (1990-2008)," background paper prepared for the PHDR 2008/2009. The original paper with complete footnotes is available at <http://hdn.org.ph/papers-and-publications>.

Box 2.1 Surveys, sector studies, reform packages and major development projects in basic education¹

The work of the Department Education (DepEd) has been guided by numerous comprehensive surveys that point to the problems of the educational system and the causes of these problems. As shown in the timeline below, through the decades, the surveys have pointed to essentially the same problems and the education department's inability to reform the system. In recent years, the work of reforming the problematic educational system has also been guided and assisted by several large-scale reform programs and projects. Is the DepEd able to learn the right lessons from these projects?

Review and Reform	Key Features
1925 Monroe Survey	First comprehensive survey of Philippine education. Observed problems regarding low levels of student achievement and pointed to the use of English in instruction, teaching qualifications, educational facilities, and centralization or lack of adaptation of education to needs of the Filipino people as the main causes of low achievement level.
1936 Commonwealth Survey	Sought the opinions of educational "experts" but did not involve systematic gathering of primary data on the educational processes and outcomes.
1949 UNESCO Survey	First comprehensive survey of Philippine education after American colonial period. Reiterated many of problems noted in Monroe and Commonwealth Surveys. Noted that language of instruction remains "the most perplexing problem" and additional problem of lack of appreciation of national heritage and ideals. Recommended improved budget for education, efforts to improve teacher qualifications, restoration of Grade 7, strengthening community school movement, and resolution of language issue through vigorous research program.
1960 Swanson Survey	Reiterated observations of previous surveys and also noted problems in the education of cultural minorities and in the adaptation of foreign educational practices to local conditions. Lamented how recommendation of previous surveys had not become effective because of poor financing, difficulty in getting public understanding, and inertia to change. Called for prioritization of investments for primary education and strengthening secondary education.
1967 Review of the Swanson Survey	Found that many of the recommendations of the 1960 Swanson Survey had not been implemented by the Department of Education.
1970 Presidential Commission to Survey Philippine Education (PCSPE)	Reiterated many of the findings of previous surveys. Reiterated the language problem, but further noted the mismatch between educational output and country needs. Called for the reorganization of the educational system to address overcentralization—which resulted in the creation of the Bureau of Higher Education (BHE), Bureau of Nonformal Education (BNFE), Educational Project Implementation Task Force (EDPITAF), and National Manpower and Youth Council (NMYC)—and for a political solution to the language problem.
1972 Ten-Year National Development Program	Education Development Decree of 1972 defined a 10-year education plan that focused on curriculum development, upgrading physical facilities, adoption of cost-saving instructional technology, retraining of teachers and administrators, accreditation, admissions testing, guidance and counseling, democratizing access through financial assistance, and shifting funding of basic education from national to local government.
1973 Instructional Management by Parents, Community and Teachers (IMPACT)	Southeast Asian Ministers of Education Organization (SEAMEO) project supported by the International Development Research Centre of Canada (IDRC) and the Netherlands government implemented in the Philippines and Indonesia that involved the use of modularized self-instructional systems with the support of parents and community-based instructional managers to provide access to education to students in remote areas in the country.
1976 Survey of Outcome of Elementary Education (SOUTELE)	Measurement and analysis of learning outcomes of a sample of Grade 4 students in the country that included surveys of school, teacher, and student characteristics. Indicated poor achievement levels even in basic reading, writing, and quantitative skills. Noted differences across socioeconomic conditions of students and school environments, and explicitly linked socioeconomic inequalities in society to differences in educational outcomes.
1982-1989 Program for Decentralized Education (PRODED)	Funded by the International Bank for Reconstruction and Development (IBRD). Focused on improving the curriculum to strengthen the emphasis on science, technology, math, reading, and writing.
1988-1995 Secondary Education Development Program (SEDP)	Funded by the IBRD to sustain the curriculum reforms initiated in PRODED in the secondary education curriculum. Aimed at expanding access to secondary education by implementing a student-centered, community-oriented curriculum.
Education for All Philippine Plan of Action 1991-1999 (EFA I)	A national action plan formulated in the wake of President Corazon Aquino's proclamation declaring 1990-1999 as the Decade of Education for All (EFA). Adopted policies and strategies that included alternative learning systems covering nonformal and informal education; improvement of learning achievement stressing creative and critical thinking; upgrading of teacher competencies; strengthening of partnership among school, home, the community, and local government; and self-reliance in resources generation.
1991 Congressional Commission on Education (EDCOM)	Comprehensive study that reiterated many of the problems that were stated in earlier surveys, which resulted in a 12-item Legislative Agenda and a comprehensive set of program recommendations and operational priorities. Congress enacted seven of these items into law, but the DepEd and other educational agencies have failed to implement most of the program recommendations. Included the first basic articulation of the principles of decentralization and school-based management in the basic education sector.

1990-1996 Second Elementary Education Project	Under the World Bank-funded Second Elementary Education Project, four experiments addressed the problem of dropouts in low-income communities: school feeding programs, use of multilevel learning materials, school feeding programs with parent participation, and use of multilevel learning materials with parent participation.
1994-2002 Philippine Non-Formal Education Project	Funded by the Asian Development Bank. Focused on improving literacy and numeracy skills among the uneducated, enhancing their capacities for self-help activities, and expanding access to basic education by supporting nonformal education programs for youth and adults. Also focused on capacity building of the DepEd and nongovernment organizations, and communities for managing and conducting nonformal education programs.
1989-1992 Philippines-Australia Science and Mathematics Education Project (PASMEP)	Funded by the Australian Agency for International Development (AusAID). Aimed at improving the effectiveness of science and mathematics education at the secondary level by improving the curriculum, management, and curriculum support services.
1996-2001 Project in Basic Education (PROBE)	Funded by the Australian Agency for International Development (AusAID). Focused on improving quality of teaching and learning in science, mathematics, and English in basic education. Had various components, including textbook development and teacher training.
1998 Philippine Education Sector Study (WB/ADB PESS 1998)	Study by the World Bank and Asian Development Bank. Noted numerous problems allocated to management of education sector: misallocation of public sector spending, low quality at high unit cost, poor access to mass education; skills development for competitiveness, general sector management. Posed many policy options that related to institutions reforms, improved sector management, improving investments and access to basic education, while reiterating recommendations of previous surveys.
1998-2006 Third Elementary Education Project (TEEP)	Funded by Japan Bank for International Cooperation (JBIC) and the World Bank. Focused on civil works, educational processes development (including student assessment, in-service training of teachers, curriculum and instructional resources development) and school-based management principles in finance and administration.
2000 Philippine Human Development Report (PHDR 2000)	Reiterated key points from previous surveys, but highlighted the problems of quality of educational services for the poor and the inefficiencies in the allocation of educational resources. Pointed to the need to ensure that the elements of the educational processes are relevant to the lives of Filipinos living in different communities, and the possibility of rethinking curricula and pedagogies to make the educational system more responsive to human and social development goals.
2000 Presidential Commission for Educational Reform (PCER 2000)	Picked up from recommendations of EDCOM, PESS, and Philippine EFA Assessment. Proposed nine key reforms, four of which were relevant to basic education: the creation of National Coordination Council for Education, strengthening teacher competencies at basic education level, expanding options for medium of instruction in early grades, and the establishment of National Education Evaluation and Testing System.
2000 Philippine EFA Assessment	Noted the significant gains in providing access to primary schools and improving basic literacy rates, but reiterated problems regarding international and external efficiencies of the system, and the need to improve functional literacy rates.
2000-2006 Secondary Education Development and Improvement Project (SEDIP)	Funded by the Asian Development Bank and Japan Bank for International Cooperation (JBIC). Had similar goals and components as the TEEP, but focusing on secondary education.
2002-2007 Basic Education Assistance for Mindanao (BEAM)	Funded by the Australian Agency for International Aid (AusAID). Focused on capacity building of education personnel at all levels, curriculum and materials development, and programs to improve access to quality education to indigenous peoples, Muslim groups and multicultural communities.
2005-present Strengthening Implementation of Visayas Education (STRIVE)	Funded by the AusAID. Has similar goals and project components as BEAM (i.e., capacity building, materials development, improving access to quality education), but focusing on schools in the Visayan provinces.
2006-2010 Sixth Country Program for Children	Supported by the United Nations Children's Fund (UNICEF). Incorporated the Child-Friendly Schools (CFS) Program which focused on transforming primary schools into child-friendly learning systems by providing resources and training for teachers, school heads, and division supervisors on child-friendly principles, approaches and practices (See also First to Fifth UNICEF country programs).
2006 Philippine Education for All 2015 Plan	Defines specific targets under the broad aim of achieving functional literacy for all Filipinos. Articulates several key tasks, including the assessment of school performance, expansion of early child care and development, transformation of nonformal and informal delivery systems into alternative learning systems, improvement of teaching practices, adoption of a 12-year basic education cycle, and several enabling conditions related to the management of reforms.
2006-present Basic Education Sector Reform Agenda (BESRA)	Integrated reform framework articulated by the DepEd that provides a coherent conceptual and policy structure for the various reforms needed by the system, particularly the targets defined in the Philippine EFA 2015 plans and the Millennium Development Goals. Focuses on key reform targets related to the implementation of school-based management, improvement of teaching quality, curriculum, and pedagogy in the key learning areas, and incorporates the Philippine EFA 2015 plans, among others.

¹ The table does not provide a comprehensive list of all the surveys and reform projects that have been undertaken in the past century, and instead highlights some of the significant ones for illustrative purposes.

materials, excessive centralization, and inadequate financial resources. The persistence of these issues prompted leading educationists to facetiously say the education landscape had not changed since colonial days.

Significant reform initiatives, limited transformative effects

Yet a closer look at developments in the last 20 years reveals significant changes in Philippine education. Since the 1990s several important broad frameworks for education reform have been instituted—Education for All: The Philippine Plan of Action 1990-1999 (EFA I); the 1991 Congressional Commission on Education (EDCOM); the 2000 Presidential Commission on Education Reform (PCER); the 1998 Philippine Education Sector Study (PESS); the 2000 Education for All (EFA) Assessment; the 2006 National Action Plan for Education for All 2015 (EFA 2015); and the 2006 Basic Education Sector Reform Agenda (BESRA).

EDCOM, for instance, formulated a comprehensive reform agenda with far-reaching goals: the attainment of functional literacy through universal basic education; the formation of necessary skills and knowledge for productive citizenship; and the development of high-level professionals who will produce new knowledge, instruct the young, and provide leadership in various fields of a dynamic economy [EDCOM, 1991:1-2].

Like prior surveys, EDCOM decried the deteriorating quality of Philippine education, claiming that elementary and high school graduates lacked the average citizen's competencies to live responsible, productive, and self-fulfilling lives. Graduates of colleges and technical/vocational schools, on the other hand, did not match the development needs of the economy while the country's graduate schools had failed to generate research-based knowledge that could spur the creation of new jobs and increase the value of production.

EDCOM noted the country's low investment in education compared to Asian neighbors and the Organization for Economic Cooperation and Development (OECD) countries and the poor man-

agement of its huge bureaucracy. It specifically recommended the following:

- 1.** Prioritization of basic education to ensure the undivided attention of the then Department of Education, Culture and Sports (DECS) to this sector
- 2.** Development of alternative learning modes, especially for literacy acquisition
- 3.** Use of the mother tongue as the language of learning from Grades 1 to 3, with Filipino gradually becoming the medium of instruction in basic education and English a subsidiary medium of instruction in later years
- 4.** Expansion and enrichment of technical/vocational education
- 5.** Strengthening of pre-service teacher education and provision of incentives to make the rewards of teaching commensurate to its importance as a career
- 6.** Support for both public and private education
- 7.** Facilitation of planning, delivery, and education financing and training by industry, workers, teachers, parents, and local governments
- 8.** Greater access of poor children to all levels of education
- 9.** More cost-effective public college and university education with curricular programs that are relevant to the communities they serve
- 10.** The search for new sources of funds, including taxes, to finance basic education
- 11.** Restructuring of the Department of Education (DepEd) to ensure clearer program focus, rational resource allocation, and realistic planning

EDCOM succeeded in the trifocalization of education, splitting the education function

among three government agencies: the DepEd for basic education, both formal and nonformal; the Commission on Higher Education (CHED) for higher education; and the Technical Education and Skills Development Agency (TESDA) for non-degree or middle-level skills development. Subsequent plans for Philippine education—PCER, EFA 2015, and BESRA—built on EDCOM's analysis and framework.

Considering EDCOM's significance and high profile, one would have expected the DECS (now DepEd) to embark on the systematic implementation of the recommendations for basic education. The opposite happened, however. Because of the extensive course-plotting of Congress, two DECS secretaries rejected the EDCOM recommendations during the consultations and immediately after the release of the report. Not surprisingly, the annex of the 1998 PESS indicated positive action by the DepEd and other relevant agencies on only 13 out of the 30 program recommendations related to basic education.

Although its recommendations for basic education were also not acted upon, the PCER report contributed significantly to the education reform process by reiterating EDCOM's specific call for school-based management. The draft policy instrument on the governance of the basic education sector in the PCER annex became the basis for Republic Act No. 9155, or the Basic Education Governance Act of 2001, a landmark law that transferred, at least in theory, the governance of basic education to schools. RA 9155 also defined the scope and meaning of basic education based on the basic learning needs propounded earlier by EFA I. Hence, RA 9155 constituted the first official recognition of the Alternative Learning System as part and parcel of the delivery of basic education.

EDCOM and PCER provided the framework for more than a dozen major reform projects undertaken with DepEd involvement since the late 1980s. These projects addressed both structural-functional imperatives (e.g., decentralization) and substantive learning concerns (e.g., curriculum, pedagogical approaches, and teaching standards). Some of them were the harbingers of a paradigm shift from educa-

tion to learning, from the centrality of the teacher to that of the learner and the learning environment, and from uniform pedagogies and content to context-specific learning.

In particular, the Basic Education Assistance for Mindanao (BEAM), which gives premium to the development of higher-order thinking skills, was a major source of the new National Competency-Based Teacher Standards (NCBTS) [DepEd, 2008]. Promulgated in 2006, the NCBTS aimed to transform classroom learning by enjoining teachers to focus on learning in diverse contexts. The NCBTS was the product of an unprecedented agreement among stakeholders within the education community on the meaning of good teaching and competent teachers.

A review of completed projects and evaluations of ongoing ones reveal significant improvements in pupil performance, among many other achievements. However, despite substantial gains, the issues of formal basic education continue to plague the nation. Aggravated by increasing population, dropout rates remain significant and have persisted for more than four decades since the 1960s. From 28 percent to 34 percent of the population does not reach or complete Grade 6 [HDN, 2000:3]. The rate of high school completion for children who enroll in Grade 1 is less than 50 percent [World Bank, 2004:3]. In the Autonomous Region of Muslim Mindanao (ARMM), admittedly the poorest region of the country in terms of human development, only 10 percent reach senior year [ADB TA4524, 2007].

Comparing the Philippines and other countries in the Asia-Pacific region, the World Bank's education data show that Laos and Cambodia had both higher primary net enrollment rates and completion rates than the Philippines in 2006 and 2007 [World Bank, 2008]. Only 72 percent of Filipino children completed their primary schooling compared to 75 percent of Laotian and 87 percent of Cambodian children. The contrast with Indonesia and Malaysia is quite stark. The two countries the Philippines once hoped would form the Malay subregional grouping MAPHILINDO (Malaysia, Philippines, and Indonesia) with it in

the 1960s had much higher primary enrollment rates (96 percent and almost 100 percent, respectively) and completion rates (99 percent and 95 percent, respectively).

Achievement in formal basic education has also remained pathetically low. Only 15.3 percent of elementary schools crossed the 75 percent level—the required minimum competency for the next level of schooling—in the 2006 National Achievement Test (NAT) while 52.3 percent crossed the 60 percent “near mastery” level in the same year. The situation is worse for high schools. Figures show that less than 1 percent made it past the 75 percent level in School Year 2005-2006 while only 13 percent crossed the 60 percent level. The mean percentage score was a very low 45.8 percent [JBIC, 2006].

Compared to the performance of Filipino pupils in science and math in the 1920s, which approximated that of American children, current-day performance in these subjects is dismal. Only 25.3 percent of schools crossed the 75 percent level in math while a very low 8.4 percent did so in science in the 2006 NAT. Moreover, students from about half of the schools did not even learn 60 percent of what they ought to in the two subjects [Bautista, 2007].

Interestingly, the Philippine Science High School, the country’s premier science high school, attained math scores higher than the international mean in the 2003 Trends in International Mathematics and Science Study (TIMSS) but at the level only of the average scores of Taiwan, South Korea, Hong Kong, and Singapore. In science, its performance was lower than the international mean and only a point higher than Botswana’s score and a point lower than Indonesia’s [TIMSS, 2003].

More bothersome are the results of the 2007 Regional Assessment in Mathematics, Science, and English (RAMSE) that BEAM conducted on a sample of Grade 4 and high school sophomores from the Davao region (Region XI), SOCCSKSARGEN (Region XII), and the ARMM. The Grade 4 pupils had difficulty answering the test items. Not only did they fail to meet the required minimum mastery level of 75 percent, most of them did not respond correctly to items requiring higher-order thinking skills. The high school students fared just as poorly. They

failed to apply concepts and reasoning to real-life situations, a competence expected of higher-order thinkers.

Why reforms fail to transform

The persistence of these issues for much of the 20th century and into the first decade of the 21st century highlights a distressing paradox. With its long tradition of critical assessments and reform-oriented planning, the DepEd actually incubated, tested, and proved the effectiveness of numerous reform initiatives, some of them ahead of the discourses of their time. Yet, at the start of every school year, the news media project without fail a perpetual education crisis that the mainstreaming of successful reform initiatives could have addressed.

Why reforms have not transformed education on the ground or why the DepEd has found it difficult to translate structural reforms and programmatic changes into large-scale, integrated, and sustained outcomes is the focus of this chapter. It shares insights into the education reform process through the prism of two illustrative cases: One shows the DepEd’s partial implementation of the decentralized governance of basic education; the other demonstrates its inadequate policy formulation in the area of learning and pedagogy.

The first case looks into the partial implementation of RA9155 through school-based management (SBM) in 21 percent of the country’s schools divisions through the BEAM project funded by the Australian Agency for International Aid (AusAID) and the Third Elementary Education Project (TEEP) supported by the Japan Bank for International Cooperation (JBIC) and the World Bank (WB). The case demonstrates how the following—a policy change (i.e., the decentralization of education and the corresponding revision of functions and responsibilities at various levels of the bureaucracy); policy continuity across different administrations; effective leadership at all levels; the willful implementation of plans that targeted disadvantaged schools; and the encouragement of innovations throughout schools in the

divisions covered—allowed a reform-oriented counterculture to begin taking root in the DepEd without a change in division and school personnel. In addition, this case reflects changes in processes and procedures at the central and local offices for the duration of the projects.

The second case relates the story of the country's language policy and why, despite a surfeit of international and national research supporting the use of the mother tongue in the early years of schooling, the DepEd has not revised its policy on the languages of learning and language acquisition. The story demonstrates the struggle within the DepEd and between the department and powerful segments in Philippine society of contending positions on a pedagogy-related policy with tremendous implications for learning, the preservation of local languages, and the survival of community cultures.

Strengthening the capacity of the DepEd bureaucracy to manage education reform by addressing formal and informal institutional constraints is the objective of the Basic Education Sector Reform Agenda (BESRA). While BESRA maps the way forward, its implementation is vulnerable to the same factors that have limited the impact of previous reform efforts. This chapter concludes with BESRA's potential for catalyzing institutional change and outlines recommendations to help the DepEd succeed in translating another responsive, well-crafted, and comprehensive plan into reality.

While this chapter examines institutional factors that have constrained the transformative effects of education reform, it recognizes that some reforms would not necessarily translate into desired outcomes when the intervening variables are not within the control of the DepEd. For instance, studies by the World Bank and the National Nutrition Council have shown that no amount of academic improvement projects will improve learning achievement when brain development and physical growth are stunted by the child's unfavorable health and nutrition status.

School-based management: Decentralization that worked

The Monroe Survey's severest criticism of the Philippine education system in 1925 was its excessive centralized control which, accordingly, resulted in the lack of initiative in various branches [Smith, 1945]. Subsequent assessments of Philippine education also critiqued the tendency of the excessively centralized bureaucracy to adopt a one-size-fits-all policy for culturally diverse contexts, its unresponsiveness to local needs, and vulnerability to corruption [Bernardo and Garcia, 2006].

Basic education in the Philippines has not always been centralized, however. Adopting the U.S. education model, the American colonial government initially required municipalities and provinces to finance primary and high schools, respectively [Apilado, 2008]. But since towns and provinces were too poor to defray the costs of free and compulsory basic schooling, the insular government was compelled to assume funding for all three education levels, from elementary to college. For practical and fiscal reasons, it imposed common standards, pedagogies, and methods of administration, deviating considerably from the principles of the progressive education movement in the U.S. at the time. Such centralized education management was to remain for the rest of the century. It began to give way only in 2001 under the weight of the worldwide decentralization movement of the 1980s and 1990s.

SBM in discursive context

Decentralization through site management, or school-based management (SBM), has been a major global education reform thrust since the 1980s. Australia adopted the strategy in 1976, Britain in 1988, the U.S. in 1988, New Zealand in 1989, Hong Kong in 1991, Mexico in 1992, Thailand in 1999, and the Philippines in 2001 [Gamage and Sooksomchitra,

2004]. By giving schools the autonomy to decide administrative and substantive matters, SBM, like the movement toward participatory management in business that inspired it, aims to improve performance by making those closest to the delivery of services more accountable for the results of their operations [Hill and Bronan, 1991].

Assessment of the impact of autonomy (through SBM) on teaching and learning outcomes in the developed and developing world is mixed [Fullan and Watson 2000; Beck and Murphy, 1999; Gaziel, 1998; and Gamage and Sooksomchitra, 2004]. In developed societies, SBM increased participation in decision-making but did not seem to impact on teaching and learning when treated as a stand-alone reform that focused primarily on a change in governance structure. However, it affected school performance positively when schools, in addition to obtaining autonomy, provided for local capacity building, established rigorous external accountability through close relations between schools and communities, and stimulated access to innovations. The qualitative link of SBM to the formation of a professional learning community, greater focus on student work (or assessment literacy), changes in pedagogy, and improved student outcomes is apparent. However, quantitative analysis reveals that the impact of SBM, narrowly conceived as autonomy, on student achievement, while statistically significant, is less than that of other variables.

The combination of SBM as a mechanism for decentralized governance in education with various strategies to improve schools and student achievement has come to characterize an education reform approach, dubbed as comprehensive school reform (CSR). CSR assumes that school improvement efforts are complex and ought to systematically address every aspect of a school, i.e., “the curriculum, instruction, governance, scheduling, professional development, assessment, and parent and community involvement” [American Institute for Research et al., 2006].

In the U.S., the CSR strategy aimed to address the education crisis of the 1990s that eventually spurred the 2001 Elementary and Secondary Act, more popularly known as the “No Child Left Behind

Act.” It has since morphed into a full-fledged federal program with different models to choose from. In terms of outcomes, a 2002 analysis of student achievement in 29 leading CSR models reported statistically significant overall effects that seem to be greater than other interventions designed to achieve similar effects [Borman, Hewes, Overman, and Brown, 2006]. A more recent review of several CSR models reveals the promise of the approach, although achievements among effective models varied greatly, depending on the quality of implementation.

Awareness of the CSR approach is low in countries like the Philippines. However, the deteriorated state of basic education has made it imperative for reform agents in the country, whether informed by existing research and discourses or not, to consider reform interventions that are more comprehensive than piecemeal, simultaneous than sequential, and on a scale that would make a dent on the situation. As operationalized, SBM in the Philippines has the potential of helping achieve these characteristics of education reform. It has evolved into a mechanism for decentralized governance in education (that includes community involvement in school planning) as well as a framework for integrating the structural dimensions of reform with various inputs for achieving equitable access to quality education at the school level (including changes in perspectives on learning and pedagogy).

Overview of BEAM and TEEP

The 2001 Governance of Basic Education Act, or RA 9155, served as policy cover for SBM. Absent a clear plan to implement the legislation, SBM was carried out *de facto* through two externally funded projects—TEEP and BEAM [Box 2.2]. Covering 40 of the 188 schools divisions and affecting more than 12,000 schools or about a third of public elementary schools, the education and management outcomes of SBM in these divisions have been significant. These results suggest the possibility of reforming the DepEd bureaucracy given the existing staff of divisions, districts, and schools.

TEEP [JBIC, 2006] commenced in 1998 and was

completed in June 2006. Conceptualized in the context of the education crisis of the 1990s, the project consisted of three major components: civil works, education and development, and finance administration. TEEP was financed through a government loan agreement with the World Bank and JBIC.

BEAM, on the other hand, was a six-and-a-half-year DepEd project funded by a grant from AusAID. In the context of the Mindanao-wide poverty in education and the peace and order problem in the area, BEAM aimed to improve the quality of and the access to basic education in Southern and Central Mindanao, specifically in Regions XI, XII, and ARMM. Started in 2002, BEAM comprised four components: human resource development; materials development; access; and project management, monitoring, and evaluation.

Apart from the type and source of funding, BEAM and TEEP differ in the level of articulation of their underlying philosophies of learning, the historical evolution and operationalization of SBM in the two projects, and the politics of their SBM implementation.

Departing radically from traditional social learning theories, BEAM's underlying constructivist learning philosophy asserts that higher-order thinking skills are likely to develop in flexible and cooperative learning classroom environments rather than in environments characterized by a one-way transmission of knowledge to passive learners. This explains why BEAM poured a significant share of its resources into capacity building at all levels—teacher educators, teachers, school heads, division and regional personnel—toward learner-centered management and teaching. The shift in learning paradigm that BEAM hopes to achieve entails a more methodical, well-thought, research-based, and fully documented capacity building process. It also requires the development of appropriate (i.e., context-sensitive) learning materials.

In contrast to BEAM's philosophical coherence and consistency, TEEP was less mindful of its learning philosophy. Conceptualized by non-educationists, empirical research on the determinants of desirable student outcomes and the discursive thrust toward decentralization worldwide,

rather than specific learning theories, guided its formulation. This partly explains why TEEP allocated a significant amount of resources for the procurement of inputs such as classrooms and textbooks.

In fact, from 1998 to 2001, TEEP focused primarily on moving its civil works component with equity support from local government units (LGUs). The subsequent flow of resources to education and training was intimately linked with the evolution of SBM in TEEP after 2001. Since then, TEEP practitioners have engaged in the pragmatic search for and adaptation of classroom innovations that worked. The learning philosophy that emerged in the process of implementing TEEP was understandably more eclectic than BEAM. Although the TEEP teachers eventually drew from the constructivist learning theories that guided BEAM, they were not as conscious of the philosophical underpinnings of their practice as their counterparts in BEAM.

With a more eclectic learning philosophy, TEEP training was less methodical than BEAM in planning and implementing reforms. It developed from concrete demands, ranging from the need to supervise classroom construction and procure goods to the more substantive improvement of learning outcomes. The urgency of moving the project even without a full-blown and integrated capacity building plan made TEEP's training processes and procedures, which are largely school-based, more flexible. TEEP practitioners depict their training as a process of "rolling down." This entails adaptation to the terrain through which the training is to be rolled, or the idea of "learning on the run," "action learning," "learning by doing," or "learning by dirtying one's hands."

SBM in BEAM and TEEP

SBM was built into the BEAM project design from the beginning. The project's first stage (2002-2003) included training senior DepEd managers and school heads in the management of learning-centered schools. However, SBM figured more significantly in Stage 2 (2004-2006) when BEAM focused more intently on improving teaching and learning as well as implementing strategies that hope to

Box 2.2 BEAM and TEEP components

Basic Education Assistance for Mindanao (BEAM)

Component 1: Human Resource Development

- General management training
- In-service teacher training
- Pre-service teacher training
- Assistance for teachers of special groups (e.g., children with special needs, those in multigrade classes, and those from conflict-affected and indigenous communities)
- Capacity building for Muslim education teachers and administrators
- National English Proficiency Program—Mentors Training Program
- Student assessment
- Support for piloting of new strategies to integrate BEAM and other Department of Education initiatives (e.g., Basic Education Sector Reform Agenda, Schools First Initiative) in pilot divisions
- School management

Component 2: Materials Development

- Establishment of materials development centers
- The development and piloting of an Internet-based software tool, the Learning Guide

Component 3: Access

- Support for individual access programs (e.g., community learning centers, early childhood education, accreditation and equivalency, functional literacy-cum-livelihood enterprises development, and distance learning)
- Institute for Indigenous Peoples Education
- Support to madaris to obtain DepEd recognition and accreditation and training of madaris teachers and administrators
- Distance Learning Program
- Development of service providers

Component 4: Project Management, Monitoring, and Evaluation

Third Elementary Education Project (TEEP)

Component 1: Civil Works

- School building program based on building mapping
- Construction of division offices

Component 2: Education Development

- Student assessment
- Curriculum, instructional materials, and textbooks (CIMTEX)
- In-service training for teachers
- School Improvement Innovative Facility (Demand Side Financing)
- School Improvement Innovative Facility (Supply Side Financing)
- Policy research and strategic planning to support research for education reform
- School-based management

Component 3: Finance and Administration

- Accounting, budget, and finance
- Procurement
- Information, education, communication, and advocacy
- Monitoring, evaluation, and management system

provide children access to quality education. By then the project had supported the intense development of School Improvement Plans (SIPs) involving stakeholders and conducted a slew of capacity building programs for teachers as well as schools, divisions, and regional officials and personnel. It had likewise linked the learning facilitators to each other and produced learning materials in support of the mode of classroom learning SBM is poised to facilitate.

The formulation of SIPs guided by a student-centered, activity-based approach to teaching and learning, and the use of these plans in school management constitute the operationalization of SBM in BEAM. In this regard, the 2008 External Evaluation Report on the project concluded that the SIP process is now established in almost all BEAM schools and the majority of principals are using the SIP in managing their schools [BEAM, 2008a].

In contrast to the clear place of SBM in the BEAM design, SBM developed iteratively in TEEP. It had not come to the full awareness of the project in 1998 although the design document included the category “support to decentralization.” It took the 2001 Midterm Review Team to recommend the inclusion of the SBM component in TEEP.

TEEP experimented with the seminal ideas of EDCOM and Asian Development Bank Technical Assistance on the Decentralization of Basic Education Management (ADB-TAD-BEM) on a large scale—in all the more than 8,600 schools in the 23 TEEP divisions. The development of SBM in TEEP was phenomenal after 2003. Within three years, from January 2003 to June 2006, the number of schools that adopted the principles and practices of SBM expanded exponentially, from the original batch of 396 to more than 8,600.

Like BEAM, the operationalization of SBM in TEEP included (1) the formulation, together with parents, communities, and other stakeholders, of five-year SIPs and corresponding annual implementation plans; and (2) the integration of the procurement of inputs, which included textbooks, and training. TEEP differed from BEAM, however, in its provision of physical inputs (classrooms) and, more importantly, SBM cash grants to schools.

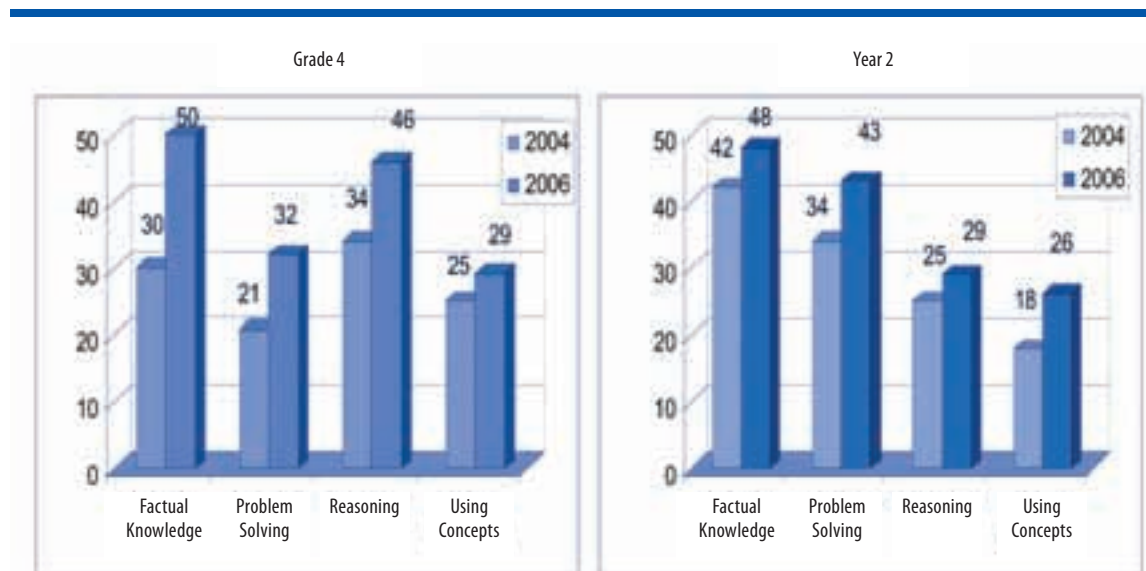
The granting of SBM funds proceeded in four phases, with Elementary Leader Schools and their cluster of satellite schools receiving funds in the first year, deserving depressed and disadvantaged schools receiving funds in the second year, and the remaining schools in the third and fourth years. When the project was completed in 2006, most of the school heads in the 23 divisions had gained experience in handling funds which, for some schools, eventually took the form of the government’s maintenance and other operating expenses (MOOE).

Remarkable pupil performance

Regardless of the differences between BEAM and TEEP, both projects had notable effects on pupil performance. Aware of the limitations of existing methods of student assessment, both BEAM and TEEP aspired to go beyond traditional quantitative pen-and-paper measures (e.g., multiple-choice tests) in gauging student performance. The projects developed their own standardized student assessment tests based on the Basic Education Curriculum competencies—RAMSE for BEAM and the National Sample-Based Assessment (NSBA) for TEEP.

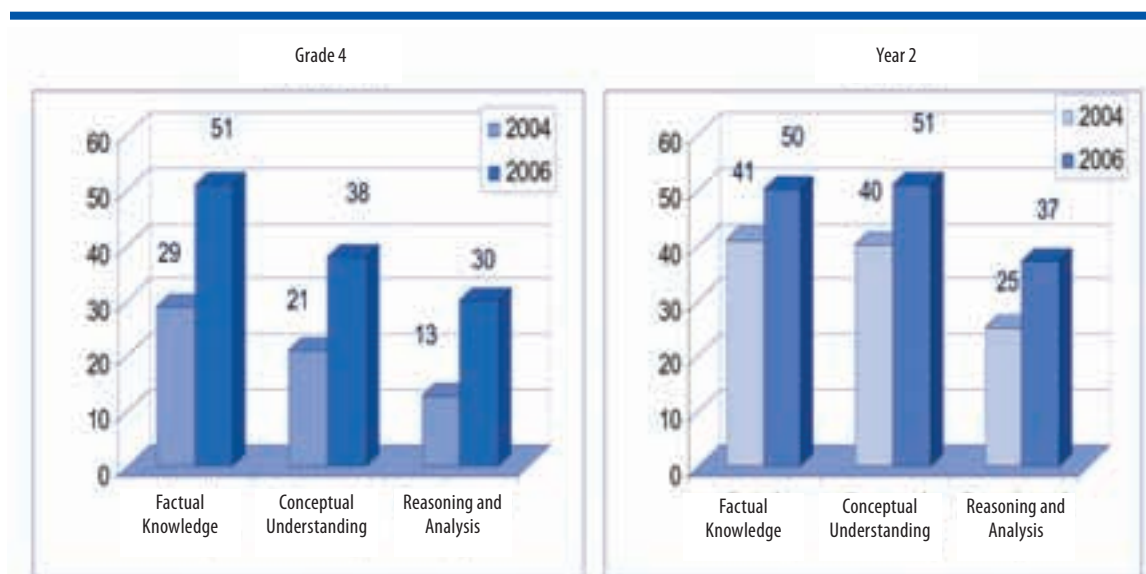
The tests reveal the positive impact of BEAM’s capacity building, classroom interventions, and school management. Although the sample Grade 4 and second year high school students are still performing way below curriculum expectations, the average scores of the learners increased significantly from 2004 to 2006, particularly for items reflecting higher-order thinking skills. The mean percentage scores or MPS for the anchor questions—those asked in all the years—in the math and science items that go beyond factual knowledge improved significantly [**Figures 2.1 and 2.2**] and similarly in English (not shown). The distribution of MPS by type of question further suggests that the learners in BEAM are more able to answer correctly questions that deviate from the usual multiple choice exams they had become accustomed to [**Figure 2.3**].

Figure 2.1 Mean percentage scores of Grade 4 and Y2 students in the anchored items in math in BEAM's RAMSE (2004 and 2006)



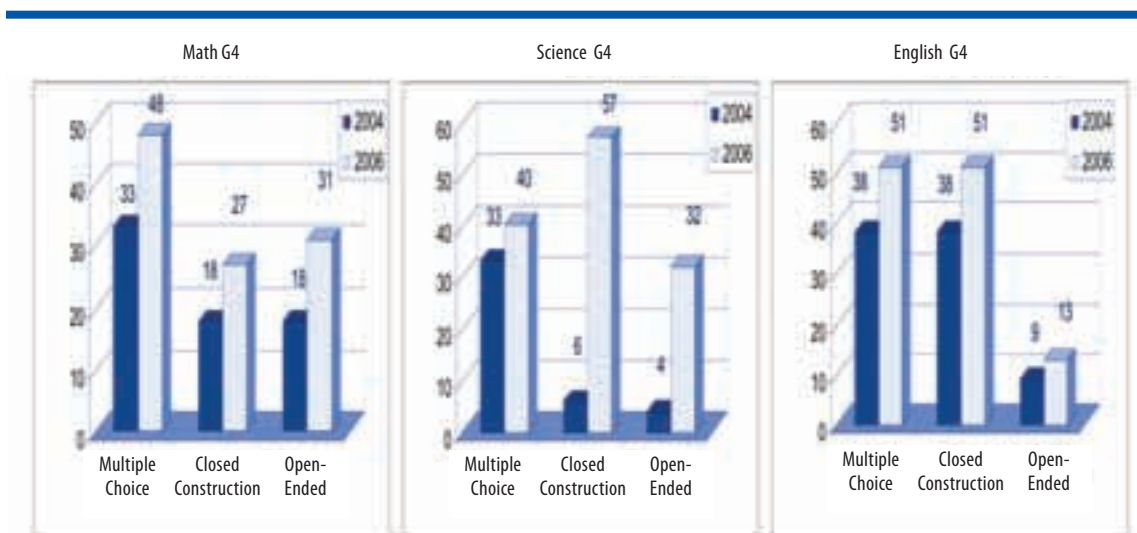
Source: BEAM RAMSE 2007

Figure 2.2 Mean percentage scores of Grade 4 and Y2 students in the anchored items in science in BEAM's RAMSE (2004 and 2006)



Source: BEAM RAMSE 2007

Figure 2.3 Mean percentage scores of Grade 4 pupils in the anchored items in BEAM's RAMSE by type of question (2004 and 2006)



Source: BEAM RAMSE 2007

Further, the RAMSE reports disclose better performance under these conditions:

1. When learners spend less than an hour in getting to school.
2. When teachers sometimes shift to the vernacular in explaining concepts; teach the subjects they specialized in; participate in BEAM in-service training; consult with parents; and use problem solving and investigative projects in science, constructing shapes in math, graphic organizing and journal writings in English, and other learning guides, manuals, or modules.
3. When school administrators monitor and evaluate teachers effectively and efficiently.
4. When schools have adequate facilities.
5. When the community provides sufficient financial and material support.

Like BEAM, TEEP pupils performed well in the project's sample-based assessment. However, unlike RAMSE, the NSBA is not test-equated: It does not have anchor questions. Because the performance of

TEEP pupils is not comparable across the years, the universally administered National Achievement Test (NAT) is a better gauge of the probable impact of SBM in TEEP [JBIC, 2006].

The TEEP divisions that applied SBM, including the management of school funds and related inputs, performed remarkably well toward the end of the project in 2006 when compared with comparator poor and nonpoor division clusters [JBIC, 2006]. A higher proportion of TEEP-SBM schools crossed the 75 percent NAT mean percentage score, the DepEd's desired minimum competency level, and the 60 percent "near mastery" level [Figures 2.4a and 2.4b]. The schools also improved their MPS more significantly than the other division clusters [Figure 2.5]. Figures from 2002 to 2004, when NAT was given to pupils of different grades, are incomparable to those from 2006, but figures for 2005 are.

Significant for addressing equity concerns, multigrade and incomplete TEEP elementary schools, constituting about 24 percent of TEEP schools, were the only ones that registered a positive change in NAT percentile ranks from 2002 to 2006. Small monograde TEEP schools headed by teachers-in-charge (TIC) were also the only ones that improved their NAT rankings from 2002 to 2005, in stark contrast to their counterparts whose ranks slid down

Figure 2.4a Percentage of public elementary schools surpassing 75% level in NAT by division cluster based on overall scores (SY 2002-2003 to SY 2006-2007)

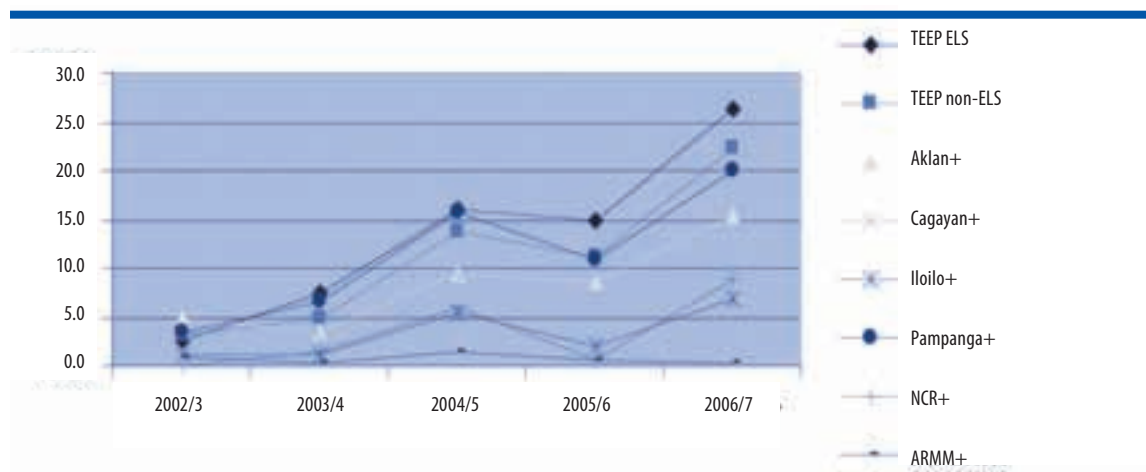


Figure 2.4b Percentage of public elementary schools surpassing 60% level in NAT by division cluster based on overall scores (SY 2002-2003 to SY 2006-2007)

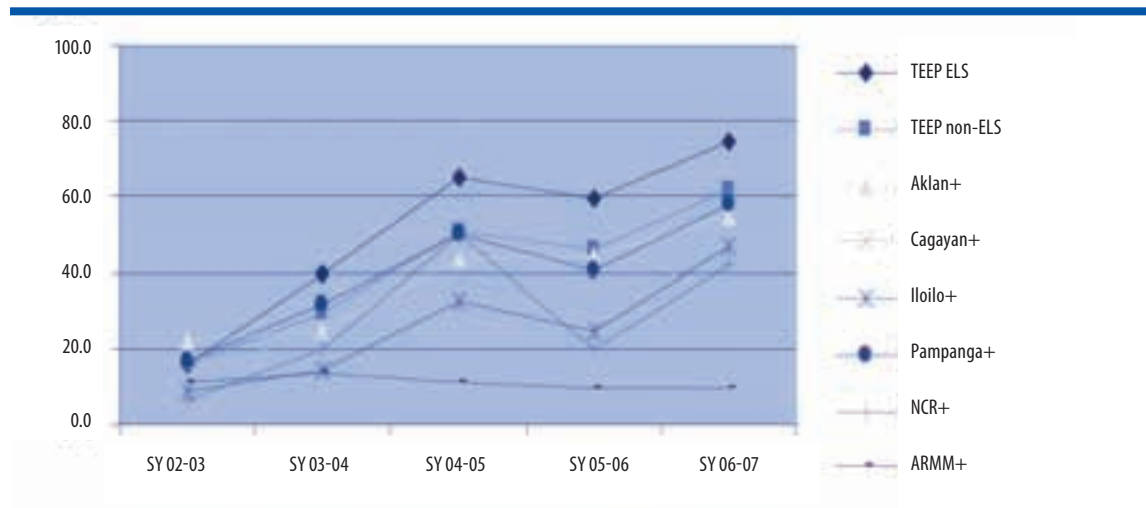
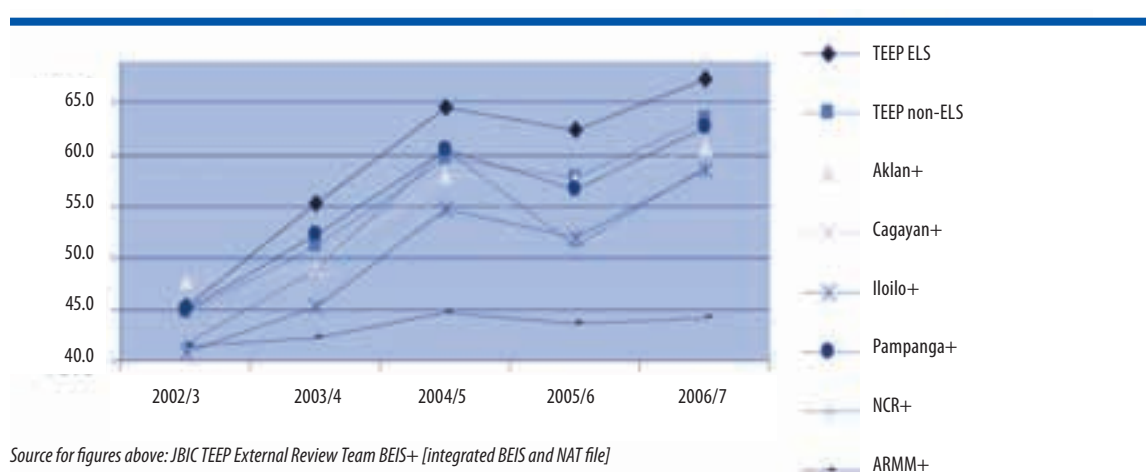


Figure 2.5 Mean percentage scores of public elementary schools in NAT by division cluster based on overall scores ((SY 2002-2003 to SY 2006-2007)



Source for figures above: JBIC TEEP External Review Team BEIS+ [integrated BEIS and NAT file]

for the same period [Figure 2.6]. The performance of small monograde TIC-headed TEEP schools is notable considering that more than half of such schools in the poor division clusters were headed by teachers-in-charge.

Interestingly, TEEP divisions sustained the pattern of improved NAT scores and percentile ranks across all subjects beyond the life of the project at the cost of P806 per pupil per year over eight and a half years [JBIC, 2006]. What accounted for such marked and sustained school improvements?

A regression of the 2004 NAT scores with variables drawn from the 2003 Basic Education Information System (BEIS) dataset revealed that the symbolic value and empowerment connected with managing SBM funds, no matter how small, contributed to the better performance of schools with fully operational SBM (about 62 percent of TEEP schools). Training and community support were the other significant SBM-related determinants of pupil performance in the TEEP divisions.

Veering away from the usual DepEd practice of training only an elite core of trainers who were expected to echo what they learned to others, TEEP training was large-scale, multi-level, and multi-component. All division officials, school heads, and teachers in the 23 schools division went through some formal training, of which the school-based in-service training was the primary focus. However, much of the capacity building in TEEP was informal. It came with the weekly or monthly school learning cells where teachers shared teaching experiences, the actual management of funds, and other day-to-day management and implementation tasks of SBM on all levels.

Changing classroom and management cultures

Both BEAM and TEEP led to significant changes in some aspects of the institutional cultures of the DepEd, at least for the duration of the projects.

BEAM succeeded in changing the competency standards for teachers; advancing the development of student assessment; championing the quality of Muslim education nationwide; and changing the

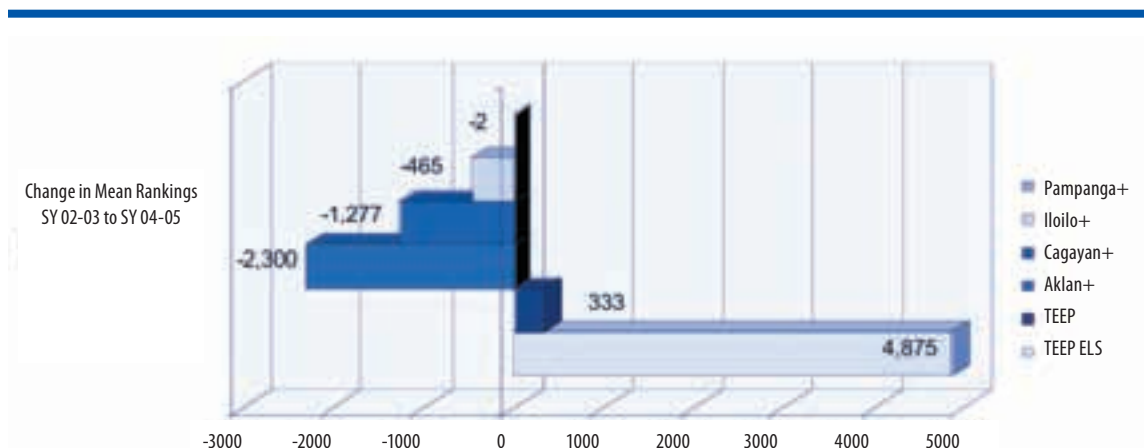
philosophies and mindsets of those within its reach. More importantly, it has directly or indirectly begun to contribute to significant changes at the heart of education—in the culture of the classroom.

The 2008 BEAM Evaluation, for instance, noted that BEAM-trained teachers tended to understand some of the “big ideas” of BEAM better. These “big ideas” refer to themes like higher-order thinking skills (HOTS), multiple intelligences, gender-sensitivity, brain-friendly learning, and varied assessment practices. More BEAM-trained teachers were inclined to say that classrooms should be child-friendly, participative, and stimulating than non-BEAM-trained teachers. As facilitators of learning rather than lecturers, many of them saw their role as encouraging creativity, inquisitiveness, and group activities. The project’s impact is most felt in the wide range of student assessment strategies in BEAM schools.

Transforming public school classrooms into learning environments is a long-term agenda that requires a capacity building infrastructure for each level. With regard to the enabling conditions for effective classroom learning, BEAM has, thus far, been helping administrators develop a more coherent view and understanding of what constitutes quality education. A management training system utilizing appropriate learning systems is now in place for regional, division, district, and school managers. For teachers, BEAM has, among others, set up an effective long-term in-service teacher education (INSET) and nuanced the training of teachers handling Lumad and Muslim children to reflect the special needs of these groups. (Lumad are indigenous peoples in Mindanao.)

TEEP contributions to the management culture of the DepEd are just as significant. In the area of finance management, for instance, TEEP enabled the drilling down of funds from the central office to the divisions and, finally, to schools. This cut the processing time of vouchers and checks between the central office and divisions by two weeks. Almost all TEEP schools eventually managed SBM cash grants from project funds until 2004 and from the regular MOOE that divisions allocated to schools from 2005 up to the end of the project. Also, the project’s finance unit conducted quarterly performance

Figure 2.6 Change in NAT rankings of small monograde teacher-in-charge-headed schools by division type (SY 2002-2003 to SY 2004-2005)



For math, science, and English only. No data for Filipino and HEKASI in SY 2002-2003
Source: JBIC TEEP External Review Team BEIS+ [Integrated BEIS and NAT file]

reviews and spot audits of schools and divisions, enforcing incentives which included reallocating unutilized funds to other schools or divisions with a good track record or, in extreme cases where reasons for nonliquidating were unacceptable, withholding salaries of school heads.

One of the effective management innovations that led to good quality performance among division superintendents and project component leaders was the Work and Financial Plan (WFP). TEEP required each component (and division) to prepare an annual plan that specified targets, tasks and activities, budgets, and deadlines. Starting in 2001, these plans were scrutinized for the accuracy of the data on which they were based, their “doability,” and the adequacy of funding support. Once approved, the plans served as “guide” to action. Beyond instilling a culture of planning, the WFP made division superintendents and component heads accountable for accomplishments measured against targets in face-to-face assessments. So effective was the culture of planning and assessment that many superintendents introduced it at the division level.

A discussion of institutional innovations in TEEP would be incomplete without citing its innovations in procurement such as its empirically grounded school-level forecasting to guide the procurement of specialized goods (e.g., customized

kits and furniture); decentralized bidding under Division Bids and Awards Committees; international bidding which reduced the costs in textbook procurement by at least 46 percent; development of 27 designs and specifications for classrooms depending on the terrain and type of natural hazards in the area; and the Principal-led School Building Program (PLSBP).

The PLSBP is worth singling out. This program was probably the tipping point for SBM in the 23 TEEP divisions. In mid-2001, to avoid the threat of loan cancellation because of low loan availment rates, then Secretary Raul Roco, upon the advice of a consulting team with extensive private sector experience in large-scale and field-based nationwide projects, announced an “unmovable” target of 1,000 classrooms in the first six months and another 1,000 in the succeeding six months, and boldly assigned the responsibility of overseeing the bidding and classroom construction within a 90-day cycle to principals. Roco, according to program consultants, asked skeptics: “If you cannot trust the principals in this country, who else can you trust?”

The PLSBP mode produced 1,000 classrooms—some new, some repaired—within the six-month target. Upon inspecting the demonstration units, LGU officials were more eager to come up with the required 10 percent equity. By 2006, some local of-

officials in the TEEP provinces were said to have won or lost elections on the basis of their constituencies' perception of their support to education as indicated by equity provision for new classrooms.

Within the school campuses, the new classrooms became the physical and symbolic catalysts of PTCA (Parent-Teacher-Community Association) and community involvement. In this sense, the PLSBP set the stage for future stakeholder involvement, especially in areas without a history of school-community partnership. On the part of the school heads, the success of the school building program boosted their morale and self-confidence. Suddenly, they were entrusted to manage P500,000 worth of construction. Before the PLSBP, they were only allowed to manage the school canteen income, which was typically P500 to P1,000 per month.

Quo vadis, SBM?

BEAM and TEEP cover all schools in about a fifth of the country's schools divisions. Their scale accounts for their more palpable impact on pupil performance. The institutionalization of SBM and features of both BEAM and TEEP in BESRA, the DepEd's current policy framework for education reform, suggests that the lessons from the experiences of the two projects will not be lost. However, the country's poor track record in translating laws and policies into effective programs and projects raises concerns about the implementation of SBM in BESRA.

The April 2008 aide memoir of the Second World Bank and AusAID Joint Implementation Review to the DepEd Secretary [World Bank, 2008] suggests how far SBM in BESRA has moved since 2006 and the challenges to its implementation.

While the aide memoir acknowledged the overall commitment and involvement of the DepEd managers, staff, and other oversight partners at the national and regional levels to BESRA, it noted that "the depth of engagement was still in the early stages" and observed the limited awareness of BESRA, SBM, and the National Competency-Based Teacher Standards at the school level. It further noted the

slow implementation of DepEd guidelines on the direct release of the MOOE to select elementary and secondary schools, and the release of the 2006 and 2007 SBM school grants. The aide memoir urged the DepEd to "finalize and disseminate guidelines for defining the functions of a school governing structure for guidance of the schools, divisions, and regions; and define and articulate the operationalization of new roles and responsibilities of the Central Office, Regional Office, Division and District Offices and for school heads, consistent with the philosophy of SBM."

Meanwhile, a move to amend the Governance of Basic Education Act (RA 9155) has begun to prosper in Congress. In response to the lobby of district supervisors, the proposed amendment would restore their pre-SBM supervisory powers and prerogatives over school heads. The seeming lack of urgency among officials at the DepEd's central office to articulate their objection to the proposal and the apparent differences in their interpretations of the spirit of SBM suggest the need to level off at the highest echelons of the bureaucracy.

The language policy: Out of sync with research evidence

The unresolved medium of instruction issue in Philippine basic education is a recurring nightmare. Since the 1920s, it has provoked intense and extremely partisan debates. Despite consistent teacher reports on the difficulties of students in learning in English and Filipino, both languages being foreign to many children in the multilingual Philippine context, highly emotional and strong political pressures have been waged for either language for many decades now. In the face of such pressures, policy makers ended up crafting compromise solutions that have not satisfactorily settled the issue.

The prevailing thinking based on international and local research asserts that good language abilities will broker good learning since systems that are already in place in the child's cognitive makeup mediate the learning of a subject matter [Bialystok and Frohlich, 1978; Cummins, 2000; and Mallozzi and Malloy, 2007]. Moreover, studies assert that cognitive academic language proficiency must be reached before a language can be effectively used as a medium of learning and, thus, of instruction (e.g., Cummins, 2000).

Given the sociolinguistic landscape of the Philippines, bilingualism should be in the middle of any discussion on the language issue in education. After all, Filipinos are, at the very least, bilingual. Bilingualism, a term used interchangeably with multilingualism, is the use of two or more languages in a society. Bilingual Filipino children are of two types:

■ Those who learn the first language at home (L1) and then acquire additional languages (L2 to Ln) in the social contexts in which they participate.

■ Those without a first language, i.e., they are

children immersed in communities and societies with two or more languages perpetually used in their home environments. Therefore, they are bilingual from birth [Ocampo, 2008a].

In both instances, Filipino children acquire their first language/s spontaneously in the process of interacting with their relevant and natural contexts. Once they start schooling, the DepEd's bilingual policy prescribes learning in the two target languages—Filipino and English. It can thus be said that Filipino children acquire about one to two languages spontaneously and, as a result of the bilingual education policy, learn two more languages from school and media exposure [Ocampo, 2006].

Indeed, many children living in Metro Manila spontaneously acquire either English or Filipino from their homes, communities, and the broadcast media. It makes sense for English, Filipino, or both languages to be their medium of learning in the early years. However, most children do not have basic proficiencies in either language when they enter school. Using these languages for instruction in the early years may have impeded their effective learning both of the two languages and of the subject matter presumably taught in them [Ocampo, 1996; Aquino, 2007].

Understanding the relationships between (1) bilingualism and biliteracy, (2) first and second language mastery, and (3) first and second language reading has direct bearing on the process of teaching children how to read. Because teacher education curricula do not explicitly include the development of second language ability and literacy, Filipino teachers, until recently, were trained to think that literacy develops in the same way in any language. This thinking ignores observed differences in literacy acquisition depending on the spelling or orthographic system used to represent the language in print, and the literacy practices or events in which literacy is expected to develop [Katz and Frost, 1992; Geva and Siegel, 2000; and Smythe et al., 2008]. It also overlooks the finding that literacy skills develop more easily and efficiently when built on the child's prior knowledge of the language [Andoy, 2006; Cummins, 2000; and Ocampo, 1996].

The insights from such studies have not been integrated into the country's basic education program for language and literacy development. Up to now, the school curriculum does not build upon oral language ability in the first language. Instead, it immediately teaches children to read in the two target languages of the curriculum. This ignores the strength of first language literacy contributions to mastery of the target language/s and to literacy development in additional languages. This is most especially true for the early years when such abilities are starting to form and grow.

Another equally important language-related component of learning is motivation. Language use in the schools impacts on the affective side of learning. Not only is it cognitively harder to learn to read and write in an unfamiliar language, children who are made to read in a language they do not understand oftentimes feel marginalized from classrooms that are supposed to liberate their minds.

For the last 30 years, the Philippines' highest dropout rate in the elementary level is reported to be in Grade 2. This suggests that difficulties in engaging with school activities and lessons may have been aggravated by the inability of young children to cope with the language learning requirements. In other words, children may have lost motivation to attend school because they could have experienced failure in reading and writing in Filipino and English.

For over 80 years, the recommendation to use the native [Monroe Survey, 1925], local [EDCOM, 1991], mother [PCER, 2000], or the child's [BESRA, 2006] language as the medium of learning in the early years has been consistently disregarded. From the 1920s to the present, the political pressures exerted by different sectors and advocates in the name of national unification, global participation, regional identity, cultural integrity, economic progress, or overseas employment have caused the policy decision-making on the language issue to swing from one extreme to another [Bernardo 2004; Bernardo and Gaerlan, in press]. After such swings, the pendulum stopped dead center in 1973, resulting in the poorly formulated and unrevised Bilingual Education Policy (BEP).

This compromise policy, embodied in the Department of Education and Culture (DEC) Order No. 25, s. 1973, operationally defines the nature of bilingual education in the country as the separate use of Pilipino and English as the media of instruction in specific subject areas. As promulgated, Pilipino (changed to Filipino in 1987) was the designated medium of instruction for social studies, music, arts, physical education, home economics, practical arts, and character education. English, on the other hand, was decreed the teaching language for science, mathematics, and technology subjects. The same language allocation by subject is provided in the 1987 Policy on Bilingual Education disseminated through Department Order No. 52, s. 1987.

Bilingual incompetence

Where has the Bilingual Education Policy brought the country?

This question is best answered by studying the performance of schoolchildren in all the subject areas of the curriculum over the last 30 years and correlating these with implementation assessments of the BEP. Unfortunately, longitudinal data based on stable product assessments of student learning are not available. Thus, Gonzalez and Sibayan [1998], who evaluated the impact of BEP implementation on student achievement, were unable to establish the significant effect of the BEP. They concluded instead that providing favorable learning environments, teacher preparation or competencies, and optimal teacher-student ratios, among other factors, contribute to improved language and literacy learning.

Nonetheless, the fact that achievement in both English and Filipino has been low for more than two decades suggests that the BEP is not being implemented well enough to result in proficiency in both languages. Perhaps the strongest proof of the BEP's failure is the observed profile of teachers currently implementing the policy who were themselves students during its initial implementation. It is this younger set of teachers who have been reported as greatly deficient in their

English language skills.

What has kept the DepEd as an institution from developing bilingual competence among Filipino children as well as their competence to learn through these two languages?

First, the DepEd formulated a weak policy on bilingual education that does not stand on strong theoretical grounds. It ignored the long-standing and empirically validated view of how learning best happens among children [Harris, 1979] and how new language learning should be built upon a mastery of the child's native or mother language [Gudschinsky, 1979]. Furthermore, the policy glossed over the sociocultural issues in education by relegating the local languages as auxiliary mediums of instruction which teachers can use informally. The reported bias of some teachers, being members of (regional) linguistic communities, against the BEP might have also undermined its effectiveness [Castillo, 1999].

Second, the DepEd surrendered the power to decide on the language of schools rather than advocate research-based policy. It relinquished control over the curriculum and its content decades ago to politicians (in Congress or in the Office of the President). At present, the DepEd waits for directives from the Office of the President, legislators, or donors. With the promise of employment for Filipinos in the call center industry/resource management sector, the Arroyo administration is aggressively championing the use of English as the medium of instruction in schools. In addition, more than 200 congressional representatives have signed House Bill No. 4701, which seeks to make English the medium of instruction from Grade 3 onwards with Filipino taught only as a subject. Opposing this bill is House Bill No. 3719, which espouses the use of the mother tongue throughout elementary education [Box 2.3].

The control of politicians over the language of instruction contrasts sharply with the situation in 1939 when the education secretary decided on the issue because of its curricular significance for learning. In 1957, the Revised Philippine Education

Program, which was based on a research by the United Nations Educational, Scientific and Cultural Organization (UNESCO), implemented the use of the local languages in Grades 1 and 2 while English was taught as a subject. This was one of the rare times when research conclusions—particularly the finding of the Aguilar Experiment conducted from 1948 to 1954, that all subjects, including English, were learned better when children were first taught in their mother tongue [Harris, 1979]—guided education policy.

Third, exacerbating the loss of efficacy in determining the language policy is a seeming lack of serious effort on the part of the DepEd to explain the crucial role of language to policy makers. Unaware of what language will best enable children to learn, those charged with deciding how education is to be delivered to the country's future generation have relied solely on employment growth paradigms in deciding on the language of education, ignoring the widely accepted research findings on culture, learning, and child development. Emphasis on global competitiveness and the dollars brought in by overseas employment has made those responsible for the education of the nation's children inadvertently adopt an erroneous view of the learning process. Instead of forging paths out of poverty and unemployment, poor education policy on languages of learning has made schooling more difficult for children and, thus, less effective in achieving education goals.

Finally, the DepEd has yet to negotiate a shift from structural learning paradigms to more socio-constructivist methods of teaching and assessing language and literacy learning. This, despite the adoption of national competency-based standards for teachers that are aligned with the new paradigm and the experiences of projects like BEAM. Teachers narrate that lessons continue to be taught by rote, with emphasis on codes or structural aspects [Diaz de Rivera, 1994; Castillo, 1999; and Asian Development Bank, 1999]. Part of the reason for the failure to shift paradigms is a lack of appreciation of the need to make such a shift.

Box 2.3 Salient features of various recommendations on the medium of instruction in schools

	Mother Tongue/ Child's Language	Filipino	English	Other Philippine/ Foreign Languages
Bilingual Education Policy	■ Auxiliary language of instruction	■ Subject from Grade 1 onwards ■ Medium of instruction for MAKABAYAN	■ Subject from Grade 1 onwards ■ Medium of instruction for math and science	■ none
House Bill No. 4701 (The Gullas Bill)	■ Optional medium of instruction until Grade 2	■ Subject from Grade 1 onwards	■ Subject from Grade 1 onwards ■ Medium of instruction from Grade 1 onwards	■ none
House Bill No. 3719 (The Gunigundo Bill)	■ Medium of instruction up to Grade 6	■ Subject from Grade 1 onwards	■ Subject from Grade 1 onwards	■ none
Basic Education Sector Reform Agenda (BESRA) recommendations	■ Medium of instruction until Grade 2 ■ Formal literacy instruction starting at preschool (Kindergarten) or Grade 1 ■ Auxiliary language of instruction from Grade 4 onwards	■ Subject from Grade 1 onwards ■ Formal literacy instruction starting at Grade 2 ■ Medium of instruction for MAKABAYAN from Grade 3 onwards	■ Subject from Grade 1 onwards ■ Formal literacy instruction starting at Grade 3 ■ Medium of instruction for math and science from Grade 4 onwards	■ Oral language development in Arabic (for madaris or Muslim schools) from Grade 1 onwards ■ Literacy in Arabic (for madaris) from Grade 4 onwards ■ Arabic as medium of instruction for an elective or special subject in madaris from first year high school onwards ■ Philippine regional/foreign language elective for students from third year high school onwards

Institutional factors that hinder reform initiatives

Apart from substantive theoretical issues, what institutional factors have kept the DepEd from shifting paradigms or scaling up successful reform initiatives like SBM?

Externally induced reform

The DepEd's almost absolute dependence on the implementation of foreign-assisted programs that have reform activities built into pilot project components was clearly discernible in the last 20 years.

Thus, it seems that reform activities were undertaken only as the DepEd moved from one foreign-assisted program to another.

In the last 20 years, foreign donor agencies (AusAID, JBIC, WB, ADB) did not only fund these projects, they also initiated, nurtured, monitored, and saw them through their completion. Externally driven, the reform projects raise concern over the DepEd's institutional capacity to eventually initiate and sustain them.

More than apprehension over the department's financial wherewithal to support such projects, however, is the question whether the DepEd has a critical mass of institutional actors and enough space within its bureaucratic culture to introduce new ideas into its practices and policies. A highly centralized and hierarchical institution like the

DepEd, which has some deeply entrenched practices, may have neither the means nor the incentive to conceive of alternative educational principles, creative processes, and resourceful practices to the status quo. Of course, there have been many experienced and insightful DepEd officials and staff with reformist philosophical orientations and a deep sense of mission. However, their position in the DepEd's hierarchical bureaucracy and the multiple day-to-day demands on their time have rendered them powerless to reform even the practices and mindsets within their turfs.

The pilot project mindset

The DepEd's manner of undertaking reform is to projectize it, and its idea of projectization is to pilot test the efficacy of reformist interventions on a limited scale so as not to risk failure in large-scale implementation. The idea of using pilot projects in the process of education reform involves the introduction of an intervention into an existing system, without attempting to fully control the range of other variables operating within the context, then observing whether significant improvements can be measured soon after the intervention is completed. Reinforcing this quasi-experimental approach to education reform is the myth that large-scale change can be comprehended by understanding what happens on a very small scale.

The pilot project mentality is deeply ingrained in the DepEd bureaucracy. Its pervasiveness is underscored by the taken-for-granted assumption that pilot testing is required by the need to deliver a uniform or one-size-fits-all education to Filipino learners across the archipelago, regardless of differences in their sociocultural and political economic environments. Uniformity from this viewpoint is conflated with maintaining academic standards.

An important institutional consequence of this conflation is the privileged role of the DepEd central office in defining the standards—common curriculum, pedagogy, textbooks, learning materials, and system of quality assurance and assessment—and transmitting them to the schools through the regional, schools division, and district

offices. Culturally sensitive curricula, approaches, and materials that deviate from the standard would be discouraged in theory, even if they enhance the acquisition of learning competencies, unless the central office stamps its approval on their quality and usefulness.

Interestingly, though, the uniform application of pilot-tested reform initiatives to diverse learning contexts has rarely happened. Because education reform has been undertaken through discrete and donor-initiated projects, the DepEd has not fully graduated from pilot testing reform interventions on a limited number of pilot schools to its presumed second phase—the scaling up and uniform implementation of the reform. Not until BEAM and TEEP did the DepEd conduct an experiment covering all schools in more than 40 divisions.

The unprecedented BEAM and TEEP experiment effectively challenged the DepEd's assumptions about education reform. For instance, the department has begun to understand that education reform experiments require scale—tens of thousands of schools in contiguous geographic areas rather than a few hundred scattered across provinces—to make a difference. The DepEd has also slowly realized that any reform initiative, no matter how effective in particular areas of the country, cannot be cascaded down uniformly to schools. In fact, the department has adopted the phrase “rolling down” to describe the adaptation of interventions to different terrains. It has also begun to discover the wisdom of enabling experiments that allow schools to choose appropriate materials and strategies that would enhance their learning environments. In fine, the DepEd is evolving.

Having critiqued the notion of piloted or projectized reform, it is important to qualify that there is nothing inherently wrong with treating the conceptualization and implementation of particular reform interventions as projects. In fact, this might be the way to focus the attention of units within the DepEd to achieve particular performance outcomes. Projectization becomes problematic, however, when scaling up or sustaining reform is not undertaken without external prodding and when the bearers of institutional reform in the bureaucracy

no longer vigorously exert efforts to sustain reform gains after meeting project targets.

Reform projects at the margins of DepEd

The task of instituting new ideas from pilot projects within the bureaucracy is particularly challenging because most of the donor-initiated reform projects are administered within the DepEd but outside its main line of operations. In truth, most of the projects in Box 2.1 were handled by a specially designated DepEd office—the Educational Project Implementation Task Force or EDPITAF, which has its own internal project staff and external consultants. Other DepEd offices (at the central, regional, and division levels) may be involved in specific project activities, but only when needed and with explicit instructions through a department order. As a consequence, the reform projects remain peripheral to the operation of the DepEd bureaucracy throughout their implementation.

Given this scenario, it is not easy for key components of the reform projects to be assimilated into DepEd practices. The difficulty is aggravated by the negative sentiments of DepEd insiders toward the projects, their consultants, and contractual project staff. There seems to be a widespread view among staff members that the pilot projects are pursued primarily for the huge financial resources they bring to the DepEd. They view with much skepticism the participation of highly paid consultants, some of whom are perceived to lack grounding in DepEd realities and the “proper” motivation to reform education. It does not help that the perceived financial support given to regular DepEd staff members in the form of Employee Extra Duty Allowance and per diem reinforces the cynical outlook of uninvolved officials and members of the DepEd bureaucracy.

Waged at the margins of the DepEd operations, the donor-initiated and projectized nature of education reform have ostensibly prevented the department from orchestrating or directing the reform process. The DepEd does not seem resolute, for instance, to take on the responsibility of process-

ing the experiences and outcomes of every reform project it approves, drawing their implications for a long-term reform agenda, and carrying out changes in reform goals and strategies if warranted. Instead, it seems to have simply moved from one project to the next, with little or no effort to harmonize or interrelate project outcomes that would enable it to avoid overlaps and resource wastage, promote policy and pedagogical consistency, and connect with wider social reform initiatives.

Despite this tendency, there have been many instances when certain reform features migrate to subsequent projects because of individual DepEd personnel who carry over the reform principles and practices to the new projects they are asked to work with. While this has been a positive development, it does not mean that the DepEd has institutionalized such principles and practices. When their bearers are given assignments that no longer directly relate to reform, their advocacies are likely to be relegated to oblivion. With the loss of institutional memory, subsequent donor-initiated projects would probably waste precious time reinventing wheels that had worked well for similarly situated reform projects in the past.

Untapped project lessons for setting policy directions

The final reports or midterm assessments of reformist frameworks and projects like BEAM and TEEP usually analyze their strengths and weaknesses. The question is whether the DepEd has an institutionalized system of processing project outcomes and their implications for reforms in the public school system.

In theory, the implications of the BEAM and TEEP experience should have been assessed by the Research, Innovation and Policy Evaluation System (RIPES) that the DepEd created in 2003 to rationalize decision-making in the area of research and innovation and their utilization. After all, RIPES is mandated to expand the roles of the Executive and Program Committee of the department and serve as clearing house for its research and innovation activities. Unfortunately, the RIPES Secretariat, which

was lodged in the Planning and Programming Division of the Office of the Planning Service, was later transferred to the DepEd Special Concerns Office under the Office of the Assistant Secretary for Legal Affairs. This move weakened the policy research unit within the DepEd considerably even before it could operate effectively.

Had RİPES been operational, it could have proposed a plan on how to more effectively decentralize education through SBM on a national scale. More particularly, it could have processed the following observations to refine the DepEd's organizational policy in this regard.

Within the framework of decentralization, BEAM and TEEP worked through different layers of the bureaucracy. BEAM operated through the regional offices of Regions XI, XII, and ARMM. Working primarily through this level facilitated the remarkable changes in classroom philosophy, organization, and culture in many BEAM schools and promised to ensure the sustainability of the project's contributions in a hierarchical system where power is still concentrated in the regional and central offices.

In contrast, TEEP bypassed the regional offices (while emphasizing their role in quality assurance) and made the divisions directly responsible for SBM implementation and the provision of support to schools. This decision was guided in part by a study commissioned by the project [Center for Public Resource Management, 2002], which observed that the division office has a comparative advantage over the region because it strikes a balance between geographical coverage that reflects local conditions and the cost of upgrading capacities for resource generation and management.

The TEEP experience affirms the wisdom of lodging decentralization in the schools divisions rather than the regional offices. Empirically, TEEP schools with strong division support showed more significant and sustained improvements in NAT scores than those with less supportive divisions [Bautista, 2005]. That the performance of BEAM divisions, with the exception of North Cotabato (which also happens to be a TEEP division), has not been at par with TEEP and the other poor and nonpoor

division clusters suggests a number of possibilities. One is that NAT and better quality assessments like BEAM's RAMSE are completely incompatible (therefore the need to shift to another universal metric). It is also quite likely that the schools BEAM covered did not receive the regular encouragement and follow-up division support—including regular face-to-face work planning meetings and the granting of incentives for good performance—that spelled the difference for the TEEP schools.

For whatever its worth, the NAT result in the BEAM divisions underscores the importance of tapping into the potential synergy of the BEAM and TEEP strategies. Admittedly, BEAM's philosophy is necessary for long-term and sustained effects on classroom learning and performance outcomes. However, TEEP's SBM strategies would, in all likelihood, hasten the reform process when SBM is scaled up nationally. Metaphorically, BEAM's valuable interventions would have had a higher probability of rooting faster had TEEP's division-mediated SBM been used to till the soil. In other words, the TEEP SBM model, which gives premium to strong schools division support, is a good preliminary or simultaneous strategy for shaking prevailing systems and inducing education stakeholders at the school level, to open up to the much-needed shifts in learning paradigms that the BEAM model strongly advocates.

Constraints beyond DepEd's control

Education reform is not completely within the control of the DepEd, however. Apart from Congress and the Office of the President, other agencies like the Department of Budget and Management (DBM), the Commission on Audit (COA), and local government units (LGUs) have affected the education reform process as well. For instance, the mismatch between the DBM and DepEd budget cycles results in delayed releases of DepEd allocations, adversely affecting reform-oriented projects [Luz, 2008]. Take the case of TEEP. The release of the remaining 25 percent of the 2005 budget allocation in the first quarter of 2006, led to the non-issuance of contracts

for much-needed works that should have been covered by this fund balance.

The COA for its part has a double-edged effect on the DepEd's reformist interventions. On the one hand, it serves as a good antidote to corruption. On the other hand, the COA might have also unknowingly hindered or slackened the pace of the reform process. In the TEEP experience, the COA disallowed the advances the project made to LGUs to speed up the school building constructions, which, unfortunately, were not honored by subsequent politicians. Fear of such disallowances, whether warranted or not, has unwittingly contributed to the DepEd officials' preference for autopiloting rather than engaging in a reformist mode.

Like the COA, the LGUs have a nuanced effect on education reform. The experiences of BEAM, TEEP, and NGOs like Synergeia reveal their potential contribution in pushing reform measures in geographic areas led by LGU officials who are committed to the delivery of basic services. Where local officials were progressive, TEEP schools flourished. Similarly, in places covered by Synergeia, Local School Boards chaired by the local chief executive had a greater likelihood of addressing access and quality issues.

It is unfortunate, however, that the efforts of the very few reform-minded LGU heads are severely undermined when the guards change with elections. It is also regrettable that enlightened LGU executives do not yet constitute a majority at this time. In some TEEP municipalities, mayors from deeply seated political clans stood in the way of reform simply by throwing their weight around. Some local officials also meddled directly in civil works projects. TEEP experienced, for instance, local executives who insisted on selecting particular school building contractors without the usual bidding.

The uneven maturity of LGUs in terms of democratic governance brings to the fore the issue of the form decentralization should eventually take in education [JBIC, 2006]. At least two models exist—the devolution to LGUs and the decentralization of management within the state's education bureaucracy, from central offices to the schools. As in Central America, the Philippine model has taken

the second form.

Interestingly, the concept of the School Governing Council (SGC) or Local School Board (LSB), chaired by the local chief executive, bridges the devolution model that puts the onus of providing basic education on the shoulders of LGUs and the current decentralization mode that devolves power from the DepEd central office to the schools. But in the face of uneven LGU political maturity, the TEEP experience offers an interim solution. In compliance with the provisions of then Secretary Florencio Abad's *Schools First Initiative (SFI)* to set up SGCs or LSBs, division superintendents in politicized areas supported the setting up of the councils but allowed for flexibility in the choice of chairs. The SGCs or LSBs were not necessarily chaired by the local chief executive but by the PTCA president, an NGO representative, or the school head, depending on the preference of the body that elects the council officials.

Policy covers, policy continuity and leadership: Do they matter?

Education reform requires appropriate policy covers and continuity over time. RA 9155 provided the impetus for the development of SBM. To its credit, the DepEd demonstrated policy continuity as far as SBM is concerned—from the lobby for the passage of RA 9155 to the stipulation of its internal rules and regulations, down to the implementation of SBM and its eventual integration into BESRA. This is remarkable indeed, considering the impulse of Filipino government leaders to reinvent the wheel for the sake of a legacy that will be associated with them. It is also significant in light of the DepEd's past record of having two education secretaries who derailed a reform agenda as major as EDCOM.

As far as the language issue is concerned, however, the DepEd has not demonstrated the resolve to review the bilingual policy despite overwhelming research evidence for its revision. Thus, as noted earlier, the department virtually left policy making on this issue to politicians. The DepEd's reluctance to revise the bilingual policy may not be due solely to its concern with the political controversy generated by such a

review. Rather, some of its officials and staff, like other education advocates, are themselves unconvinced. Lack of awareness of scientific evidence on cognitive processes and the increasing universality of the English language with globalization seem to have clouded their view on this matter [Bernardo, 2004; 2008].

Policy continuity is important, but it is not enough. While the appropriate policy and its continuity across the DepEd administrations are necessary for reform, they are not sufficient to bring it about. If reform is to take place, policies—which are but abstract guidelines on paper—must be operationalized and implemented resolutely. However, policy implementation is constrained when the institution is resistant to reform. For instance, the seeming reluctance of the DepEd to scale up a division-mediated SBM and the seemingly equivocal position of its officials on legislative proposals to restore the prerogatives of district supervisors over school heads suggest the capacity of interest groups within the bureaucracy to wage an effective resistance to the implementation of a legislated policy.

Top leadership matters; changing secretaries too often constrains reform. In the two instances of the language issue and decentralization, leadership at the highest level of the DepEd bureaucracy was crucial to break the impasse either in policy revision or the implementation of existing policy. However, the rapid succession of the DepEd's top leaders—six secretaries in eight years since 2000!—has left very little time for the theoretical and empirical arguments surrounding the language issue to sink in. Unfortunately, it has also broken the momentum of decentralization. In every transition from one DepEd secretary to the next, the organic staff would “wait and see” to assess if expending energy on decentralization and SBM is worth it.

The DepEd secretary has the power to push the bureaucracy to prioritize the implementation of a reform agenda. For instance, the groundwork for SBM was laid quickly without being thwarted by internal resistance to decentralization when Roco indicated his personal resolve to make TEEP move through the divisions. Similarly, SBM flour-

ished under Abad. Abad even managed to get the Department of Public Works and Highways' share of the school building funds for the DepEd to manage under the principal-led construction mode.

But involvement of the highest official in the DepEd is a double-edged sword in a regime of projectized and disjointed reform. Roco's direct involvement in TEEP is a case in point. It made the project more susceptible to the politics within the DepEd. After Roco's administration, even while SBM under TEEP was blossoming, its achievements seemed to have been underestimated partly because the project was associated with Roco. In a sense, TEEP became a virtual orphan after Roco, an exception to the common belief that success has many mothers and fathers.

In contrast to TEEP, BEAM seems to have been less affected by the central politics of the DepEd. In fact, its contributions are widely recognized and hailed by the DepEd's officialdom at all levels. Apart from its remarkable achievements and the inherent value of its contributions, the reasons behind BEAM's acceptability are instructive.

First, BEAM was supported by a grant rather than a loan. Second, it focused on the substance of education reform—learning in the classroom—relegating potentially controversial and politically contentious civil works projects to minimal priority. Third, BEAM's leader, who personally projects deep commitment and missionary zeal, is an Australian who has managed to protect the project from being associated with any DepEd official while maintaining collaborative links with central, regional, and division DepEd personnel. Fourth, regional directors, superintendents, selected educators, and other high DepEd officials saw for themselves how these programs worked in Australian schools during BEAM study tours. Fifth, BEAM operated through the regional office and, therefore, had less powerful enemies to contend with. Finally, BEAM's programs focused on Mindanao and were far from the center. Moreover, the central office valued BEAM's contributions to teacher and madrasah education nationwide.

The DepEd's top leadership matters, but it is equally important to have a strong second

layer of career executives. DepEd secretaries usually have priority program thrusts that differ from what the DepEd as an institution is committed to do. In such a situation, the onus for sustaining previous reform efforts should fall on the undersecretaries and assistant secretaries, preferably career executives who understand institutional imperatives. Several factors, however, would prevent this from happening: the replacement of undersecretaries and assistant secretaries with new appointees because they serve in a coterminous capacity with the DepEd secretary; their inability to mobilize colleagues and subordinates because they do not have the track record to gain respect; they do not have the energy to push changes; they do not have the support of the secretary; or they are unable to communicate or coordinate with their colleagues in the DepEd officialdom.

Leadership at the division and school levels is clearly more important for effective policy implementation as long as the central offices do not put obstacles in the way. Although the personal support of the DepEd's top leaders is crucial in pushing reform, the TEEP experience also reveals that leadership at the division and school levels is even more important for effective policy implementation. Despite its marginalized status vis-à-vis the DepEd central office, SBM in TEEP prospered because of the leadership of division superintendents and supportive district supervisors. In fact, there is now a critical mass of such leaders at the division and district offices who are capable of taking charge of SBM implementation in other division clusters.

Two points are worth noting with regard to leadership on the ground. First, division superintendents are effective only if they are selected on the basis of their professional capabilities. Second, in the context of SBM and decentralization, it is even more crucial for school heads, whether they be principals, head teachers, or teachers-in-charge, to possess the capacity and sense of mission that classroom reforms demand. The BEAM and TEEP experience attests to many heroic school leaders who have turned the dismal situation of their schools around [TEEP-DepEd, 2005]. Yet, for every

excellent instructional leader and school manager, many more school heads who are either ineligible for the post, have had no formal training, or are too engrossed with credentialing in a system that privileges degrees over performance constrain classroom reform [Luz, 2008].

Cultural barriers

In addition to structural and leadership issues, informal constraints exacerbate the DepEd's difficulty to pursue and sustain education reform.

Inertia and resistance to change. As with other bureaucracies, resistance to institutional change appears to be the rule in the DepEd. The issue of language in teaching and in learning (discussed earlier) illustrates this point.

The DepEd's inertia and general resistance to change is also apparent in its unwillingness to adopt approaches, processes, and procedures that worked effectively in reform projects. By way of illustration, TEEP managed to change the system of budget allocation for elementary schools in the course of its implementation. The project required division superintendents to submit school-by-school accounting of the division funds and material goods delivered to schools from their offices. In contrast, the "traditional" DepEd finance system allowed division superintendents much flexibility but did not require an accounting (not even after the fact) of how much of their budget was allocated for particular elementary schools. Budgetary discretion in this regard has led to the ludicrous purchase, in some instances, of goods that schools do not need at all (e.g., 100 dictionaries for small schools). Unfortunately, this prudent practice TEEP introduced was not sustained.

More regrettable was the curtain call on the drilling down to schools of cash allocations (rather than equivalent goods). This happened even before the practice was voluntarily adopted by all 23 division superintendents. It is interesting that while they agreed to do so in principle, only five division superintendents at project end drilled down the division's MOOE budget to elementary schools based on a formula that privileged the disadvantaged

schools in the division. This was perhaps one policy that superintendents found very difficult to implement, and those who did were commendable for letting go of a major source of power and discretion. It is unfortunate that some of the divisions that drilled down cash earlier have had great difficulty in sustaining the devolution of financial power to schools. The DepEd's universal implementation of this policy under BESRA in the latter half of 2008 was thus starting nearly from scratch rather than building on the TEEP experience.

Reverting to old practices at the end of project life reflects the DepEd's resistance to scaling up changes that work. The inertia of such resistance is rooted in the bureaucracy's prevailing power structure. The division superintendents' decision to renege on their commitment to drill down cash to schools, for instance, or the regional directors' reaction to the drilling down of funds to the divisions illustrates the very real problem of devolving the power of the purse. At the end of the day, the DepEd officials at the central, regional, division, and district levels fear losing control when the hierarchical culture of the DepEd is undermined by the decentralization reform thrust.

Culture of obeisance. Thirty years ago, the late University of the Philippines professor Priscilla Manalang provided snippets of a prevalent culture that survives to this day:

In response to bureau demands, much of the teacher's time was spent in filling out forms and drafting reports to be submitted on specified deadlines. Prior to SY1979-1980, more than 100 reports were expected of the school heads at the end of the school year...whole days were occupied with working on statistics required at short notice...Because there were no office personnel, teachers themselves acted as clerks and typists...On other days...related to their duty was the serving of refreshments or meals to important visitors such as district supervisors and other school officials...teachers even prepare food in the kitchen [Manalang, 1977: 88, 119].

The so-called school "observation visitations" of the higher-ups do not only engage teachers in the choice of gifts for the guests to bring home but also in preparing pupils during class hours to welcome the important visitors.

Socialized in this deferential culture, teachers hardly complain about the multiple tasks they are made to perform outside their primary teaching duty. Nor are they wont to express their concerns to higher authorities. Similarly, school heads, division superintendents, and regional directors, no matter how outspoken, would defer to those above them even if they are more experienced or knowledgeable on an issue.

The culture of obeisance is shored up by tacitly accepted sanctions for disobedience in the bureaucracy. These range from formal punishments—poor performance ratings, delayed promotions, or the threats of a COA disallowance or potential administrative cases—to informal penalties that include withdrawal of privileges, assignment of insufferable or even hazardous tasks, or reassignment to a less preferred unit.

Aside from undermining initiative and resourcefulness within the bureaucracy, the culture of obeisance is linked to the apparent tolerance for wrongdoing in the DepEd (as well as other government agencies in the Philippines). This culture seems to go hand in hand with employees and lower echelon officials turning the other way when faced with misdemeanor in public office, cheating, and generally corrupt practices. Expressing disagreements or taking an ethical stance to correct wrong actions is deemed too inconvenient and risky to one's job or career.

As far as education reform is concerned, the culture of obeisance has another downside that is associated with an otherwise welcome premise—that the human agency of individuals operating at the lowest rung of the bureaucracy cannot be fully eroded, no matter how controlling the bureaucratic structures and processes. The downside is staff resistance to changes affecting normal operations that are imposed from above. This resistance, which morphs into a "weapon of the weak" [Scott, 1987], has the power to undermine reformist initiatives. Even at higher levels of the bureaucracy, bureau

directors can quietly resist changes introduced by their superiors, especially if these are proposed by outside technical consultants.

Minimal compliance to program or project implementation highlights the paradox of the DepEd as a weak institution as far as pushing education reform is concerned and a strong institution in resisting and sustaining much-needed change.

Rethinking the projectization of reform

Transforming the DepEd from a coping and reform-resistant institution into a dynamic and reformist one is its major challenge at this juncture. What will it take to infuse the bureaucracy with the fervor of a reform movement in response to the never-ending lamentations about the deterioration of Philippine basic education?

At first blush, this is almost asking for the moon. However, the BEAM and TEEP experience in more than 40 divisions shows that such movement-like fervor can be approximated without necessarily changing guards. Unfortunately, the passion for change has risen or fallen with the project life cycle. The palpable spirit of ground-level reform in TEEP, for instance, appears to have waned after the completion of the project, supporting the view of skeptical reformists within and outside the DepEd that the institution has no means to carry out reform other than through disjointed externally initiated projects. Hopefully, this is no longer the case.

The Basic Education Sector Reform Agenda

In 2006, the DepEd formulated the Basic Education Reform Agenda (BESRA) and has since forged consensus among different stakeholders on its implementation. BESRA is a comprehensive and sector-wide reform package that is remarkable in many respects.

First, it aims to change the entire sector, and not just specific target sites for pilot implementation. BESRA, thus, addresses the problem of disjoint-

ed and projectized reform.

Second, BESRA parallels the Congress-initiated EDCOM. Lodged in the executive branch of government, however, it promises to overcome EDCOM's weakness of having a strong congressional backing for legislative proposals but "much less influence on eventual action" [Imperial, 2007].

Third, like EDCOM, BESRA integrates past and present education reform frameworks and discourses. Its general objectives are anchored on the targets of EFA and refer to universal access and success for children in basic education schooling. BESRA's discourse adopts the shift from education as the acquisition of knowledge and skills to education as the learning of key competencies. BESRA, like EDCOM before it, thus pays special attention to the language of learning and the decentralization thrust that enhances the relevance and effectiveness of learning programs. In fact, decentralized governance through school-based management as articulated in RA 9155 is the core strategy of BESRA.

Fourth, beyond discourses, BESRA benefited immensely from new research findings on cognitive processes as well as strategies that have actually worked for reform projects like BEAM and TEEP. BESRA's documents, for instance, integrated entire sections of the DepEd-TEEP's SBM manual.

Fifth, BESRA's comprehensiveness is reflected in the five Key Reform Thrusts (KRTs) around which recommendations are organized:

KRT 1: Get all schools to continuously improve with active involvement of local stakeholder.

KRT 2: Enable teachers to further enhance their contribution to learning outcomes using clearly defined competency standards.

KRT 3: Increase social support to attainment of desired learning outcomes by defining national curriculum strategies, multisectoral coordination, and quality assurance.

KRT 4: Improve impact on outcomes from complementary early childhood education, alternative learning systems and private sector participation.

KRT 5: Change the institutional culture of the DepEd to better support these key reform thrusts.

Approaching reform in the broad and multi-component approach of BESRA is a significant deviation from the typical pilot project design that isolates problem variables for intervention.

BESRA as projectized reform

While it offers a way out of the *de facto* “reform of the basic education system through disjointed projects,” BESRA still exemplifies key features of projectized reform. For one, the initiative for BESRA emanated formally from the DepEd but, unlike EDCOM, its formulation was supported by the World Bank. Moreover, the scale of the intended reform throughout the country requires bigger investments for specific components and subcomponents and, hence, financial assistance from foreign donor agencies and the private sector. There seems to be a demand as well for external technical support to read, process, and prioritize the outputs of BESRA. As with previous reform projects involving the department, external consultants rather than an internal DepEd team may be asked to provide the intellectual resources for planning and carrying out the expected reform.

Is there institutional commitment to BESRA such that DepEd executives would push its implementation regardless of their own sense of priorities? Will BESRA be another addition to the country’s virtual museum of well-analyzed, coherent, and discursive reform surveys with recommendations that have wide-ranging implications for education reform, if implemented? Or will it finally catalyze the massive transformation of Philippine basic education (and with it, higher education) from the ground up?

Seeds of hope: When a project is less of a project

Although there are indications that BESRA might just operate like another reform or pilot project, there are important differences in how BESRA will be pursued by the DepEd compared to other

reform projects.

One important difference lies in the reconfiguration of EDPITAF’s management of BESRA. It will differ drastically from the old practice where EDPITAF operated almost completely independently of other DepEd offices. BESRA documents suggest that EDPITAF will involve various sectors in different levels of the bureaucracy not only in the implementation of the project, but also in key planning aspects of the reform activity.

The preparatory work that went into finalizing the BESRA policy proposals already demonstrated this change in practice. The various policy proposals were developed after intensive consultations in workshops organized by consultants and involving various partners—DepEd personnel at the school, division, region, and central/national levels, and key representatives from the CHED, the National Economic and Development Agency (NEDA), the Civil Service Commission (CSC), the Professional Regulation Commission (PRC), business and industry, LGUs, NGOs, private foundations, corporate foundations, academe, among others. This unprecedented level and scope of consultation has contributed to an unusually high level of acceptance of many of the key policy proposals. Enhancing the acceptability of BESRA and broadening stakeholder ownership of the agenda, however, would entail the more active involvement and visibility of the DepEd secretary as its chief advocate and champion.

Interestingly, the involvement of many sectors of the DepEd bureaucracy and external stakeholders would not have been possible without the support of foreign funding and external consultants. Thus, in this particular respect, projectization had its advantages. However, the project management’s (i.e., EDPITAF’s) plan of undertaking a wider and deeper level of consultation of the DepEd bureaucracy, with external funding support and, when necessary, outside consultants to realize this plan, indicates an important shift in defining the relationship between reform project activities and the mainstream of the DepEd bureaucracy.

A similar shift can be found in the creation of the Technical Coordinating Team (TCT) and

technical working groups (TWG) responsible for the various KRTs. The TCT, which is chaired by senior DepEd managers, is responsible for providing central-level coordination and forwarding BESRA recommendations for adoption by the DepEd management. The TWGs, on the other hand, are new quasi-decision-making bodies created within the DepEd bureaucracy that are mandated to plan and oversee the implementation of each of the KRTs. They are, in fact, headed by bureau/service directors. The introduction of TWGs partially addresses the original concern regarding the marginalization of large sectors of bureaucracy, as the TWGs bring in the perspectives of other sectors through their representatives.

Another important development relates to the extent to which the DepEd has engaged the larger public in its BESRA advocacy. The DepEd has pushed BESRA rather strongly as the framework for all reform activities in Philippine basic education, including foreign-assisted reform projects. Its advocacy with the donor community was so effective that most members of the international donor community now only support projects that fall within the specific reform components of BESRA.

An unintended consequence of this advocacy is the forged unity of the international donor community behind a common resolve to make BESRA work. Collectively, foreign donors now have a clear framework for ensuring that the DepEd only pursues reform activities that are aligned with BESRA. Suddenly, and perhaps unwittingly, the DepEd has thus put itself in a position of having stronger accountabilities to the donor community, which is its main benefactor for the more expensive aspects of BESRA.

But the increased external accountabilities are not only established in relation to foreign donor agencies. Even local stakeholders now stand in a stronger and clearer position to hold the DepEd accountable for the progress of BESRA. The captains of industry led by the Philippine Business for Education, for instance, adopted BESRA as the framework around which their own intervention projects and advocacies will revolve. Other private foundations are likewise aligning their

education-related projects to the BESRA principles and designs. These commitments were built by extensive consultations and advocacy work with these groups. Therefore, the stakeholders have a deep understanding of BESRA and would know when the DepEd is not toeing its own line.

The more extensive involvement of the DepEd bureaucracy, the wide consensus building that includes varied education stakeholders, and the increased levels of accountability being exacted from the DepEd are important features of BESRA that address some of the key limitations of the DepEd's projectized reforms. These positive developments remain tenuous, however, since the DepEd can easily revert to old practices when the BESRA implementation becomes too difficult or when leaders at the top echelons of the bureaucracy fail to prioritize BESRA reforms.

Moving BESRA forward

The following recommendations aim to support the DepEd's difficult struggle to move BESRA forward and, in the process, strengthen its institutional capacity for education reform.

■ Constitute the Technical Coordinating Team (TCT) as the central command of the BESRA reform process; assign the accountability for decentralized reform to its members. A reform movement as wide in geographical coverage and deep in substantive scope as BESRA demands committed cadres at the highest echelon of the bureaucracy. While it may be unrealistic to expect all members of the TCT to give BESRA their full attention, it is nevertheless urgent for one or two members of the team to treat BESRA as their time-bound project and work full time in managing, monitoring, coordinating and, if necessary, filling gaps and troubleshooting the complex implementation of BESRA throughout its different phases. Backed by the authority of the DepEd secretary, the ones in charge should be accountable to the TCT, the central command of the reform operations which ought to meet regularly and in full force to assess the progress of BESRA.

■ **Reconfigure the role and operational functions of the central office and lower levels of the bureaucracy.** To carry out the BESRA strategies, it is necessary to redefine the role of the DepEd central office, including its various bureaus. The DepEd's top-down management process, in which no one down the line moves without an explicit memo from the central office, is antithetical to the core values of decentralization in BESRA. As such, it needs to be reconfigured.

For the schools to be truly empowered, the central office might have to take on functions other than prescribing particular practices. Perhaps it should take on roles that are more similar to orchestrating different units and ensuring that they move toward the same goal, even as they may move through various routes. For example, the central office might focus on helping different schools and communities determine which among the various types and levels of reform interventions are more appropriate, given the characteristics of the schools and the communities. In this regard, there would be a need to reconfigure the functions and processes of the regional and division offices as well. Such reconfigurations would require capacity building for the DepEd staff even at these higher levels of the bureaucracy.

While the roles and functions at different levels of the DepEd are being reconfigured, it might be opportune to begin rethinking the organization of the bureaucracy. Rather than the present structure based on education levels (e.g., elementary, secondary), the department bureaus might be rationalized along more functional lines (e.g., quality assurance, learning contexts and strategies, alternative learning systems). The functional integration of existing levels promises to enhance crosscutting policy and program reform.

■ **Assess and manage resistance to change.** One of the key issues relates to the DepEd's ability to absorb the consequences of many of the BESRA policy thrusts. Decentralization through SBM is such a major policy shift that it is quite likely for a huge bureaucracy like the DepEd not to fully appreciate its consequences for the department's functioning

at many levels. The seemingly equivocal position of some DepEd representatives on the district supervisors' lobby in Congress to amend RA 9155 attests to this.

It is recommended that the DepEd take deliberate steps toward assessing and anticipating the risks at different levels of its operations. These include risks at the community and school level, keeping in mind the wide diversity of economic and sociopolitical conditions surrounding the over 50,000 schools in the country. There are also important risks related to the middle and higher levels of the DepEd bureaucracy, whose members can very easily undermine the decentralization efforts. Anticipating these risks, learning from the experiences of BEAM and TEEP, and, more importantly, mobilizing the DepEd's human resources and social capital to rally support among the DepEd's officialdom for BESRA should contribute toward fine-tuning the implementation aspects of its policy thrusts [Box 2.4].

■ **Strengthen TWGs and multisectoral decision-making processes.** The creation of TWGs is a positive step toward gaining more widespread ownership of the outcomes of projectized reforms. However, the effectiveness of the TWGs is highly dependent, first and foremost, upon the sense of accountability of members, most especially the chair, for the success of their respective KRTs. It also depends on whether the TWGs remain truly representative and strive to forge consensus within their constituencies. The risk of unilateral decision-making is likely when sector representatives start viewing their participation as merely token, and are not actually part of the decision-making and planning processes.

There are two ways by which the multisectoral representation in the TWGs can be strengthened. First, the DepEd could find a way to provide financial, material, and human resources to support genuine consultative activities of the different TWG members. The suggestion clearly has a strong projectized flavor, but infusion of external support for such consultative activities can only work to further strengthen the push toward more decentraliza-

tion. Second, the outputs of the TWGs should carry more weight in the final plans and decisions of the DepEd as an institution. This suggestion might require drawing more direct lines of reporting and accountability from the TWGs to the DepEd's central decision-making group.

■ **Expand advocacy for and the social marketing of BESRA.** Getting the entire DepEd bureaucracy to become more aware of BESRA and commit to it in the shortest possible time is urgent. There is still a lack of awareness, if not resistance, halfheartedness, or skepticism about BESRA even among the ranks of undersecretaries and assistant secretaries. Beyond the DepEd, the commitment of more sectors to BESRA would rebound to a stronger network of support and create a larger community that can demand accountabilities from the department.

In the short term, advocacy and social marketing will provide the DepEd the resources to augment its limited coffers. The success of the Brigada Eskwela is an important case in point. Over the long term, this wide social network will be a watchdog that will keep the bureaucracy on its toes, so to speak. The target of such advocacy and marketing efforts should include key sectors of the government bureaucracy, especially both houses of Congress, as well as the private sector.

■ **Prioritize capacity building.** The key features of reform directed at decentralization involve empowering and capacitating sectors of the DepEd bureaucracy that have traditionally been left to fend for themselves and make do with what little they have. For decentralization to work, the DepEd needs personnel, especially teachers, who can be effective in spite of the limited resources at their disposal. The DepEd should, therefore, prioritize efforts to build capacities among its staff, and focus on capacity building that is self-sustaining in the long term.

■ **Continue developing efficient systems of procurement, financial management, human resources, and formula-based allocation of MOOE.** The aide memoir on the implementa-

tion of BESRA noted improvements in the system of procurement of goods. It cited, for instance, that the DepEd's decision to unbundle the procurement of book manuscripts from printing contributed to the lower price of textbooks.

In the area of financial management, however, the aide memoir observed that much more work is needed in implementing agreed upon financial management systems that are in accordance with the New Government Accounting Systems, various COA and DBM circulars, and other rules and regulations. In connection with formula-based MOOE allocation, the drilling down of funds directly to schools via this formula would go a long way in improving financial management at the lowest levels of the bureaucracy and, more importantly, in giving SBM an extra push through greater empowerment of school heads.

■ **Prioritize efficient and cost-effective interventions.** Given the volatility of the fiscal situation that surrounds the DepEd's operations, it is not likely that the material resources available will improve dramatically in the future. The DepEd's dependency on donor organizations is understandable as it pushes for major reforms, but there are long-term consequences of such dependence. Thus, the DepEd should push for reform activities that do not require additional infusion of external funds, but instead involve more cost-effective use of existing funds at all levels of the bureaucracy. In the long run, the goal of the DepEd is to undertake reform or school improvement efforts that are no longer implemented as an externally funded project.

■ **Define new metrics of success.** At some point, when the consequences of BESRA become more concrete, the DepEd will need to develop appropriate metrics for assessing its progress. Clearly, some of the standard metrics such as participation rate, cohort survival rate, dropout rate, and all those defined in the EFA 2015 need to be preserved, albeit with a common operational definition among actors at all levels of the bureaucracy. But in some of the more important

Box 2.4. The decentralization of health services and lessons for education

Since 1991, local government units or LGUs have assumed a greater role in the financing of basic education and in the provision of health services. The expected gains from the devolution are based on the assumption that LGUs have better information about the preferences of their constituents, and also better incentives to act on their superior information because of their direct accountability to the service clients. It can be argued, however, that a national government agency can achieve the same informational advantage if some functions of the central office are assigned to the local offices.

The Department of Education (DepEd) adopted this particular form of decentralization in 2001 when it deconcentrated administrative and fiscal powers and responsibilities to school-level authorities. While the question of whether devolution or deconcentration is the better alternative to achieve desired education outcomes cannot be answered directly at this time, a number of lessons from the country's experience with health decentralization may inform policy discussions.

First, a big bang approach to devolution does not always work. The whole process of transferring health functions, services, and personnel to LGUs was completed in almost a year only. The advantage of the big bang approach was that resistance to reform was preempted. The disadvantage was that legitimate concerns and issues were not articulated and studied.

The schedule of the school-based management (SBM) rollout seems to be too fast. According to plan, by the end of school year 2008-2009, already some 80 percent of all public primary and secondary schools will have advanced to mature level of SBM standard. This means that, among other things, the LGUs will have institutionalized a multi-year budgeting for the Special Education Fund (SEF). Very few LGUs have the requisite technical, political, and financial capacity to do so.

Second, finance should follow function to each LGU. This means that each LGU should get adequate incremental fiscal resources to finance its share in the devolved function. This should avoid the past situation where many provinces and municipalities were unable to sustain their health financing. Also, each LGU should understand that they get the incremental resources because of the devolved functions. This should disabuse local officials from thinking that they can refuse additional expenditure responsibilities.

A first step toward ensuring this is already done under the SBM initiative through the estimation and direct transfer of MOOE (maintenance and other operating expenses) budget to each school or school cluster. These estimates will provide the basis for the required incremental resources needed by individual LGUs were they to manage the school themselves. This does not necessarily mean, however, that LGUs should be tied to spending their incremental resources on education alone. They should still be given the freedom to determine exactly how to spend their additional funds for education.

Third, the welfare of the devolved personnel should be protected. The working condition, career paths, job description, and the prospects for professional development of the local health workers effectively and largely changed for the worse after 1991. The Department of Health (DOH) should have planned for the transition of its personnel to the local bureaucracy to ensure that the original terms of their employment contracts were respected or approximated in their new posts.

Protecting the welfare of devolved personnel might involve some changes in civil service and audit rules. The DepEd may have to provide supplemental funds to the low-income LGUs to ensure that the devolved school staff will get the same salary levels as before.

Fourth, the systems of political and bureaucratic accountability should be improved. While the Local Health Board (LHB) was designed as venue for public participation in health planning, many of them were either not constituted or did not continue to function. Hence, they failed to provide the check and balance necessary to steer health service delivery and financing in the public's favor. Further, health is hardly a local election issue.

The Local School Boards (LSB) should be organized and made functional, as is already being pursued under the SBM initiative. To improve political accountability, teachers should be absolved of their election duties. Through social advocacy, the DepEd can also ensure that voters and candidates will take education as a local election issue.

Other accountability issues are the establishment of a School Governing Council (SGC) in addition to making the LSB more functional, where the DepEd, in cooperation with the Department of Interior and Local Government (DILG), may want to expand (1) the LSB membership to include those in the SGC who are not yet LSB members and (2) the functions of the LSB to include those of the SGC.

Also, there is the issue of accountability of the school principal to the LGU/LSB, who should ideally have some say in their hiring, promotion, retention, retirement, or dismissal. To avoid abuse, however, an objective system of LSB evaluation

of the school head should be adopted.

Finally, incentives of DepEd bureaucrats should be changed and aligned more closely with the outcome of the institutionalization and not be based on outcomes of pilot SBM projects.

Fifth, a system of monitoring and evaluation should be in place before the devolution rolls out. One of the unfortunate consequences of devolution was the fragmentation of the health information and surveillance system. Many local health personnel submit their reports to their local chief executives, many of whom neither have the time nor technical appreciation of health data. Hence, the DOH did not have a complete and timely basis for its planning.

Again, the SBM initiative is already putting in place a useful monitoring system, including a scheme for tracking the sources and uses of school funds and student performance. The only remaining concern is that the local monitoring systems will continue to be linked up to the national level.

Sixth, first be strategic, then tactical. Considering that devolution was a major organizational change for it, the DOH only organized an ad hoc unit—the Local Government Assistance and Monitoring Service (LGAMS)—rather than empowered regional units to deal with issues and problems concerning the LGUs. Moreover, the DOH central office continued to administer the vertical health programs and the so-called retained hospitals. A strategy, the Health Sector Reform Agenda (HSRA) was finally crystallized only during the term of President Joseph Estrada.

With the Basic Education Reform Agenda (BESRA), the DepEd has already made the first step in being strategic. All that the DepEd needs is to build on its previous experience to adapt the BESRA to a devolved setting.

Seventh, bottom-up planning is better than top-down planning. The DOH soon realized the need to listen to the LGUs first before making any plans. Toward this, the DOH reengineered itself by strengthening its regional offices. It then supported the LGUs in formulating their province-wide investment plans. These plans then became the basis of DOH interventions in the localities.

Bottom-up planning is one approach that DepEd has yet to institutionalize. The school budget planning that the LSBs do is limited to the SEF; the rest of the school budget is determined at the regional and central level. Bottom-up planning may be necessary even under the present situation because there might be wide variations across schools to warrant various SBM configurations. The baseline assessment of the SBM initiatives should include information and analysis of the school environment, including the proclivities and abilities of target partners, before any SBM initiatives can be drawn up for each school.

Eighth, the appropriate role is that of a steward, not a general. The DOH now understands that it can only guide and try to influence local health systems. While it helps LGUs make informed decisions, it also accepts that they are “free to fail” under autonomy.

In a way, by making the schools develop their own school improvement process and annual investment plans under the SBM initiative, stewardship is already exercised. A good consequence of this will be the germination of local best practices in education service delivery and financing. A bad consequence, of course, could be the deterioration in education quality in some places.

Ninth, leverage grants and minimize use of unconditional transfers. Instead of providing unconditional transfers which only encouraged dependence on the DOH, the DOH is now shifting to a contractual mode when it deals with LGUs. For example, when it provides resources, service agreements specify the rights and responsibilities of the DOH and LGU, as well as performance benchmarks used to measure compliance.

Under the SBM grants scheme, the school is made to compete for grants by submitting proposals. As an extension, the DepEd may want to leverage the SBM grants for greater SEF commitment to support the school plans as approved by the LSB.

Tenth, promote minimum service standards more than best practices. The DOH tried to both implement minimum service standards and encourage best practices. Replicating the best practices, however, proved to be difficult partly because it is hard to standardize practices so that they can be adopted elsewhere. In contrast, minimum service standards are more easily and widely enforced. The Sentrong Sigla seal of quality proved to be enough incentive to many LGUs to upgrade their health facilities.

Source: Capuno [2008]

BESRA goals, particularly those related to school-based management, teacher quality, and the attainment of curriculum standards, the DepEd will need to develop better assessment tools and assessment systems. For example, if some schools successfully develop learning modules that involve indigenous learning resources, textbooks may become superfluous. Thus, the metric of one textbook per student may no longer be appropriate.

The most important metric to develop, however, relates to student learning. The performance of BEAM schools in higher-order thinking, for instance, suggests that some schools are helping students achieve much higher levels of attainment that are not being measured by the DepEd's existing tests and measures. But the need for new success metrics should also apply to the various levels of the DepEd bureaucracy as they take on new functions. One of the more effective ways of facilitating the transitioning into new responsibilities is the adoption of appropriate performance appraisal systems with corresponding success indicators.

In conclusion, BESRA offers the very real possibility of shifting out of an externally induced, disjointed, and projectized mode of pursuing education reform. The biggest challenge facing the DepEd today is how to substantiate, operationalize, and implement BESRA with firm resolve and unflinching commitment. Addressing this challenge calls for focused orchestration at the highest levels of the institution through

a proactive Technical Coordinating Committee which should meet more often than once in six months; transformative leadership at the central, regional division, district, and school levels of the bureaucracy; strong partnerships with an ever expanding community of education reform advocates and change catalysts in government, academe, the private business sector, nongovernment organizations, donors, and geographic communities; and a critical mass of organic staff and DepEd partners who will pursue clearly defined goals and strategies with the fervor, sense of urgency, and mission of reformists who are bent on making a difference for future generations of Filipino children.

Hopefully with BESRA, the DepEd can begin to change the structures, processes, procedures, mindsets, and behavioral practices that have thwarted the transformative potentials of reform interventions since Counts wrote his critique of Philippine education in 1925.

CHAPTER 3

Provinces and human development

The 2008/2009 Philippine Human Development Report (PHDR) is the sixth in its series, and the fifth update of the provincial human development indices (HDIs). It covers the period 2004 to 2006, encompassing the 2004 presidential and local elections, various challenges to the President's legitimacy, and ten destructive typhoons that struck the country in 2006, affecting 2.4 million families. The gross domestic product (GDP) from 2004 to 2006 grew by 4.3 percent, higher than the country average over the previous two decades. So if performance were to be gauged based on GDP alone, the country's economic development managers would receive high marks. However, it is *outcomes* that matter from a human development perspective rather than *incomes*.

The first PHDR [1994] contained only regional estimates of HDIs. Provincial estimates for 1991 and 1994 were introduced in the second Report [1997]. Succeeding issues in 2000 and 2002 likewise compared provincial HDIs for 1994 and 1997, and for 1997 and 2000, respectively. The fifth Report [2005] then presented a provincial HDI series comparable over time covering 1997, 2000, and 2003. This series is extended to 2006 and further reestimated and refined for comparability based on new census and survey data for this sixth Report.

Other measures related to human development—Gender-related Development Index (GDI) and the Human Poverty Index (HPI)—are likewise updated in this Report.

Human Development Index

The HDI is a summary measure of human development that seeks to measure the average achievement in a country in three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living [UNDP, 2007]. It is motivated by the principle that income alone cannot faithfully reflect the basic dimensions of human development. Income is a *means* toward human development, not an *end*. The United Nations Development Programme (UNDP)

publishes a global Human Development Report (HDR), which quantifies these three dimensions across countries using life expectancy at birth, adult literacy and combined primary, secondary, and tertiary enrollment rates, and adjusted per capita GDP in purchasing power parity (PPP) US dollars.

In the latest edition of the HDR for 2007/2008, the Philippines ranked 90th among 177 countries, down six places since the preceding computation when it was ranked 84th. Although its ranking dropped, the country remained in the category of countries with “medium human development” and its HDI maintained its upward trend from 0.758 in 2000 to 0.771 in 2005. Functional literacy rates and gross enrollment rates continued to be above that of the medium group average by 18.7 percent and 24.2 percent, respectively, an advantage that allowed the country to rank much better in terms of HDI than in terms of per capita GDP by 11 notches. Its GDP per capita relative to the group average did improve, however, from a level slightly below the group average in 2000 to a level 5 percent above it. The Philippines also maintained its creditable record in the Gender-related Development Index (GDI), a measure that adjusts HDI for gender inequality. Among the 157 countries with a similar GDI value, the Philippines’ rank was four notches better than its HDI rank.

Its position among other countries notwithstanding, what is more useful for domestic policy purposes are the subnational disparities in the measured subcomponents of human development, which are not revealed by national averages. This chapter presents these subnational or interprovince measures and identifies which provinces have performed better or worse across time in each component of the Human Development Index.

Longevity

A long and healthy life is proxied by achievements in life expectancy at birth. Life expectancy figures for 2006 are derived from a straight-line regression using newly computed life tables based on 2000 Census data [Cabigon, 2009] and previous life tables for 1995 [Cabigon and Flieger, 1999]. This improves

on the life expectancy estimates presented in the last five issues of the PHDR, which relied on the same straight-line interpolation using data points for years 1990 and 1995. **Table 3.1** shows the provinces with the highest and lowest life expectancy projections for 2006 while **Figure 3.1** shows provinces with the largest and smallest gains in life expectancy between 1980 and 2006.

Table 3.1 Life expectancy (2006)*

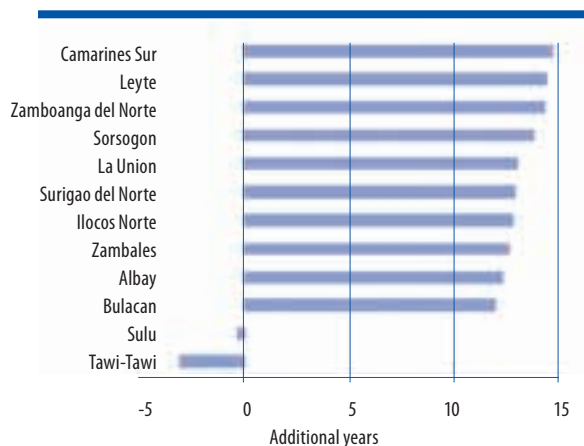
Top Ten	Years	Bottom Ten	Years
La Union	74.6	Agusan del Norte	63.6
Bulacan	73.4	Mt. Province	62.8
Ilocos Norte	73.0	Apayao	62.8
Camarines Sur	73.0	Palawan	62.7
Benguet	72.9	Kalinga	61.9
Cebu	72.6	Ifugao	61.2
Batangas	72.6	Lanao del Sur	58.7
Pampanga	72.4	Maguindanao	57.6
Cagayan	72.0	Sulu	55.5
Albay	71.9	Tawi-Tawi	53.4

* Linear projection based on 1995 and 2000 actual estimates

Source: Statistical Annex 1

On the average, those born in 2006 in La Union are expected to live 74.6 years, the longest among Filipinos, followed closely by those from Bulacan, Ilocos Norte, Camarines Sur, and Benguet. On the other hand, those born in four provinces in the Autonomous Region of Muslim Mindanao (ARMM), four provinces in the Cordillera Administrative Region (CAR), Palawan, and Agusan del Norte are expected to live the shortest. Those in the ARMM provinces of Tawi-Tawi, Sulu, Maguindanao, and Lanao del Sur are worst off, with those in Tawi-Tawi expected to live 21 years less than those in La Union. The high disparity in life expectancy observed across provinces is likely explained by disparities in access to quality health care.

**Figure 3.1 Largest and smallest gainers:
Life expectancy (1980-2006)***



*For 1980, actual estimates from Flieger and Cabigon [1994].
For 2006, linear projection from 1995 and 2000 actual estimates

Changes in life expectancy are better manifested over long periods. Over the last 26 years from 1980 to 2006, life expectancy improved for all provinces except two—Tawi-Tawi and Sulu, where life expectancy alarmingly dropped from 56.4 years to 53.4 years (or by 10.6 percent) and 55.8 to 55.5 years (or by 0.9 percent), respectively.

Maguindanao and Lanao Sur registered small gains, as did Batanes, Palawan and, surprisingly, Pangasinan. The biggest improvements were registered in Camarines Sur, Leyte, and Zamboanga del Norte, where more than 14 years were added to life expectancy, followed by Sorsogon, La Union, Surigao del Norte, Ilocos Norte, Zambales, Albay, and Bulacan. On the national level, Filipinos born in 2006 live 70.6 years or about eight years longer on the average compared to those born in 1980, an improvement in the life expectancy of roughly three years every decade.

Knowledge

In the PHDR, subnational achievements in knowledge are measured as a weighted average of the high school graduate ratio and the basic education enrollment rate. Introduced in the 2002 PHDR, these components modify the education index as computed by the global HDI. High school

graduate ratio, given a weight of two-thirds, is the proportion of at least high school graduates among individuals aged 18 and above and is a good approximate of adult literacy rate used by the global HDI. Basic education enrollment rate, given a weight of one-third, is the gross enrollment rates in elementary and high school (see Technical Notes).

Table 3.2 High school graduate ratio (2006)

Top Ten	Percent	Bottom Ten	Percent
Benguet	76.6	Basilan	38.9
Rizal	73.9	Western Samar	37.4
Cavite	73.7	Tawi-Tawi	37.4
Laguna	72.5	Northern Samar	34.9
Bataan	72.0	Zamboanga del Norte	34.0
Pangasinan	69.8	Negros Oriental	33.6
La Union	66.5	Masbate	32.3
Batanes	65.5	Davao Oriental	29.9
Pampanga	65.3	Sarangani	28.4
Abra	64.7	Sulu	23.1

Note: Metro Manila 81.1

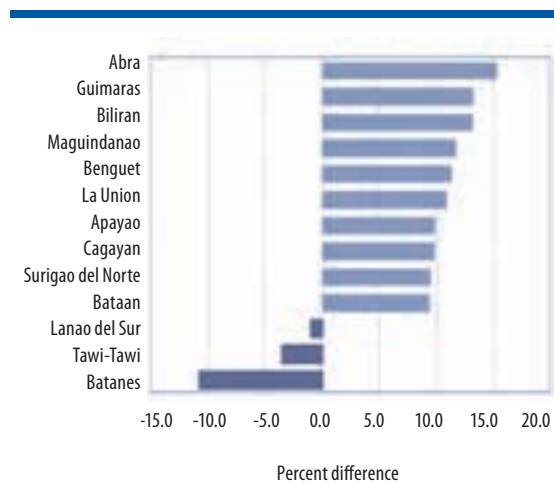
Source: Statistical Annex 1

For the country as a whole, the proportion of high school graduates among adults in 2006 was 55 percent, an improvement of three percentage points and about nine percentage points from its 2003 and 1997 levels, respectively. Metro Manila tops the rankings with about four in every five adults finishing high school. Benguet follows closely with about seven in every nine adults completing secondary education (**Table 3.2**). As expected, provinces contiguous to the metropolis such as Rizal, Cavite, and Laguna have relatively high ratios as do provinces along the northern Luzon corridor of Bataan, Pampanga, Pangasinan, La Union, and Benguet.

Abra registered the greatest improvement, with an increase of 15 percentage points from its value in 2003, followed by Guimaras and Biliran with a

13 percentage point increase (**Figure 3.2**). Other provinces with gains of at least nine percentage points include Maguindanao, Benguet, Apayao, and Surigao del Norte. Only three provinces out of 78 registered drops in ratios, led unexpectedly by Batanes, which had the highest ratio in 2003 but registered a decrease of almost 11 percentage points in 2006. Tawi-Tawi and Lanao del Sur also slid by 3.5 and 1 percentage point, respectively.

**Figure 3.2 Largest gainers and losers:
High school graduate ratio (2003 vs. 2006)**



Source: Statistical Annexes 1 and 2

Unlike the high school graduate ratio, basic education enrollment rates hardly improved in the overall, staying steady at 91 percent between 2002 and 2004. Alarmingly, enrollment rates actually dropped in three quarters of all the provinces.

The province of Batanes remained on top spot, as it did in 2002, with all primary school-age children enrolled, followed closely by Mt. Province, Camiguin, and Benguet (**Table 3.3**). New entries to the top list were Aurora, Rizal, Ilocos Sur, Antique, Surigao del Sur, Camiguin, and Misamis Occidental, which replaced Zambales, Misamis Oriental, Kalinga, Ifugao, Aklan, Ilocos Norte, and Southern Leyte, which ranked high in 2002. The bottom list was still dominated by Mindanao provinces, including Lanao Sur, Bukidnon, Davao Oriental, North Cotabato, Tawi-Tawi, and Zamboanga del

Table 3.3 Basic enrollment rate (2004)

Top Ten	Percent	Bottom Ten	Percent
Batanes	100.0	Lanao del Sur	85.0
Mt. Province	94.6	Bukidnon	84.6
Camiguin	94.3	Kalinga	83.2
Benguet	93.8	Davao Oriental	81.9
Misamis Occidental	93.4	Tawi-Tawi	81.8
Surigao del Sur	93.4	Negros Oriental	81.0
Antique	92.8	North Cotabato	79.6
Ilocos Sur	92.8	Zamboanga del Norte	79.4
Rizal	92.5	Sarangani	78.7
Aurora	92.5	Maguindanao	75.2

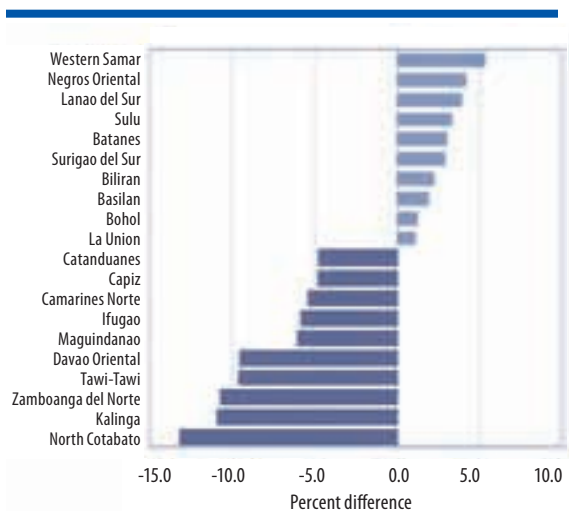
Note: Metro Manila 92%

Source: Statistical Annex 1

Norte. Basilan and Sulu moved out of the bottom list, however, as did Camarines Sur, Biliran, and Western Samar.

Among the largest gainers in basic enrollment were Western Samar, Negros Oriental, Lanao del Sur, Sulu, Batanes, and Surigao del Sur, each registering at least three percentage points more from 2002 levels (**Figure 3.3**). These improvements were enough for Western Samar and Sulu to move out of the bottom list within the last two years. Very worrisome declines are observed in provinces such as North Cotabato, Kalinga, Zamboanga del Norte, Tawi-tawi, and Davao Oriental, which experienced a drop of 10 percentage points or more.

**Figure 3.3 Largest gainers and losers:
Basic enrollment rate (2002 vs. 2004)**



Source: Statistical Annexes 1 and 2

Standard of living

In the HDI, a decent standard of living is proxied by an income measure, which serves as a surrogate for all the dimensions of human development not reflected in a long and healthy life and in knowledge [UNDP, 2007]. Ideally, a decent standard of living per province would be measured by provincial

per capita GDP. However, per capita GDP data is disaggregated up to the regional level only. Thus, estimates for provincial per capita income are based on the Family Income and Expenditures Survey (FIES), albeit with two adjustments introduced in the 2002 PHDR to ensure comparability over time and space. First, nominal income is adjusted to 1997 price levels using published regional consumer price indices. Second, income estimates are adjusted using provincial cost-of-living indices estimated by Balisacan [2001].

Extracting provincial-level estimates from the FIES has been highly problematic through the years, and the estimation using the latest FIES in 2006 is no exception. In the course of computing real per capita incomes using the 2006 FIES, unusually large income variances were observed within each province, higher in fact than those encountered using the 2003 FIES [Box 3.1]. Further, the problem could not be addressed by computing for 1 percent *trimmed mean* of per capita income across all provinces (which was the rule applied to the 2003 FIES data) or, for that matter, any uniform trimmed mean up to 5 percent. Instead, a *non-uniform* trimming rule was applied: Data from each province was trimmed up to the point where within-province variances came as close to the variances observed in 2003. Because of this, the

Figure 3.4 Mean per capita income (1997-2006)



Source: Statistical Annexes 1 to 4

Box 3.1 The Family Income and Expenditure Survey: Indispensable but how reliable?

The Family Income and Expenditure Survey (FIES) is the most comprehensive source of information on household incomes used in computing human development indicators. This nationwide survey has been undertaken every three years by the National Statistics Office (NSO) since 1985 (prior to 1985, it was undertaken in 1957, 1961, 1965, 1971, and 1975), during which time the questionnaire design, procedure, and processing systems have largely been maintained.

The FIES is designed to be representative to the regional level, as are other household surveys of the NSO. Because regional estimates are of little use for policy purposes, however, practitioners, including the Human Development Network, have extracted provincial-level income estimates. Used with caution, these estimates have been deemed acceptable for getting a picture of relative trends in welfare over time.

Beginning 2003, however, unusually large income variances within provinces were observed.¹ Specifically, when the FIES 2003 was used to estimate provincial per capita incomes for the 2005 Philippine Human Development Report (PHDR), it was observed that most coefficients of variation (CVs) of mean provincial per capita incomes were extremely high compared to CVs computed in the previous FIES years [Box Table 11]. This problem was addressed by the *trimmed means* technique, which entailed excluding samples at the extreme ends to obtain the true mean income of each province (see Technical Notes). However, when the same 1 percent—or 0.5 percent from both ends—trimming rule used on the 2003 FIES was applied to the 2006 FIES data for this Report, CVs for majority of the provinces did not substantially improve.

Box Table 11 Per capita income coefficient of variations across time

Year	Minimum	Maximum
1997	98.1	16.7
2000	178.9	9.9
2003	272.8	16.6
2006	128.6	19.6

Further, the 2003 and 2006 FIES nonresponse rates—the percentage of unsuccessful interviews to target sample size—increased **fivefold** to 16 and 22 percent, respectively, from previous averages of 3 percent from 1985 to 1994 and 3.5 percent for 1997 and 2000 [Box Table 12].

Box Table 12 FIES nonresponse rates (1985–2006)

Survey year	Target sample size*	No. of successful interviews	Nonresponse rate
1985	17,495	16,971	3.0
1988	19,897	18,922	4.9**
1991	25,516	24,789	2.8
1994	25,516	24,797	2.8
1997	41,000	39,520	3.6
2000	41,000	39,615	3.4
2003	50,000	42,094	15.8
2006	50,000	38,483	23.0

* Target sample size was adjusted in each survey round to account for population growth and ensure reliability of estimates derived from the survey data.

** All records for the province of Rizal were lost to a fire and counted as nonresponse.

The reasons for nonresponse included refusals, critical peace and order condition in survey areas, and migration. It is difficult to attribute such a large increase in nonresponse solely to these reasons, however. More than likely,

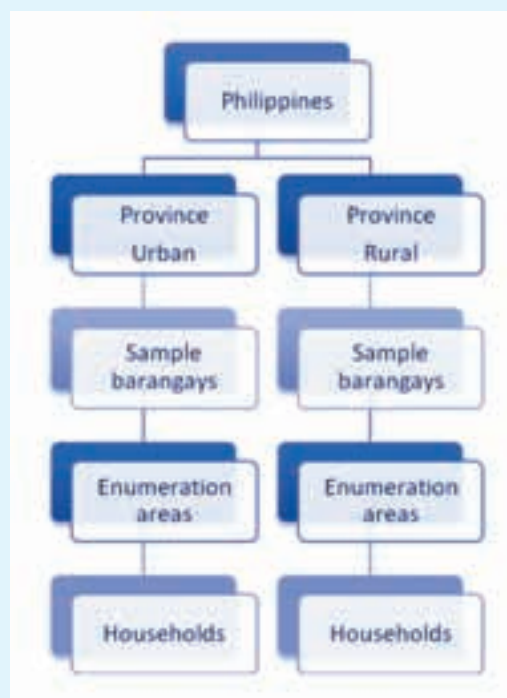
significant modifications to the FIES sampling design and data collection procedures that were introduced in 2003 played a part. What were these modifications?

Sampling design

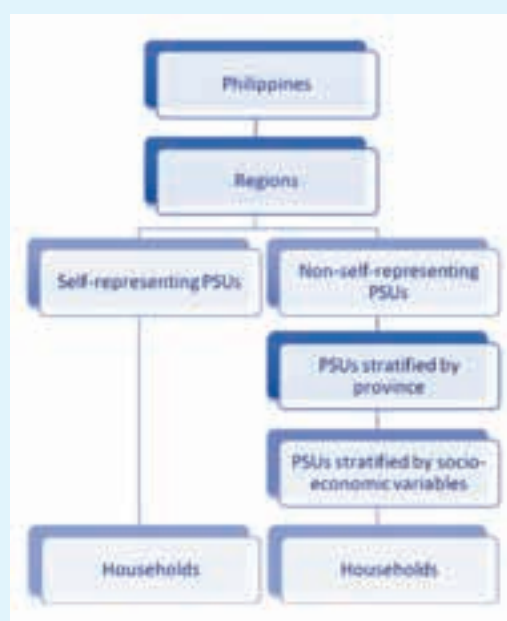
The FIES sampling design adopts the integrated survey of households sampling scheme. From 1985 to 2000, this has been a multistage design consisting of barangays as *primary sampling units* (PSUs) and urban and rural areas of each province as *domains*. The first stage involved the selection of sample barangays within each domain followed by the selection of sample households within the sampled barangays at the second stage. In 1997, an additional stage identifying *enumeration areas* was added before the selection of sample households [Box Figure 2]. Further, 23 more domains were included and more samples—41,000 households from 25,000 previously—targeted.

A totally different sampling design was introduced in 2003 as a result of the new master sample being implemented in all household surveys conducted by the NSO [Box Figure 3]. Now, the regions are the domains, and barangays (or a group of contiguous barangays within the municipality) with at least 500 households are the PSUs. The PSUs are then classified as either *self-representing* or *non-self-representing*. Self-representing PSUs are large PSUs where the certainty of being sampled is high. Non-self-representing PSUs undergo further stratification by province and then by proportion of strongly built houses, proportion of households engaged in agriculture, and per capita municipal income. Enumeration areas are then sampled from the sampled PSUs in each explicit stratum. The final stage is the selection of sample households within the enumeration areas.

Box Figure 2 Integrated survey of households sampling scheme (1985-2000)



Box Figure 3 Integrated survey of households sampling scheme (beginning 2003)



Rotation of samples

All the household surveys of the NSO identify respondents from the master sample. To avoid respondent fatigue, a rotation scheme is devised to avoid the possibility of interviewing a set of samples repeatedly in a short period of time. Previous to 2003, one-fourth of the samples were replaced every quarter. Since the FIES is conducted every three years, there were no sample overlaps between two survey rounds.

The latest master sample follows the same frequency of replacement in a given year (quarter replacements). However, half of selected samples are common for a quarter in consecutive years (i.e., if respondent X was sampled for the January round of Labor Force Survey or LFS in year Y₁, then he will be interviewed again for the January round of LFS in the following year Y₂). In the case of FIES, a quarter of the respondents in the 2003 survey round were also respondents in the 2006 survey round.

Manner of data collection

The survey rounds of 1985 to 2000 adopted the “shuttle type” of data collection: The respondents were interviewed twice in separate survey operations but using one questionnaire to record all responses. The first visit, conducted in July, used January 1 to June 30 of the same survey year as reference period, while the second visit, conducted in January of the year following the survey year, used July 1 to December 31 of the survey year as reference period. This scheme was designed to minimize memory bias among respondents and to capture seasonality of household income sources and expenditure patterns.

Starting in 2003, the shuttle questionnaire was no longer used. Rather, responses of the same household were recorded in two separate questionnaires, one per visit.

Clearly, the high CVs and nonresponse rates observed of the FIES are alarming enough to merit an immediate evaluation by the NSO of its survey methodology, particularly the innovations undertaken in recent years. If the country is to meet its goals as regards reducing income poverty and improving human development outcomes in the overall, policy makers need to be able to locate the poor and monitor the impact of programs and policies at a fine level of disaggregation and with some degree of confidence. However, if the reliability of the FIES continues on its downward trend, this information will not be forthcoming.

¹ The CVs are relatively high to begin with because these are computed at per capita levels of incomes while the FIES is a household survey. If CVs are computed for household incomes, the values are actually low as can be seen in official data publications of per capita incomes.

rankings of provinces with respect to levels of per capita income and changes in these levels between 2003 and 2006 cannot be viewed as precise.

On the average, real per capita incomes have been declining [Figure 3.4]. The national estimate for 2006 is P24,727, or about 10 percent lower than the estimate in 2003. Curiously, the national income accounts reported a steady positive growth in per capita GDP over the same period, indicating a disconnect between the behavior of the macro economy (its expansion) and per capita income levels.

The decrease in mean per capita income is reflected in per capita income declines in 50 provinces between 2003 and 2006. **Table 3.4** shows the top gainers and losers (again, these relative rankings must be viewed with caution). Tawi-Tawi experienced the sharpest decline with an almost 42 percent decrease in real per capita income. Other provinces that experienced dramatic declines are Lanao del Sur (33 percent), Apayao (24 percent), and Abra (24 percent). The top gainer is the island province of Siquijor whose average per capita income increased by 43.6 percent from 2003 levels, followed closely by Biliran with an increase of 27.5 percent. The provinces of Guimaras, Lanao del Norte, and Iloilo experienced an increase of between 10 and 16 percent in annual per capita incomes.

Table 3.5 shows the top and bottom provinces in terms of real per capital income levels for 2006 (NCR 1997 pesos). These top-ranked provinces also topped the 2003 list, with the exception of Ilocos Norte, which replaced Tarlac. Likewise, the bottom-ranked provinces largely remained unchanged from 2003, with the exception of Sorsogon and Lanao del Sur, which replaced Guimaras and Marinduque.

Table 3.4 Top gainers and losers:
Real per capita income (2003 vs. 2006)*

Top gainers	Percentage change	Top losers	Percentage change
Siquijor	43.6	Tawi-Tawi	-41.7
Biliran	27.5	Lanao del Sur	-32.7
Guimaras	15.8	Apayao	-23.9
Lanao del Norte	10.8	Abra	-23.5
Iloilo	10.2	Sorsogon	-21.8
Palawan	9.0	Eastern Samar	-20.0
Southern Leyte	7.7	Camiguin	-18.5
Batanes	6.8	Camarines Sur	-17.1
Surigao del Sur	6.6	Oriental Mindoro	-17.1
Zamboanga del Norte	6.2	Antique	-16.9

*Using non-uniform trimming for 2006

Note: Metro Manila -6.9%

Source: Statistical Annexes 1 and 2

Table 3.5 Real per capita income
(2006, in NCR 1997 pesos) *

Top Ten	Real per capita income	Bottom Ten	Real per capita income
Benguet	36,355	Sarangani	15,801
Nueva Vizcaya	36,120	Maguindanao	15,681
Batanes	33,578	Romblon	15,186
Bataan	31,640	Zamboanga del Norte	15,156
Laguna	30,838	Sorsogon	14,858
Pampanga	30,647	Lanao del Sur	14,281
Cavite	30,539	Masbate	13,624
Rizal	30,525	Basilan	12,206
Ilocos Norte	29,953	Sulu	7,594
Quirino	29,564	Tawi-Tawi	6,664

*Using non-uniform trimming

Note: Metro Manila P37,309

Source: Statistical Annex 1

HDI levels

As explained in the Technical Notes, the HDI is calculated as a simple average of indices for each of the three dimensions discussed above.

The PHDR computes two sets of HDIs. The first, **HDI-1**, is used to compare performance across provinces and employs the modified measures for knowledge and standard of living described above. The second, **HDI-2**, is used to compare provinces with other countries and thus follows the global HDI methodology for comparability. **Table 3.6** compares the computations of the three HDIs: global, HDI-1, and HDI-2. In each case, an index of 1 signifies a perfect HDI.

Because of the refinements to the data and methodology, the results in this Report should not be compared to the results featured in the 2005 PHDR. Rather, comparable indices for all the previous provincial HDI years (1997, 2000, and 2003) are presented in **Statistical Annexes 2 to 4**. Unless otherwise indicated, any reference to the HDI in the following text refers to HDI-1.

The top and bottom ten provinces based on HDI for 2006 are displayed in **Table 3.7**. The top

HDI provinces are all in Luzon. Based on the recomputed HDI for 2003 (**Statistical Annex 2**), these top provinces also topped the list in 2003, with the exception of La Union which is new to the top list, dislodging Bulacan. The bottom four provinces in 2006 were likewise the bottom four in 2003, but three provinces that were not there in 2003 moved into this year's bottom list: Lanao del Sur, completing the list of ARMM provinces, Eastern Samar, and Romblon. These provinces replaced Surigao Sur, Agusan del Sur, and Northern Samar. As it was in 2003, seven out of the ten bottom provinces in terms of HDI are from Mindanao.

A positive value when comparing a province's ranking based on per capita income to its ranking based on the HDI indicates greater achievements in human development outcomes relative to incomes. That is, gains in per capita income are effectively leveraged into equivalent or better gains in human development. This is true for all provinces in the top list with the exception of Batanes and Nueva Viscaya, which have a negative difference in ranking of five and seven notches, respectively. Maguindanao, Sarangani, and Eastern Samar, which are in the bottom list, also registered negative differences.

Table 3.6 Indicators used in HDI computation

HDI	Long and healthy life	Knowledge I	Knowledge II	Standard of Living
Global HDI (For intercountry comparisons)	Life expectancy	Simple literacy	Combined elementary, secondary, and tertiary enrollment rate	GDP per capita in purchasing power parity US\$
Maximum	85	100	100	40,000
Minimum	25	0	0	100
HDI-1 (For interprovincial comparisons)	Life expectancy	% of adult high school graduate	Combined elementary and secondary enrollment rate (7-16 yrs)	Real per capita income in NCR 1997 prices
Maximum	85	100	100	Highest income across time from 1997 to 2006
Minimum	25	0	0	Lowest income across time from 1997 to 2006
HDI-2 (For international comparisons)	Life expectancy	Functional literacy	Combined elementary, and secondary enrollment rate (7-16 years)	Per capita income in purchasing power parity US\$
Maximum	85	100	100	40,000
Minimum	25	0	0	100

Table 3.7 Human Development Index-1 (2006)

Top Ten	Index	Per capita Income Rank minus HDI rank	Bottom Ten	Index	Per capita Income Rank minus HDI rank
Benguet *	0.787	0	Romblon	0.487	2
Rizal*	0.725	6	Zamboanga del Norte	0.487	2
Cavite *	0.718	4	Eastern Samar	0.484	-3
Bataan *	0.716	0	Sarangani	0.475	-3
Laguna	0.708	0	Masbate	0.457	2
Pampanga	0.706	0	Lanao del Sur	0.445	0
Ilocos Norte	0.700	2	Basilan	0.434	1
Batanes	0.699	-5	Maguindanao *	0.430	-6
Nueva Vizcaya	0.699	-7	Tawi-Tawi *	0.332	1
La Union	0.692	4	Sulu *	0.326	-1

*Rankings robust all trimming rules applied to 2006 FIES data shown in Statistical Annex 11. The other provinces are robust to other rules' top and bottom lists but without their rankings.

Note: Metro Manila .795

Source: Statistical Annex 1

Table 3.8 Top HDI gainers and comparative gap improvements

HDI-1 rank		Province	HDI 1	Gap improvements per dimension		
2003	2006			Life expectancy index	Education index 1	Income index 1
1	1	Benguet *	17.1%	13.6%	28.9%	9.8%
61	29	Biliran *	15.9%	4.5%	21.1%	18.1%
58	31	Siquijor *	14.8%	4.6%	5.2%	24.4%
8	4	Bataan	12.2%	5.5%	22.3%	10.0%
19	12	Iloilo	11.3%	7.6%	13.5%	11.6%
57	39	Guimaras	10.5%	4.9%	17.3%	8.9%
33	23	Lanao del Norte	9.8%	5.1%	12.0%	11.0%
37	25	Cagayan	9.0%	14.7%	15.1%	3.0%
9	7	Ilocos Norte	8.7%	10.1%	14.9%	3.4%
23	19	Ilocos Sur	7.2%	4.4%	16.4%	3.0%

*Robust to all trimming rules applied to 2006 FIES data shown in Statistical Annex 11, but without rankings. The other seven provinces are robust to other rules' top 11 lists.

Source: Statistical Annexes 1 and 2

Changes in the HDI

Between 2003 and 2006, HDI levels increased for 51 provinces and declined for 27, including Metro Manila. Changes are based on an estimate of a **gap improvement**, or how far a province is from the perfect HDI of 1.0, computed by the formula:

$$\text{Gap improvement} = (\text{HDI}_t - \text{HDI}_{t-1}) / (1 - \text{HDI}_{t-1})$$

Table 3.8 shows the top gainers in HDI-1 between 2003 and 2006. The gainers are led by Benguet, Biliran, and Siquijor, which moved between 15 and 17 percent closer to the perfect HDI score of 1 from their previous level in 2003. It is noted that this list is quite stable, with the three provinces remaining on top, regardless of the trimming rule applied to the 2006 FIES data.

Others in the top ten are Bataan from Central

Luzon, Iloilo and Guimaras from Panay, Lanao del Norte from the south, and Cagayan, Ilocos Norte, and Ilocos Sur from the north.

Table 3.8 also gives some indication of what may have propelled these provinces into the top list. For instance, for all provinces except Siquijor, gains in education seem to have driven gap improvements. For Siquijor, as well as for Biliran and Lanao Norte, improvements in the income index are notable. Benguet, Cagayan, and Ilocos Norte may have also been helped by improvements in life expectancy.

Of course, it is difficult to isolate the exact reasons behind a province's change in relative standing. Since sub-indices of all provinces moved between 2003 and 2006, it could very well be that a province was pushed to the top of the list because other provinces were pushed down for various reasons.

The corresponding bottom list of HDI gainers is shown in **Table 3.9**. Note that this list is less stable than the top gainers list. Specifically, only six out of these ten bottom provinces remain in the bottom lists generated by other trimming rules applied to FIES 2006 data.

Given earlier observations about positive trends in life expectancy and high school graduation ratios (which comprise two-thirds of the education index),

it is no surprise that the negative HDI gap changes for these bottom provinces are largely driven by decreases in the income index drive.

International comparisons

If provinces were countries unto themselves, how would they fare against other countries? To answer this question, HDI-2 computations are juxtaposed against selected 2006 country figures from the global HDR for 2007/2008 [**Table 3.10**]. Note that there is less variation in the HDI-2 estimates across provinces compared to HDI-1 estimates. This is because of the relatively high interval in income thresholds (difference between the minimum and maximum) set in computing the international HDI.

Unlike in the 2005 Report, all provinces now fall under the "medium" human development category, defined in the 2007/2008 Global Human Development Report as countries with HDI levels between 0.799 and 0.500. At the top of the list, Metro Manila finds itself between Lebanon and Peru, higher than Thailand, but lower than Turkey. Benguet's HDI-2 is roughly equivalent to that of Armenia, while Cebu's is equal to that of the Palestinian territories. Davao del Sur, Abra, and Bohol lie between Nicaragua and Uzbekistan.

Table 3.9 Top HDI losers and comparative gap changes

HDI-1 rank		Province	HDI 1	Gap changes per index		
2003	2006			Life expectancy index	Education index 1	Income index 1
36	50	Antique*	-4.9%	3.9%	6.1%	-18.6%
31	47	North Cotabato*	-5.4%	7.4%	-6.6%	-10.9%
2	5	Laguna	-5.6%	4.8%	19.4%	-39.2%
44	64	Apayao	-6.6%	2.5%	11.4%	-28.0%
46	65	Kalinga	-7.2%	2.8%	-5.0%	-15.7%
16	22	Zambales	-7.3%	3.7%	2.8%	-19.4%
29	45	Ifugao*	-8.1%	2.6%	-2.1%	-23.6%
24	40	Capiz*	-8.2%	2.5%	1.9%	-26.0%
76	76	Tawi-Tawi*	-8.5%	3.0%	-13.1%	-13.5%
65	73	Lanao del Sur*	-9.9%	3.5%	1.5%	-27.2%

*Rankings aside, robust to other trimming rules' bottom lists.

Source: Statistical Annexes 1 and 2

Table 3.10 Provinces versus countries*

Country/Province	HDI-2	Country/Province	HDI-2	Country/Province	HDI-2	Country/Province	HDI-2
Bosnia and Herzegovina	0.802	Syrian Arab Republic	0.736	Biliran	0.689	Davao Oriental	0.635
Turkey	0.798	Ilocos Norte	0.736	Lanao del Norte	0.689	Masbate	0.635
Dominica	0.797	Palestinian Territories	0.731	Quirino	0.688	Namibia	0.634
Lebanon	0.796	Cebu	0.731	Vanuatu	0.686	Kalinga	0.632
Metro Manila	0.792	Gabon	0.729	Tajikistan	0.684	Ifugao	0.628
Peru	0.788	Turkmenistan	0.728	Quezon	0.684	Catanduanes	0.627
Colombia	0.787	Indonesia	0.726	Camiguin	0.681	Congo	0.619
Thailand	0.786	Guyana	0.725	Surigao del Norte	0.681	Bhutan	0.613
Ukraine	0.786	Bolivia	0.723	Oriental Mindoro	0.678	India	0.609
Benguet	0.778	Zambales	0.721	Zamboanga del Sur	0.677	Lao PDR	0.608
Armenia	0.777	Cagayan	0.721	Aklan	0.673	Sarangani	0.606
Iran	0.777	Misamis Oriental	0.721	Aurora	0.673	Lanao del Sur	0.602
Tonga	0.774	Iloilo	0.721	Southern Leyte	0.673	Basilan	0.592
Grenada	0.774	Mongolia	0.720	Leyte	0.673	Solomon Islands	0.591
Rizal	0.773	Moldova	0.719	Davao del Norte	0.671	Myanmar	0.585
Jamaica	0.771	Viet Nam	0.718	South Africa	0.670	Cambodia	0.575
Belize	0.771	Albay	0.718	Bukidnon	0.669	Comoros	0.572
Suriname	0.770	Isabela	0.717	Sultan Kudarat	0.664	Yemen	0.567
Jordan	0.769	Equatorial Guinea	0.717	Botswana	0.664	Pakistan	0.562
Dominican Republic	0.768	Egypt	0.716	Agusan del Norte	0.663	Sulu	0.560
Saint Vincent	0.766	Nueva Vizcaya	0.716	Romblon	0.661	Mauritania	0.557
Bulacan	0.763	Honduras	0.714	Capiz	0.660	Swaziland	0.542
Cavite	0.763	Sorsogon	0.714	Guimaras	0.658	Maguindanao	0.535
Georgia	0.763	Pangasinan	0.714	Surigao del Sur	0.653	Ghana	0.533
China	0.762	Cape Verde	0.705	Mt. Province	0.651	Madagascar	0.533
Tunisia	0.762	Nueva Ecija	0.705	Negros Oriental	0.650	Kenya	0.532
Samoa	0.760	Ilocos Sur	0.704	Siquijor	0.650	Nepal	0.530
Azerbaijan	0.758	Camarines Sur	0.703	Apayao	0.649	Sudan	0.526
Batanes	0.757	Uzbekistan	0.701	North Cotabato	0.647	Bangladesh	0.524
Laguna	0.754	Bohol	0.701	Northern Samar	0.647	Haiti	0.521
Bataan	0.754	Abra	0.700	Antique	0.647	Papua New Guinea	0.516
Batangas	0.754	Davao del Sur	0.699	Morocco	0.646	Cameroon	0.514
La Union	0.753	Nicaragua	0.699	Sao Tome and Principe	0.643	Djibouti	0.513
Pampanga	0.753	Negros Occidental	0.699	Palawan	0.642	Tanzania	0.503
Paraguay	0.752	Guatemala	0.696	Eastern Samar	0.640	Senegal	0.502
Maldives	0.749	South Cotabato	0.695	Occidental Mindoro	0.639	Tawi-Tawi	0.500
Algeria	0.748	Kyrgyzstan	0.694	Western Samar	0.638	Nigeria	0.499
El Salvador	0.747	Misamis Occidental	0.694	Camarines Norte	0.637	Lesotho	0.496
Fiji	0.743	Tarlac	0.693	Agusan del Sur	0.636	Uganda	0.493
Sri Lanka	0.742	Marinduque	0.692	Zamboanga del Norte	0.636	Angola	0.484

*Province HDI-2 figures for 2006, country figures for 2006

At the bottom, Tawi-Tawi is sandwiched between Nigeria and Senegal, Maguindanao with Ghana, and Sulu with Mauritania and Pakistan.

Gender-related Development Index

Averages are usually insufficient in representing the characteristics of ethnic, gender, or income subgroups where larger disparities may exist. The Gender-related Development Index (GDI) is a composite indicator of human development that adjusts the HDI for the inequality in achievements between men and women. It is the HDI discounted for gender inequality. If, on the average, human development is the same for both genders, then the GDI and the HDI will be identical.

Like the HDI, two sets of estimates are computed for the GDI. GDI-1 uses the same data as the HDI-1 and is used for interprovincial comparisons. On the other hand, GDI-2 uses the same data as HDI-2 and is used for international comparisons.

Table 3.11 shows the top and bottom provinces in terms of GDI-1. Except for Bulacan which replaced Pampanga, all the provinces in the top ten are also in the top ten for the HDI. For these two provinces, this means that while human development is on average better in Pampanga, Bulacan is actually better off discounting for inequalities in achievements between men and women.

Further, a positive value for HDI rank less GDI rank, such as for La Union and Bataan, indicates that a province is on average better off in terms of human development discounting for gender inequalities. **Statistical Annex 5** shows positive values for 42 out of 77 provinces. Relatively large improvements in ranking were recorded for Nueva Ecija (+10), Antique (+8), and Marinduque (+7).

With the exception of Davao Oriental, all provinces in the bottom list for GDI are also in the bottom list for HDI. Davao Oriental replaced Zamboanga del Norte, which moved up in ranking by three notches when moving to its GDI ranking. Provinces which registered relatively large downward adjustments when moving to their GDI rankings include Davao del Norte (-16), Guimaras (-14), Quirino (-10), and Palawan (-9).

Table 3.11 Gender-related Development Index-1 (2006)

Top Ten	Index	HDI rank minus GDI rank	Bottom Ten	Index	HDI rank minus GDI rank
Benguet	0.696	0	Davao Oriental	0.472	-2
Bataan	0.660	2	Eastern Samar	0.471	1
Cavite	0.656	0	Romblon	0.469	-2
Rizal	0.651	-2	Masbate	0.446	1
Laguna	0.648	0	Lanao del Sur	0.436	1
La Union	0.645	4	Sarangani	0.435	-2
Batanes	0.640	1	Maguindanao	0.409	1
Nueva Vizcaya	0.631	1	Basilan	0.387	-1
Ilocos Norte	0.629	-2	Tawi-Tawi	0.344	0
Bulacan	0.626	1	Sulu	0.328	0

Note: Metro Manila 0.710

Source: Statistical Annex 5

Table 3.12 Selected internationally comparable provincial GDI*

Country/Province	GDI-2	Country/Province	GDI-2	Country/Province	GDI-2	Country/Province	GDI-2
Mauritius	0.795	Bataan	0.652	South Cotabato	0.592	Pakistan	0.537
Thailand	0.785	La Union	0.650	Tarlac	0.591	Occidental Mindoro	0.537
Peru	0.784	Pampanga	0.646	India	0.591	Yemen	0.535
Lebanon	0.783	Batanes	0.646	Biliran	0.591	Palawan	0.533
Turkey	0.780	Ilocos Norte	0.631	Myanmar	0.581	Kenya	0.531
Iran	0.769	Cebu	0.630	Quirino	0.579	Ifugao	0.528
China	0.760	Namibia	0.629	Southern Leyte	0.571	Swaziland	0.527
Indonesia	0.719	Morocco	0.620	Cambodia	0.571	Catanduanes	0.526
Viet Nam	0.717	Cagayan	0.620	Oriental Mindoro	0.571	Sarangani	0.506
Uzbekistan	0.698	Iloilo	0.619	Bukidnon	0.569	Cameroon	0.505
Metro Manila	0.686	Nueva Vizcaya	0.614	Comoros	0.565	Djibouti	0.504
Nicaragua	0.684	Congo	0.612	Sultan Kudarat	0.565	Lanao del Sur	0.504
Palestinian Territories	0.678	Sorsogon	0.608	Capiz	0.563	Nigeria	0.485
Benguet	0.669	Pangasinan	0.606	Romblon	0.558	Maguindanao	0.471
Rizal	0.665	Bhutan	0.604	Mauritania	0.550	Basilan	0.466
South Africa	0.663	Nueva Ecija	0.604	Northern Samar	0.550	Gambia	0.465
Bulacan	0.662	Lao PDR	0.601	Siquijor	0.549	Togo	0.460
Botswana	0.660	Camarines Sur	0.600	Zamboanga del Norte	0.545	Sulu	0.459
Cavite	0.659	Abra	0.600	Eastern Samar	0.544	Guinea	0.412
Batangas	0.654	Ilocos Sur	0.599	Davao Oriental	0.541	Tawi-Tawi	0.410
Laguna	0.653	Bohol	0.595	Western Samar	0.541	Mali	0.382

*Province GDI-2 figures for 2006, country figures for 2006

Source: Statistical Annex 5 and UNDP [2007]

Using GDI-2, **Table 3.12** indicates how provinces compare to other countries in terms of gender-related human development.

Income poverty and human poverty

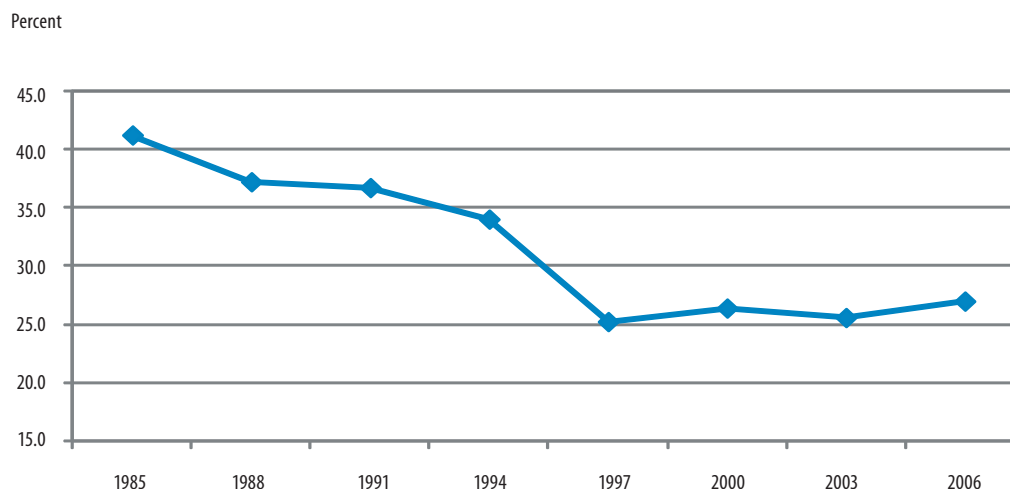
Poverty incidence is a general measure of well-being, more popular than the HDI or the GDI. It is defined as the proportion of the population whose income falls below a specified poverty line. The poverty line is the amount of money just sufficient to meet a person's most basic food and nonfood needs.

The Report uses poverty lines developed by

Balisacan [2001] in calculating poverty incidence. These lines are adjusted for inflation as well as for cost of living differences to be more appropriate for interprovincial comparisons. Following his methodology, the Report also uses per capita expenditure instead of per capita income because theory suggests that it is more reflective of permanent income and is likely more accurate given the level of detail at which it is obtained.

The household income and consumption data used for poverty estimation were only available beginning 1985 [**Figure 3.5**]. From that time until 1997, results show a relatively impressive decline in poverty incidence of about 3 percent average per year. Beginning 1997, poverty incidence slightly fluctuated, increasing from 25.2 percent in 1997 to 26.4 percent in 2000, then declining to 25.6 percent

Figure 3.5 Poverty incidence (1985-2006)



in 2003. In the most recent period between 2003 and 2006, poverty incidence rose again from 25.6 percent to 27 percent. The poverty incidence after the nine-year period from 1997 to 2006 is now higher than the rate in 1997.

Aside from poverty incidence, **Statistical Annex 6** shows the levels in the *depth* and *severity* of poverty for all provinces for the years 1997, 2000, 2003, and 2006. Poverty depth is an indicator of the incidence of poverty adjusted for how far the poor are, on average, from the poverty line. For two provinces with the same incidence, one with a higher poverty depth means that, on average, its poor are poorer (or farther from the poverty line). Poverty severity is similar to poverty depth, except that it also accounts for the inequality among the poor.

Poverty measures are presented for completeness only; the extensive data transformations applied to 2003 and 2006 FIES data thwart a precise comparison. Specifically, the data trimming done for FIES 2003 and 2006 (see Technical Notes) might have corrected the problem in averaging indicators, but it did not necessarily address problems in estimating other indicators such as measures of poverty.

Human Poverty Index

The Human Poverty Index (HPI) captures deprivation beyond that of income poverty alone. While the HDI measures overall progress in three dimensions of human development, the HPI, in contrast, measures deprivation in these same dimensions: longevity, as measured by the probability at birth of not surviving to age 40; knowledge, as measured by the adult illiteracy rate; and overall economic provisioning both public and private, as measured by the percentage of people not using improved water sources and the percentage of children under five who are underweight (both receiving equal weights). The indicators used in the Report are the same as those used by the UNDP to compute the global HPI. An HPI closer to 0 indicates greater progress in reducing relative deprivation.

Table 3.13 shows the top and bottom provinces in terms of HPI and—again, for completeness—how provinces fare when moving from their income poverty rank to their HPI rank in 2006. A positive value indicates that the province may be doing relatively better in terms of addressing deprivations in basic economic provisioning, knowledge, and longevity than what incidence of income

poverty may suggest. A negative value indicates the opposite. Among the provinces with the least HPI, all show gains in ranking when moving from income poverty to human poverty outcomes, except Pampanga, which shows a loss in ranking. Catanduanes, Guimaras, and Sarangani do worse when moving from income poverty to human poverty outcomes, registering huge downward adjustments in ranking.

Table 3.13 Top and bottom provinces in HPI (2006)

Top provinces (least poor)	HPI	Income poverty rank minus HPI rank	Bottom provinces (most poor)	HPI	Income poverty rank minus HPI rank
Laguna	8.2	5	Western Samar	24.8	0
Bataan	8.3	5	Catanduanes	25.3	-24
Bulacan	8.3	7	Basilan	26.9	4
Batangas	8.7	19	Guimaras	27.3	-45
Cavite	8.9	0	Masbate	28.0	1
Rizal	9.1	3	Lanao del Sur	28.9	-1
Zambales	9.2	8	Sarangani	30.0	-24
Pangasinan	9.6	16	Sulu	33.3	2
Pampanga	9.7	-8	Maguindanao	33.4	-10
Misamis Oriental	9.9	20	Tawi-Tawi	42.4	-1

Note: Metro Manila 6.9

Source: Statistical Annexes 6 and 7

well as shares of the richest and poorest quintiles. Another common measure (but more complicated to measure) is the Gini coefficient. This index takes on values between 0 and 1. A low value implies a more equitable distribution of income.

Examining the indices, ARMM provinces appear to be the most equitable in all the inequality measures (**Table 3.14**). Indeed widespread poverty may be a great equalizer. Interestingly, newly created provinces—Guimaras, Sarangani, and Apayao—also figure in these three lists.

Table 3.14 Most equitable provinces (2006)

Ratio: Richest 10% to poorest 10%		Ratio: Richest 20% to poorest 20%		Gini Index	
Sulu	3.2	Sulu	2.4	Sulu	0.183
Tawi-Tawi	4.5	Tawi-Tawi	3.1	Tawi-Tawi	0.242
Lanao del Sur	4.8	Lanao del Sur	3.5	Lanao del Sur	0.263
Guimaras	5.5	Maguindanao	3.9	Guimaras	0.300
Apayao	5.7	Guimaras	4.0	Apayao	0.305
Maguindanao	5.7	Apayao	4.2	Maguindanao	0.311
Sarangani	6.6	Basilan	4.4	Basilan	0.320
Sultan Kudarat	6.8	Sarangani	4.5	Sarangani	0.323
Ifugao	6.8	Ifugao	4.7	Nueva Ecija	0.329
Basilan	7.0	Sultan Kudarat	4.7	Sultan Kudarat	0.331

Source: Statistical Annex 8

Inequality

Measures of inequality are another set of welfare indicators. These are often referred to as distribution measures of income, although for consistency, per capita consumption is used in this Report. The simplest indication of the distribution is the share of certain population percentiles (normally the extremes) to the total. Ratios shown in these report are shares of the poorest and richest deciles as

Table 3.15 Least equitable provinces (2006)

Ratio: Richest 10% to poorest 10%		Ratio: Richest 20% to poorest 20%		Gini Index	
Eastern Samar	20.9	Camiguin	11.7	Eastern Samar	0.513
Lanao del Norte	17.3	Eastern Samar	11.4	Lanao del Norte	0.501
Zamboanga del Norte	16.7	Lanao del Norte	10.9	Camiguin	0.501
Camiguin	16.3	Zamboanga del Norte	10.2	Zamboanga del Norte	0.495
Biliran	15.9	Biliran	9.3	Biliran	0.471
Negros Oriental	15.1	Misamis Oriental	9.0	Negros Oriental	0.456
Misamis Oriental	14.5	Negros Oriental	9.0	Albay	0.445
Cebu	13.7	Cebu	8.6	Catanduanes	0.439
Albay	13.2	Albay	8.3	Northern Samar	0.438
Iloilo	12.6	Northern Samar	8.1	Misamis Occidental	0.430

Source: Statistical Annex 8

On the other end of the spectrum, **Table 3.15** lists the least equitable provinces in 2006. High on the list in almost all the measures is Eastern Samar. Other provinces common to all the measures are Lanao del Norte, Zamboanga del Norte, Camiguin, Biliran, Negros Oriental, and Albay.

Table 3.16 shows the provinces with most improved and worsening inequality between 2003 and 2006. Computed as a gap change, a negative value indicates a movement toward greater equality. Provinces showing greater equality include Antique, Lanao del Sur, Camirines Norte, and Capiz. Provinces with worsening equality include Northern Samar, Catanduanes, Eastern Samar, and Camiguin.

Table 3.16 Most and least improved provinces based on Gini indices (2003 and 2006)

Provinces showing greater equality	Percentage change	Provinces showing greater inequality	Percentage change
Antique	-28.8	Northern Samar	11.2
Lanao del Sur	-24.7	Catanduanes	9.0
Camarines Norte	-17.9	Eastern Samar	8.5
Capiz	-17.0	Camiguin	8.5
South Cotabato	-15.6	Zambales	7.5
Camarines Sur	-14.5	Apayao	3.0
Guimaras	-13.3	Biliran	2.6
Abra	-13.2	Albay	1.2
Zamboanga del Sur	-12.6	Romblon	0.9
Masbate	-12.5	Rizal	0.8

Source: Statistical Annex 8

Other indicators

Unemployment and underemployment

Provincial unemployment and underemployment rates in 1997, 2000, 2003, and 2006 are shown in **Statistical Annex 9**. These were estimated using definitions of the National Statistics Office which categorize as unemployed those who, during the reference period (week preceding survey), (i) actively looked for work but did not find work and (ii) those who had no work and who are not looking for work for any reason except schooling, housekeeping, young or old age, retirement, or permanent disability (any of which would exclude them from the labor force). The underemployed are people who are currently employed but who are looking for additional hours of work.

Tables 3.17 and 3.18 show provinces with the highest and lowest rates of unemployment and underemployment in 2006, respectively. What is immediately apparent is the absence of a straightforward relationship between unemployment, underemployment, human development, or poverty. This was also observed in the previous PHDR. Low unemployment provinces include Batanes, which is a top HDI province, and Sulu and Tawi-Tawi, both bottom HDI provinces. On the other hand, high unemployment provinces include Laguna, Cavite, Pampanga, Rizal, and Bataan, all top HDI provinces.

Sulu and Tawi-Tawi, along with Siquijor, Cagayan, Apayao, Batanes, Mt. Province, and Camiguin, were also low unemployment provinces from 2001 to 2003. High unemployment provinces likewise remain the same except for Rizal and Antique, which are new to the list.

For underemployment, Eastern Samar, Catanduanes, and Bukidnon top the high underemployment list once more, as do Sulu and Tawi-Tawi for low underemployment. Provinces which moved into the high underemployment list this year are Quirino and Marinduque, which replaced Guimaras and South Cotabato. Provinces

which moved into the low underemployment list this year include Batanes, Pampanga, Surigao del Norte, and Camiguin.

Table 3.17 Top and bottom provinces in unemployment rate (2003-2006)

Low unemployment provinces	Average unemployment rate (2003-2006)	High unemployment provinces	Average unemployment rate (2003-2006)
Masbate	5.3	Laguna	16.2
Nueva Vizcaya	4.8	Zambales	15.6
Siquijor	3.9	Cavite	15.6
Tawi-Tawi	3.7	Pampanga	15.2
Cagayan	3.7	Aurora	14.7
Sulu	3.3	Rizal	14.1
Apayao	3.3	Pangasinan	14.0
Batanes	2.8	Antique	14.0
Mt. Province	2.4	Bataan	13.8
Camiguin	1.0	Agusan del Norte	13.8

Note: Metro Manila 17.7
Source: Statistical Annex 9

Table 3.18 Provinces with highest and lowest underemployment (2003-2006)

Low underemployment provinces	Average underemployment rate (2003-2006)	High underemployment provinces	Average underemployment rate (2003-2006)
Rizal	10.1	Eastern Samar	56.9
Camiguin	9.6	Catanduanes	42.9
Lanao del Sur	9.4	Bukidnon	40.0
Surigao del Norte	8.9	Quirino	39.9
Pampanga	8.4	Albay	38.2
Zambales	8.3	Davao Oriental	37.9
Tarlac	8.3	Lanao del Norte	37.1
Batanes	7.7	Nueva Vizcaya	37.0
Tawi-Tawi	5.9	Zamboanga del Norte	36.7
Sulu	3.7	Marinduque	36.7

Note: Metro Manila 13.1
Source: Statistical Annex 9

Gender inequality in economic activity

Statistical Annex 10 shows some measures of gender inequality in economic activity across provinces. These include economic activity rate (defined as the sum of the employed and the unemployed over the total population, also called labor participation rate), employment rate by economic activity (agriculture, industry, and services), and percentage contributing by household.

In all provinces the economic activity rate of women is lower than that of men. **Table 3.19** shows the top and bottom ten provinces with corresponding estimates relative to male economic

activity rates. Similar to what was observed for the GDI, a number of Mindanao provinces appear in the bottom list—Lanao del Sur, Basilan, Sultan Kudarat, Zamboanga del Sur, and Tawi-Tawi—while high female participation rates can be found in provinces such as Mt. Province, Batanes, Camiguin, Ifugao, and Bukidnon. Sulu has the lowest female economic activity rate among all provinces, with only 16.5 percent of females engaging in economic activities, compared to Mt. Province with 77 percent participating. A number of high HDI provinces in Luzon also post low female economic activity rates, namely Tarlac, Pampanga, and Pangasinan.

Table 3.19 Top and bottom provinces in terms of female economic activity rate (average 2004-2006)

Top provinces	Female economic activity rate (%)	As % of male rate	Bottom provinces	Female economic activity rate (%)	as % of male rate
Mt. Province	77.2	87.4	Guimaras	43.8	55.2
Batanes	75.7	81.3	Zamboanga del Sur	43.8	53.7
Camiguin	70.4	79.3	Tarlac	42.6	51.8
Ifugao	70.2	81.2	Pampanga	41.4	53.9
Bukidnon	69.1	75.5	Tawi-Tawi	40.5	48
Eastern Samar	65.8	73.8	Pangasinan	38.0	48.1
Marinduque	64.6	78.2	Sultan Kudarat	35.7	42.1
Apayao	62.2	70.8	Basilan	28.9	36.6
Capiz	62.0	73.7	Lanao del Sur	25.4	31.6
Lanao del Norte	61.9	73.2	Sulu	16.5	20.1

Note: Metro Manila 52.9 percent (female economic activity rate); 69.3 percent (as percent of male rate)

Source: Statistical Annex 10

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Technical notes

The Human Development Index (HDI) is a summary measure of human development. It measures the average achievement in a country in three basic dimensions of human development: **longevity**, or a long and healthy life, as measured by life expectancy at birth; **knowledge**, as measured by basic enrollment ratio (or enrollment ratio of children, seven to 16 years old), high school graduate ratio of population aged 18 years and above, and functional literacy rate; and **standard of living**, as measured by real income per capita (per capita income in 1997 National Capital Region or NCR pesos and per capita income in Purchasing Power Parity or PPP US\$). Two HDIs are computed: HDI-1 for **interprovincial** comparisons and HDI-2 for **international** comparisons, for comparing provinces with other countries.

Before the HDI itself is calculated, a performance index needs to be created for each of the three dimensions. To calculate these dimension indices—the life expectancy, education, and income indices—minimum and maximum values (goalposts) are chosen for each underlying indicator. The maximum and minimum values are obtained from the recent Global HDI, except for the income index of HDI-1. This is because the Global HDI maximum (and by association, the minimum) for this income index represents too high a goalpost. The maximum and minimum values for the income index of HDI-1 are obtained from the observed data itself from 1997 to 2006.

The index for each dimension is expressed as a value between 0 and 1 by applying the general formula:

$$\text{Dimension} = \frac{\text{actual value} - \text{minimum value}}{\text{maximum value} - \text{minimum value}}$$

The HDI is then calculated as a simple average of the dimension indices. The goalposts used in this report are as follows:

Table 1. Goalposts for calculating the HDI

Indicator	Maximum value	Minimum value
Life expectancy at birth, years	85	25
Basic enrollment ratio, %	100	0
High school graduate ratio, % (for HDI-1)	100	0
Functional literacy rate, % (for HDI-2)	100	0
Real per capita income, 1997 Metro Manila pesos (for HDI-1)	46,837 (Metro Manila per capita income 1997)	6,664 (Tawi-Tawi per capita income 2006)
Real per capita income, PPP US \$ (for HDI-2)	40,000	100

These technical notes discuss the process in computing the different human development indicators and are divided into two parts. The first part is a step-by-step guide to deriving each index. The second part enumerates the data requirements and the steps involved in preparing the data used for the computations.

Index computations

Calculating the HDI

To illustrate the calculation of the HDI, data for Benguet province is used.

1. Calculating the life expectancy index. The life expectancy index measures the relative achievement of a country in life expectancy at birth. A straight line interpolation using 1995 and 2000 actual estimates was done to obtain values for 2006. Life expectancy projections for 2003, 2000, and 1997 using the new 2000 life tables were also computed. For Benguet, with an estimated life expectancy of 72.9 in 2006, the life expectancy index is 0.798.

$$\text{Life expectancy index} = \frac{72.9 - 25}{85 - 25} = 0.798$$

2. Calculating the education index. The education index measures a country's relative achievement in education. For HDI-1, the index is a weighted average of *high school graduate ratio* and *basic education enrollment rate*. The former is measured as the proportion of at least high school graduates among those aged 18 and above and is given a weight of two-thirds. The latter, by gross enrollment rates of elementary and high schools, has a weight of one-third.

For HDI-2, the *functional literacy* is used in line with the Global HDI, replacing the high school graduate ratio. Replacing functional literacy with high school graduate ratio in HDI-1 was introduced in the 2002 Philippine Human Development Report (PHDR) mainly due to data availability. The data source of functional literacy is the Functional Literacy, Education and Mass Media Survey (FLEMMS) which is infrequently collected. The high school graduate ratio, which can be computed from the quarterly Labor Force Survey (LFS), is highly correlated with the functional literacy rate ($\rho=0.71$ for 2003 figures).

For Benguet, with a basic enrollment rate of 93.8 percent, a high school graduate rate of 76.6, and functional literacy rate of 89.1, the Education Index-1 (for HDI-1) is 0.823 and Education Index -2 (for HDI-2) is 0.907.

$$\text{Basic enrollment index} = \frac{93.8 - 0}{100 - 0} = 0.938$$

$$\text{High school graduate index} = \frac{76.6 - 0}{100 - 0} = 0.766$$

$$\text{Functional literacy index} = \frac{89.1 - 0}{100 - 0} = 0.891$$

$$\text{Education index 1} = 1/3 (\text{basic enrollment index}) + 2/3 (\text{high school graduate index})$$

$$= 1/3 (0.938) + 2/3 (0.766) = 0.823$$

$$\text{Education index 2} = 1/3 (\text{basic enrollment index}) + 2/3 (\text{functional literacy index})$$

$$= 1/3 (0.938) + 2/3 (0.891) = 0.907$$

3. Calculating the real per capita income index. The income index is calculated per capita income figures obtained from the Family Income and Expenditures Survey (FIES), adjusted to ensure comparability across time, among provinces, and to countries (discussed below in Data Preparation section). In the HDI, income serves as a surrogate for all the dimensions of human development not reflected in longevity and in knowledge.

For Benguet, with a real per capita income in pesos of 36,355 and in PPP US\$ of 4,323, Income Index-1 is 0.739 and Income Index-2 is 0.629.

$$\text{Income index 1} = \frac{36,355 - 6,664}{46,837 - 6,664} = 0.739$$

$$\text{Income index 2} = \frac{\ln(4,323) - \ln(100)}{\ln(40,000) - \ln(100)} = 0.629$$

4. Calculating the HDI. Once the dimension indices have been calculated, determining the HDI is straightforward. It is the simple average of the three dimension indices.

$$\begin{aligned} \text{HDI-1} &= 1/3 [\text{life expectancy index} + \text{education index-1} + \text{income index-1}] \\ &= 1/3 [0.798 + 0.823 + 0.739] = 0.787 \end{aligned}$$

$$\begin{aligned} \text{HDI-2} &= 1/3 [\text{life expectancy index} + \text{education index-2} + \text{income index-2}] \\ &= 1/3 [0.798 + 0.907 + 0.629] = 0.778 \end{aligned}$$

Calculating the Gender-related Development Index (GDI)

While the HDI measures average achievement, the Gender-related Development Index (GDI) is the adjustment of the average achievement to reflect the *inequalities* between men and women. To obtain estimates for male and female, the report used the 2006 LFS and the 2004 Annual Poverty Indicator Survey (APIS) for the male and female population shares and for the total income shares respectively. Two GDIs are computed corresponding to HDI-1 and HDI-2.

The computation of GDI involves three steps:

1. Compute separate dimension indices for male and female using the same general formula but using the following minimum and maximum values.

Table 2. Goalposts for calculating the GDI

Indicator	Maximum value	Minimum value
Female life expectancy at birth, years	88	28
Male life expectancy at birth, years	83	23
Basic enrollment ratio, %	100	0
High school graduate ratio, % (for GDI-1)	100	0
Functional literacy rate, % (for GDI-2)	100	0
Real per capita income, 1997 Metro Manila pesos (for GDI-1)	62,758 ^a	4,346 ^b
Real per capita income, PPP US \$ (for GDI-2)	40,000	100

^a Metro Manila estimated male per capita income, 2000

^b Basilan estimated female per capita income, 2006

2. Combine the female and male indices in a way that penalizes differences in achievement between men and women. The formula for computing an *equally distributed* index (EDI) is as follows:

$$EDI = \{[(\text{female population share}) * (\text{female index}^{1-\epsilon})] + [(\text{Male population share}) * (\text{male index}^{1-\epsilon})]\}^{1/1-\epsilon}$$

ϵ measures aversion to inequality. In the GDI, $\epsilon = 2$.
Thus the equation becomes

$$EDI = \{[(\text{female population share}) * (\text{female index}^{-1})] + [(\text{Male population share}) * (\text{male index}^{-1})]\}^{-1}$$

which is the harmonic mean of the female and male indices.

3. The GDI is calculated by combining the three equally distributed indices in an unweighted average.

$$GDI = 1/3 (EDI_{LE} + EDI_{Ed} + EDI_{inc})$$

The GDI-1 for Benguet is computed as follows:

Dimension	Male	Female	EDI
Life expectancy	$= (70.4-25)/(85-25)$	$= (75.4-25)/(85-25)$	$EDI_{LE} = [(0.503*0.798-1)+(0.497*0.799-1)]^{-1}$
Education-1	$= 1/3 [(91.9-0)/(100-0)] + 2/3 [(72.6-0)/(100-0)]$	$= 1/3 [(95.6-0)/(100-0)] + 2/3 [(80.2-0)/(100-0)]$	$EDI_{Ed1} = [(0.503*0.792-1)+(0.497*0.853-1)]^{-1}$
Income -1	$= (48.454 - 4,346) / (62,758-4,346)$	$= (24,106 - 4,346) / (62,758-4,346)$	$EDI_{inc1} = [(0.503*0.755-1)+(0.497*0.338-1)]^{-1}$
GDI-1	$1/3 (0.798 + 0.821 + 0.468) = 0.696$		

The GDI-2 for Benguet is computed as follows:

Dimension	Male	Female	EDI
Life expectancy	$= (70.4-25)/(85-25)$	$= (75.4-25)/(85-25)$	$EDI_{LE} = [(0.503*0.798-1)+(0.497*0.799-1)]^{-1}$
Education - 2	$= 1/3 [(91.9-0)/(100-0)] + 2/3 [(87-0)/(100-0)]$	$= 1/3 [(95.6-0)/(100-0)] + 2/3 [(91.2-0)/(100-0)]$	$EDI_{Ed2} = [(0.503*0.583-1)+(0.497*0.611-1)]^{-1}$
Income -2	$= [\ln(5,762) - \ln(100)] / [\ln(40,000) - \ln(100)]$	$= [\ln(2,867) - \ln(100)] / [\ln(40,000) - \ln(100)]$	$EDI_{inc2} = [(0.503*0.677-1)+(0.497*0.560-1)]^{-1}$
GDI-2	$= 1/3 (0.798 + 0.597 + 0.613) = 0.669$		

Calculating the Human Poverty Index (HPI)

The Human Poverty Index (HPI) is a measure of deprivation in the three basic dimensions of human development captured in the HDI. *Deprivation in longevity* is the vulnerability to death at a relatively early age, measured by the probability at birth of not surviving to age 40. *Deprivation in knowledge* is the exclusion from the world of reading and communications, as measured by the percentage of population who did not graduate from high school. *Deprivation in standard of living* is defined as the lack of access to overall economic provisioning. It is measured by the percentage of the population not using improved

water sources and the percentage of children under five who are underweight.

The formula in computing the HPI is as follows:

$$HPI = [1/3 (PI_1^a + PI_2^a + PI_3^a)]^{1/a}$$

where PI_1 is the probability at birth of not surviving to age 40,
 PI_2 is functional illiteracy rate,
 PI_3 is unweighted average of population not using improved water sources and underweight children under five,
 And $a = 3$.

For Benguet:

$$\begin{aligned} PI_1 &= 11.2 \\ PI_2 &= 10.9 \\ PI_3 &= \frac{1}{2} (35.1 + 0.40) \\ HPI &= [1/3 (11.2^3 + 10.9^3 + 17.7^3)]^{1/3} \end{aligned}$$

Data sources and preparation

All sources are secondary data collected by government agencies that are able to support disaggregation at the provincial level. The following table lists the different sources for each of the indicators needed in the computations.

Table 3 Data sources

Index	Components	Indicator	Source
HDI 1	Life expectancy	• Life expectancy at birth	• Flieger and Cabigon (1999) and Cabigon (2009)
	Education	• Primary and high school enrollment rates • High school graduate rate	• APIS 2004 • LFS 2006
	Income	• Per capita income adjusted by cost of living	• FIES 2006
HDI 2	Life expectancy	• Life expectancy at birth	• Flieger and Cabigon (1999) and Cabigon (2009)
	Education	• Primary and high school enrollment rates • Functional literacy	• APIS 2004 • FLEMMS 2003
	Income	• Per capita income in \$PPP terms	• FIES 2006
HPI	Longevity	• Probability at birth of not surviving the age of 40	• Flieger and Cabigon (1999) and Cabigon (2009)
	Education	• Adult illiteracy	• FLEMMS 2003
	Decent standard of living	• Without access to improved water sources • Underweight children under age 5	• FIES 2006 • National Nutrition Council administrative data 2006

1. Gender Specific Life Tables – The most recent (2009) provincial life tables estimated by Josefina V. Cabigon, based on the 2000 Census of Population and Housing, and previous life tables estimated by Cabigon and Wilhelm *Flieger* in 1999, based on the 1995 Census of Population, are the basis for the life expectancy figures.

2. Annual Poverty Indicators Survey (APIS) – A household survey conducted by the National Statistics Office (NSO) and fielded in between FIES years, subject to availability of funds. It is designed to generate information on different indicators related to poverty. Member-specific variables such as demographic characteristics, educational attainment, and health status can be derived from this survey. The latest survey was conducted in 2007, but the data gathered is not yet available. Thus, computations are based on the 2004 APIS.

Although sampling errors occur in the APIS, it is preferred for extracting provincial primary and secondary enrollment rates over administrative data collected by the Department of Education (DepEd) since implausible figures (a ratio greater than 1) are encountered using the latter data.

3. Labor Force Survey (LFS) – Conducted quarterly by the NSO since 1988, this household survey gathers information on employment, unemployment, and underemployment. Other household member variables are collected on demographics and education. All the quarterly surveys in 2006 were used.

4. Functional Literacy, Education and Mass Media Survey (FLEMMS) – Envisioned to be conducted every five years, this survey is conducted by NSO in coordination with the DepEd and seeks to gather information on functional literacy, educational and skills qualification, and exposure to mass media. The FLEMMS data in 2003 was used.

5. Family Income and Expenditures Survey (FIES) – Collected every three years also by the NSO mainly to obtain information on households' expenditures and disbursements and their sources of income and receipts. Households' housing characteristics such as housing materials, floor area, status of ownership, household furnishings, as well as access to amenities such as electricity and water are also obtained. FIES 2006, the most recent FIES, was used.

Data trimming on the FIES

Each indicator is subjected to consistency checks to ensure the reliability. Among the indicators, per capita income had the widest range of values. This indicated the possibility that averages of per capita income could be misleadingly higher or lower than the true average depending on the extreme values.

In the estimation of per capita incomes for the PHDR 2005 using the 2003 FIES, it was observed that most coefficients of variation (CVs) of mean provincial per capita incomes were extremely high compared to CVs computed in the previous FIES years (**Chapter 3, Box 3.1**). This problem was addressed by the *trimmed means* technique, which entailed simply excluding samples at the extreme ends, specifically, 1 percent (0.5 percent from both ends). The trimming was also applied to previous years for consistency.

The same procedure in trimming was applied in this year's computation to be consistent with the previous years. However, the 1 percent trimming rule did not substantially improve the CVs for majority of the provinces. About two-thirds of the provinces still had CV levels higher than those in 2003 (**Statistical Annex 11**) and the problem remained even when a greater percentage of the data was trimmed. Thus a **non-uniform** trimming rule was applied. Trimming was done in each province until the CVs were comparable to their respective "acceptable" values in 2003.

The table below shows the distribution of the provinces according to the percentage trimmed to arrive at 2003 CVs. Trimming reached up to 10 percent of the sample for some provinces. Statistical Annex 11 presents resulting CVs, mean per capita income, and standard errors per trimming rule applied.

Table 4. Extent of trimming per province

% Trimmed	Number of provinces
1	25
2	12
3	10
4	8
5	8
6	6
7	2
8	2
9	1
10	4

Source: Statistical Annex 11

Data transformation of per capita income

Previous transformations of per capita incomes to real values were done using the consumer price index (CPI) series with 1994 as base year. However, this series was discontinued in favor of a new series was published in 2004 with 2000 as its base year. This led to a recomputation of the per capita incomes in previous HDIs, applying the new CPI series to ensure comparability over time. All nominal values were transformed to 1997 prices.

Further transformation was done by adjusting the real incomes with the cost of living indices [Balisacan, 2000] to ensure comparability across provinces. Metro Manila was used as the base.

Purchasing power parity equivalents of nominal per capita incomes were computed by applying the implicit exchange rate derived from the 2007 PHDR and Peso GDP in 2006.

Statistical Annexes

Statistical Annex 1: Human Development Index 2006

HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2006	%HS grad (18 & above) 2006	Primary & high school enrollment rate (%) 2004	Per capita income (NCR 1997 pesos) 2006	Per capita income (PPP US\$) 2006	Life expectancy Index
	Metro Manila	71.8	81.1	92.0	37,039	5,101	0.781
1	Benguet	72.9	76.6	93.8	36,355	4,323	0.798
2	Rizal	71.9	73.9	92.5	30,525	4,192	0.781
3	Cavite	70.8	73.7	91.8	30,539	4,071	0.763
4	Bataan	69.4	72.0	91.5	31,640	3,545	0.740
5	Laguna	69.4	72.5	90.0	30,838	3,695	0.739
6	Pampanga	72.4	65.3	88.6	30,647	3,433	0.790
7	Ilocos Norte	73.0	62.8	90.6	29,953	2,701	0.801
8	Batanes	64.5	65.5	100.0	33,578	4,302	0.658
9	Nueva Vizcaya	66.5	54.6	92.2	36,120	3,132	0.691
10	La Union	74.6	66.5	90.6	26,926	2,609	0.827
11	Bulacan	73.4	63.9	88.9	27,642	3,385	0.806
12	Iloilo	71.2	60.2	91.6	27,408	2,572	0.770
13	Misamis Oriental	70.2	62.9	90.0	26,413	2,268	0.753
14	Davao del Sur	69.4	56.0	87.1	27,998	2,625	0.740
15	Batangas	72.6	61.7	89.8	23,465	2,970	0.793
16	Tarlac	68.7	61.6	88.7	26,224	2,528	0.728
17	South Cotabato	68.2	58.4	90.3	26,000	2,187	0.721
18	Quirino	67.1	48.1	89.0	29,564	2,411	0.702
19	Ilocos Sur	68.2	60.0	92.8	25,110	2,535	0.720
20	Pangasinan	68.4	69.8	91.6	21,536	2,058	0.723
21	Cebu	72.6	54.5	89.4	22,710	2,543	0.793
22	Zambales	67.6	63.7	91.4	22,587	2,442	0.710
23	Lanao del Norte	65.2	53.4	89.9	26,241	2,325	0.670
24	Abra	67.4	64.7	91.1	21,470	1,750	0.707
25	Cagayan	72.0	52.3	91.6	21,030	2,232	0.783
26	Negros Occidental	70.2	51.5	87.6	22,220	1,942	0.754
27	Isabela	71.9	51.0	86.5	21,000	2,202	0.782
28	Bukidnon	70.3	40.1	84.6	24,494	1,803	0.755
29	Biliran	65.5	52.3	88.6	23,740	2,233	0.674
30	Zamboanga del Sur	68.1	46.1	88.1	23,682	2,081	0.718
31	Siquijor	66.3	48.4	87.5	24,119	2,285	0.689
32	Albay	71.9	51.7	90.0	18,823	2,115	0.782
33	Davao del Norte	66.3	46.5	89.1	23,396	1,943	0.688
34	Camiguin	64.9	55.9	94.3	21,075	1,982	0.665
35	Bohol	71.8	44.0	91.1	19,985	1,750	0.779
36	Camarines Sur	73.0	50.0	88.2	17,531	1,668	0.800
37	Aurora	65.9	58.6	92.5	18,905	2,020	0.682
38	Misamis Occidental	68.0	52.6	93.4	18,883	1,596	0.716
39	Guimaras	68.1	52.4	87.5	19,518	1,831	0.718
40	Capiz	64.7	44.6	86.6	24,005	2,129	0.661
41	Aklan	65.8	56.8	91.4	19,337	1,889	0.680
42	Agusan del Norte	63.6	56.5	89.3	20,639	1,834	0.644

Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2006	HDI (II) 2006	Per capita income rank minus HDI-I rank
0.847	0.938	0.756	0.656	0.795	0.792	
0.823	0.907	0.739	0.629	0.787	0.778	0
0.801	0.915	0.594	0.624	0.725	0.773	6
0.797	0.908	0.594	0.619	0.718	0.763	4
0.785	0.926	0.622	0.596	0.716	0.754	0
0.784	0.921	0.602	0.602	0.708	0.754	0
0.730	0.877	0.597	0.590	0.706	0.753	0
0.721	0.857	0.580	0.550	0.700	0.736	2
0.770	0.986	0.670	0.628	0.699	0.757	-5
0.671	0.881	0.733	0.575	0.699	0.716	-7
0.745	0.887	0.504	0.544	0.692	0.753	4
0.723	0.897	0.522	0.588	0.684	0.763	1
0.706	0.849	0.516	0.542	0.664	0.721	1
0.719	0.889	0.492	0.521	0.654	0.721	2
0.664	0.813	0.531	0.545	0.645	0.699	-3
0.711	0.902	0.418	0.566	0.641	0.754	11
0.706	0.812	0.487	0.539	0.641	0.693	1
0.691	0.851	0.481	0.515	0.631	0.695	1
0.617	0.832	0.570	0.531	0.630	0.688	-8
0.709	0.852	0.459	0.540	0.629	0.704	0
0.771	0.914	0.370	0.505	0.621	0.714	12
0.661	0.859	0.399	0.540	0.618	0.731	7
0.729	0.920	0.396	0.533	0.612	0.721	7
0.656	0.872	0.487	0.525	0.604	0.689	-7
0.735	0.915	0.369	0.478	0.604	0.700	9
0.654	0.861	0.358	0.518	0.598	0.721	14
0.635	0.848	0.387	0.495	0.592	0.699	4
0.628	0.854	0.357	0.516	0.589	0.717	13
0.550	0.770	0.444	0.483	0.583	0.669	-7
0.644	0.874	0.425	0.518	0.581	0.689	-5
0.601	0.806	0.424	0.507	0.581	0.677	-5
0.614	0.738	0.434	0.522	0.579	0.650	-9
0.645	0.862	0.303	0.509	0.577	0.718	24
0.607	0.830	0.416	0.495	0.570	0.671	-6
0.687	0.880	0.359	0.498	0.570	0.681	4
0.597	0.845	0.332	0.478	0.569	0.701	14
0.628	0.838	0.271	0.470	0.566	0.703	27
0.699	0.836	0.305	0.502	0.562	0.673	17
0.662	0.902	0.304	0.462	0.561	0.694	17
0.641	0.771	0.320	0.485	0.560	0.658	11
0.586	0.809	0.432	0.510	0.560	0.660	-17
0.683	0.850	0.315	0.490	0.559	0.673	10
0.675	0.860	0.348	0.486	0.556	0.663	1

Statistical Annex 1: Human Development Index 2006

HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2006	%HS grad (18 & above) 2006	Primary & high school enrollment rate (%) 2004	Per capita income (NCR 1997 pesos) 2006	Per capita income (PPP US\$) 2006	Life expectancy Index
43	Southern Leyte	66.6	44.9	90.8	21,405	1,986	0.694
44	Nueva Ecija	69.5	54.0	89.1	16,701	2,219	0.742
45	Ifugao	61.2	41.6	88.1	25,002	2,038	0.604
46	Surigao del Norte	67.0	47.3	90.0	19,175	1,755	0.701
47	North Cotabato	68.6	43.8	79.6	20,366	1,664	0.727
48	Mt. Province	62.8	44.8	94.6	21,963	1,820	0.630
49	Leyte	67.7	42.0	87.5	20,067	1,888	0.712
50	Antique	64.1	46.7	92.8	20,383	1,677	0.651
51	Sorsogon	71.8	47.7	90.9	14,858	1,728	0.780
52	Occidental Mindoro	64.5	42.1	89.5	21,264	1,742	0.659
53	Marinduque	67.2	47.5	91.2	17,762	1,786	0.704
54	Camarines Norte	64.5	45.0	87.4	20,704	1,943	0.658
55	Western Samar	66.3	37.4	86.2	21,440	1,961	0.688
56	Palawan	62.7	48.1	87.8	20,434	1,750	0.628
57	Agusan del Sur	64.4	41.1	87.8	21,122	1,597	0.656
58	Quezon	67.5	48.0	87.5	16,827	1,790	0.708
59	Catanduanes	66.6	46.9	87.2	17,750	1,642	0.693
60	Surigao del Sur	64.3	46.9	93.4	18,216	1,595	0.655
61	Oriental Mindoro	65.9	47.1	88.9	17,433	1,666	0.682
62	Sultan Kudarat	66.1	45.2	87.5	17,892	1,440	0.685
63	Negros Oriental	67.3	33.6	81.0	20,933	1,743	0.705
64	Apayao	62.8	47.3	86.1	19,220	1,515	0.629
65	Kalinga	61.9	44.7	83.2	20,214	1,594	0.616
66	Davao Oriental	69.6	29.9	81.9	17,715	1,447	0.744
67	Northern Samar	65.6	34.9	88.6	17,700	1,414	0.677
68	Romblon	65.1	42.3	90.1	15,186	1,433	0.668
69	Zamboanga del Norte	70.4	34.0	79.4	15,156	1,332	0.757
70	Eastern Samar	65.2	39.9	86.6	15,811	1,589	0.670
71	Sarangani	69.7	28.4	78.7	15,801	1,329	0.745
72	Masbate	66.0	32.3	89.6	13,624	1,386	0.683
73	Lanao del Sur	58.7	44.9	85.0	14,281	1,503	0.562
74	Basilan	62.1	38.9	85.8	12,206	1,397	0.618
75	Maguindanao	57.6	40.6	75.2	15,681	1,384	0.543
76	Tawi-Tawi	53.4	37.4	81.8	6,664	942	0.473
77	Sulu	55.5	23.1	87.1	7,594	1,314	0.509
Philippines		70.6	55.3	90.8	24,727	2,707	0.760

Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2006	HDI (II) 2006	Per capita income rank minus HDI-I rank
0.602	0.826	0.367	0.499	0.554	0.673	-8
0.657	0.856	0.250	0.517	0.549	0.705	22
0.571	0.778	0.456	0.503	0.544	0.628	-25
0.616	0.863	0.311	0.478	0.543	0.681	7
0.557	0.745	0.341	0.469	0.542	0.647	-1
0.614	0.838	0.381	0.484	0.542	0.651	-17
0.572	0.816	0.334	0.490	0.539	0.673	-1
0.621	0.819	0.341	0.471	0.538	0.647	-5
0.621	0.886	0.204	0.476	0.535	0.714	21
0.579	0.780	0.363	0.477	0.534	0.639	-16
0.621	0.891	0.276	0.481	0.534	0.692	6
0.591	0.758	0.349	0.495	0.533	0.637	-12
0.537	0.728	0.368	0.497	0.531	0.638	-21
0.613	0.820	0.343	0.478	0.528	0.642	-12
0.567	0.790	0.360	0.462	0.528	0.636	-20
0.612	0.862	0.253	0.481	0.524	0.684	7
0.603	0.721	0.276	0.467	0.524	0.627	1
0.624	0.841	0.288	0.462	0.522	0.653	-3
0.610	0.883	0.268	0.470	0.520	0.678	3
0.593	0.863	0.279	0.445	0.519	0.664	-4
0.494	0.769	0.355	0.477	0.518	0.650	-22
0.603	0.864	0.313	0.454	0.515	0.649	-12
0.575	0.818	0.337	0.462	0.509	0.632	-18
0.472	0.716	0.275	0.446	0.497	0.635	-5
0.528	0.822	0.275	0.442	0.493	0.647	-5
0.582	0.871	0.212	0.444	0.487	0.661	2
0.491	0.719	0.211	0.432	0.487	0.636	2
0.554	0.789	0.228	0.462	0.484	0.640	-3
0.452	0.643	0.227	0.432	0.475	0.606	-3
0.514	0.782	0.173	0.439	0.457	0.635	2
0.583	0.790	0.190	0.452	0.445	0.602	0
0.545	0.717	0.138	0.440	0.434	0.592	1
0.521	0.624	0.224	0.439	0.430	0.535	-6
0.522	0.653	0.000	0.374	0.332	0.500	1
0.444	0.740	0.023	0.430	0.326	0.560	-1
0.839		0.551		0.716		

Statistical Annex 2: Human Development Index 2003

HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2003	%HS grad (18 & above) 2003	Primary & high school enrollment rate (%) 2002	Per capita income (NCR 1997 pesos) 2003	Per capita income (PPP US\$) 2003
		Metro Manila	70.9	75.7	92.8	39,783	4,686
1	1	Benguet	71.0	65.3	94.8	35,219	3,600
3	2	Rizal	70.8	67.6	92.8	31,012	3,756
4	3	Cavite	70.0	66.6	93.3	31,132	3,650
8	4	Bataan	68.5	62.7	91.7	29,943	2,942
2	5	Laguna	68.6	63.8	91.8	35,344	3,684
6	6	Pampanga	71.7	57.4	92.0	30,383	2,948
9	7	Ilocos Norte	71.7	54.0	93.6	29,358	2,244
5	8	Batanes	63.6	76.3	96.9	31,432	3,988
7	9	Nueva Vizcaya	65.8	50.9	93.5	35,636	2,876
11	10	La Union	72.8	55.7	89.5	28,326	2,342
10	11	Bulacan	72.1	56.4	90.3	28,806	3,059
19	12	Iloilo	70.1	53.5	91.1	24,865	2,064
12	13	Misamis Oriental	68.9	58.1	94.3	27,817	2,045
18	14	Davao del Sur	68.6	49.4	90.5	27,333	2,158
15	15	Batangas	71.5	55.4	92.8	25,286	2,823
13	16	Tarlac	68.1	55.3	89.3	29,500	2,490
14	17	South Cotabato	67.4	52.1	90.7	29,783	2,223
20	18	Quirino	65.7	39.4	90.6	31,315	2,228
23	19	Ilocos Sur	67.4	51.8	92.1	24,433	2,102
17	20	Pangasinan	68.1	62.0	92.5	25,321	2,042
22	21	Cebu	71.8	46.5	91.1	23,932	2,341
16	22	Zambales	67.0	60.9	94.7	26,521	2,512
33	23	Lanao del Norte	64.1	45.8	91.1	23,683	1,798
21	24	Abra	66.0	49.5	91.9	28,081	1,976
37	25	Cagayan	69.8	42.6	92.8	20,223	1,895
26	26	Negros Occidental	69.0	45.7	90.8	23,076	1,792
27	27	Isabela	70.2	46.5	90.5	21,764	2,010
28	28	Bukidnon	68.4	34.8	88.3	26,280	1,647
61	29	Biliran	64.5	39.1	86.4	18,622	1,516
39	30	Zamboanga del Sur	66.9	40.4	90.4	22,655	1,730
58	31	Siquijor	65.4	42.9	92.2	16,792	1,355
35	32	Albay	70.3	47.6	91.7	18,723	1,845
32	33	Davao del Norte	65.2	41.1	90.0	24,659	1,710
25	34	Camiguin	64.1	48.1	93.6	25,875	2,110
41	35	Bohol	70.5	36.5	89.9	20,598	1,581
30	36	Camarines Sur	71.4	42.4	87.5	21,148	1,692
34	37	Aurora	64.7	52.3	92.2	21,330	2,000
43	38	Misamis Occidental	66.6	46.4	92.9	19,667	1,406
57	39	Guimaras	67.2	39.2	91.4	16,854	1,359
24	40	Capiz	64.2	41.0	91.4	28,712	2,056
42	41	Aklan	64.6	49.7	93.7	20,167	1,668
38	42	Agusan del Norte	63.0	48.8	93.4	22,846	1,682

							Per capita income rank minus HDI-1 rank
Life expectancy Index	Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2003	HDI (II) 2003	
0.764	0.814	0.941	0.824	0.642	0.801	0.782	
0.766	0.751	0.910	0.711	0.598	0.743	0.758	2
0.764	0.760	0.916	0.606	0.605	0.710	0.762	4
0.750	0.755	0.914	0.609	0.600	0.705	0.755	2
0.725	0.724	0.927	0.579	0.564	0.676	0.739	1
0.726	0.731	0.927	0.714	0.602	0.724	0.752	0
0.778	0.689	0.889	0.590	0.565	0.686	0.744	2
0.778	0.672	0.867	0.565	0.519	0.672	0.721	3
0.644	0.832	0.976	0.617	0.615	0.697	0.745	-1
0.679	0.651	0.885	0.721	0.561	0.684	0.708	-6
0.797	0.669	0.883	0.539	0.526	0.669	0.735	5
0.786	0.677	0.901	0.551	0.571	0.671	0.753	4
0.752	0.660	0.848	0.453	0.505	0.622	0.702	7
0.731	0.702	0.903	0.527	0.504	0.653	0.713	6
0.726	0.631	0.825	0.514	0.513	0.624	0.688	1
0.775	0.679	0.913	0.464	0.558	0.639	0.748	9
0.719	0.666	0.814	0.568	0.537	0.651	0.690	-2
0.707	0.650	0.852	0.575	0.518	0.644	0.692	-4
0.679	0.565	0.837	0.614	0.518	0.619	0.678	-15
0.707	0.653	0.849	0.442	0.508	0.600	0.688	6
0.718	0.722	0.917	0.464	0.503	0.635	0.713	6
0.780	0.613	0.865	0.430	0.526	0.608	0.724	8
0.699	0.722	0.931	0.494	0.538	0.638	0.723	4
0.652	0.609	0.876	0.424	0.482	0.562	0.670	-1
0.684	0.636	0.918	0.533	0.498	0.618	0.700	-4
0.746	0.593	0.865	0.338	0.491	0.559	0.701	11
0.734	0.607	0.859	0.409	0.482	0.583	0.691	7
0.753	0.612	0.867	0.376	0.501	0.580	0.707	12
0.723	0.526	0.782	0.488	0.468	0.579	0.658	-7
0.659	0.549	0.867	0.298	0.454	0.502	0.660	1
0.698	0.571	0.813	0.398	0.476	0.555	0.662	-2
0.674	0.593	0.754	0.252	0.435	0.506	0.621	12
0.755	0.623	0.868	0.300	0.487	0.559	0.703	26
0.671	0.574	0.834	0.448	0.474	0.564	0.659	-5
0.651	0.633	0.878	0.478	0.509	0.587	0.679	-3
0.758	0.543	0.841	0.347	0.461	0.549	0.686	5
0.773	0.574	0.836	0.361	0.472	0.569	0.694	12
0.662	0.656	0.835	0.365	0.500	0.561	0.665	6
0.693	0.619	0.900	0.324	0.441	0.545	0.678	12
0.704	0.566	0.784	0.254	0.435	0.508	0.641	12
0.653	0.578	0.825	0.549	0.505	0.593	0.661	-9
0.660	0.644	0.858	0.336	0.470	0.547	0.662	7
0.633	0.637	0.874	0.403	0.471	0.557	0.659	-3

Statistical Annex 2: Human Development Index 2003

HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2003	%HS grad (18 & above) 2003	Primary & high school enrollment rate (%) 2002	Per capita income (NCR 1997 pesos) 2003	Per capita income (PPP US\$) 2003
53	43	Southern Leyte	65.9	36.2	93.6	19,876	1,651
40	44	Nueva Ecija	69.1	50.1	90.1	18,482	2,143
29	45	Ifugao	60.6	40.0	93.9	29,177	2,097
55	46	Surigao del Norte	66.3	37.9	91.0	18,885	1,494
31	47	North Cotabato	67.3	41.3	92.8	22,965	1,647
48	48	Mt. Province	62.0	41.6	94.8	22,759	1,577
54	49	Leyte	66.8	37.5	88.7	19,402	1,627
36	50	Antique	63.2	43.0	92.8	24,540	1,797
45	51	Sorsogon	69.9	40.5	90.7	18,996	1,613
52	52	Occidental Mindoro	63.7	36.5	89.9	22,363	1,625
59	53	Marinduque	66.0	39.9	92.9	17,075	1,476
51	54	Camarines Norte	63.7	41.4	92.8	21,044	1,773
66	55	Western Samar	64.4	31.0	80.9	20,746	1,718
60	56	Palawan	62.1	45.3	88.3	18,753	1,424
69	57	Agusan del Sur	63.0	32.1	91.2	19,897	1,295
47	58	Quezon	66.7	44.0	90.5	19,813	1,840
50	59	Catanduanes	65.5	42.2	91.9	20,301	1,614
70	60	Surigao del Sur	63.2	41.3	90.4	17,094	1,267
49	61	Oriental Mindoro	65.1	40.1	93.3	21,025	1,774
56	62	Sultan Kudarat	65.0	43.5	92.1	18,078	1,274
64	63	Negros Oriental	66.3	32.0	76.9	19,936	1,442
44	64	Apayao	62.2	37.5	90.4	25,262	1,727
46	65	Kalinga	61.3	42.3	94.1	23,827	1,608
62	66	Davao Oriental	68.1	27.8	91.4	18,158	1,236
68	67	Northern Samar	64.5	32.1	91.3	19,004	1,343
63	68	Romblon	64.3	37.4	92.6	17,904	1,497
71	69	Zamboanga del Norte	68.1	33.9	90.1	14,269	1,079
67	70	Eastern Samar	63.9	32.2	88.4	19,768	1,654
72	71	Sarangani	68.1	25.3	80.1	15,572	1,171
73	72	Masbate	64.9	28.5	90.0	14,928	1,299
65	73	Lanao del Sur	57.8	45.9	81.1	21,235	1,756
74	74	Basilan	61.2	31.6	83.9	14,399	1,314
75	75	Maguindanao	56.6	28.9	81.2	14,807	1,096
76	76	Tawi-Tawi	52.4	40.9	91.4	11,437	1,347
77	77	Sulu	54.3	21.1	83.8	8,944	1,287
Philippines			69.1	52.1	90.6	27,515	2,609

							Per capita income rank minus HDI-1 rank
Life expectancy Index	Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2003	HDI (II) 2003	
0.681	0.554	0.836	0.329	0.468	0.521	0.661	-1
0.734	0.634	0.859	0.294	0.512	0.554	0.702	23
0.593	0.580	0.797	0.560	0.508	0.578	0.633	-16
0.688	0.556	0.866	0.304	0.451	0.516	0.668	4
0.706	0.585	0.789	0.406	0.468	0.565	0.654	3
0.617	0.593	0.839	0.401	0.460	0.537	0.639	-12
0.697	0.546	0.820	0.317	0.466	0.520	0.661	2
0.637	0.596	0.819	0.445	0.482	0.559	0.646	-8
0.748	0.572	0.886	0.307	0.464	0.543	0.699	13
0.644	0.543	0.782	0.391	0.465	0.526	0.630	-14
0.684	0.576	0.897	0.259	0.449	0.506	0.677	9
0.645	0.585	0.775	0.358	0.480	0.530	0.634	-8
0.657	0.476	0.710	0.351	0.475	0.495	0.614	-21
0.618	0.596	0.822	0.301	0.443	0.505	0.628	0
0.633	0.518	0.801	0.329	0.427	0.494	0.621	-18
0.695	0.595	0.872	0.327	0.486	0.539	0.684	6
0.675	0.588	0.736	0.339	0.464	0.534	0.625	-3
0.637	0.577	0.831	0.260	0.424	0.491	0.631	-3
0.668	0.578	0.897	0.357	0.480	0.535	0.682	-5
0.666	0.597	0.878	0.284	0.425	0.516	0.656	9
0.688	0.470	0.755	0.330	0.445	0.496	0.629	-14
0.620	0.551	0.878	0.463	0.475	0.545	0.658	-19
0.605	0.595	0.854	0.427	0.464	0.542	0.641	-15
0.718	0.490	0.748	0.286	0.420	0.498	0.629	2
0.658	0.518	0.831	0.307	0.434	0.494	0.641	-11
0.656	0.558	0.879	0.280	0.452	0.498	0.662	3
0.718	0.527	0.754	0.189	0.397	0.478	0.623	4
0.648	0.509	0.795	0.326	0.468	0.495	0.637	-13
0.719	0.436	0.647	0.222	0.411	0.459	0.592	-1
0.665	0.490	0.784	0.206	0.428	0.454	0.626	-1
0.547	0.576	0.777	0.363	0.478	0.495	0.601	-24
0.604	0.490	0.711	0.193	0.430	0.429	0.581	0
0.527	0.463	0.644	0.203	0.400	0.398	0.523	-2
0.457	0.577	0.684	0.119	0.434	0.384	0.525	0
0.488	0.420	0.729	0.057	0.426	0.321	0.548	0
0.735		0.863		0.544		0.714	

Statistical Annex 3: Human Development Index 2000

HDI-1 Rank 2000	HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2000	%HS grad (18 & above) 2000	Functional literacy 1994	Primary & high school enrollment rate (%) 1999	Per capita income (NCR 1997 pesos) 2000
			Metro Manila	69.9	74.3	92.41	93.8	46,407
3	1	1	Benguet	68.9	64.7	83.89	94.8	32,512
1	3	2	Rizal	69.7	66.9	89.17	94.2	37,292
6	4	3	Cavite	69.1	64.3	92.80	95.6	31,456
4	8	4	Bataan	67.5	62.2	88.74	94.4	33,702
5	2	5	Laguna	67.6	60.8	86.09	93.1	34,014
11	6	6	Pampanga	71.0	53.4	79.23	91.3	28,109
2	9	7	Ilocos Norte	70.3	54.9	84.69	94.9	35,846
10	5	8	Batanes	63.4	60.7	92.68	98.0	30,383
13	7	9	Nueva Vizcaya	64.9	48.9	78.20	93.6	31,609
14	11	10	La Union	70.9	52.9	87.43	89.7	26,826
7	10	11	Bulacan	70.9	52.1	90.59	90.0	32,196
9	19	12	Iloilo	69.0	51.5	83.59	92.2	30,244
8	12	13	Misamis Oriental	67.5	55.2	84.54	92.1	31,008
18	18	14	Davao del Sur	67.8	49.4	68.78	85.3	29,149
17	15	15	Batangas	70.6	51.7	90.40	93.4	25,852
21	13	16	Tarlac	67.5	51.6	82.22	87.7	23,665
12	14	17	South Cotabato	66.6	50.2	73.63	89.8	31,518
48	20	18	Quirino	64.2	39.6	80.14	86.6	21,713
20	23	19	Ilocos Sur	66.6	52.9	83.29	93.3	26,457
19	17	20	Pangasinan	67.8	60.0	87.38	94.5	24,986
25	22	21	Cebu	70.9	41.6	80.18	89.5	21,411
16	16	22	Zambales	66.3	60.2	81.71	94.8	27,053
24	33	23	Lanao del Norte	63.2	47.7	73.39	92.4	24,603
15	21	24	Abra	64.6	50.8	90.11	92.6	31,140
46	37	25	Cagayan	67.6	37.8	86.72	89.2	19,729
37	26	26	Negros Occidental	67.8	38.0	78.30	90.2	21,004
23	27	27	Isabela	68.5	47.1	89.45	88.4	23,020
30	28	28	Bukidnon	66.4	34.1	83.15	82.8	25,994
64	61	29	Biliran	63.5	32.6	79.45	90.4	18,438
57	39	30	Zamboanga del Sur	65.7	37.7	77.23	85.7	19,877
54	58	31	Siquijor	64.2	34.3	86.27	95.2	21,478
35	35	32	Albay	68.7	46.0	82.31	91.0	18,648
52	32	33	Davao del Norte	64.1	36.5	85.49	88.5	21,967
55	25	34	Camiguin	63.2	46.2	85.90	94.9	18,636
41	41	35	Bohol	69.1	33.1	84.86	92.3	19,980
42	30	36	Camarines Sur	69.8	35.5	85.97	84.5	19,761
31	34	37	Aurora	63.8	50.1	84.16	93.3	21,750
47	43	38	Misamis Occidental	65.2	41.3	84.83	90.4	20,192
39	57	39	Guimaras	66.0	39.0	83.59	89.6	21,398
44	24	40	Capiz	63.7	41.3	76.45	91.1	21,223
32	42	41	Aklan	63.6	50.3	83.01	94.6	21,241
51	38	42	Agusan del Norte	62.3	46.7	88.16	87.6	20,698

Per capita income (PPP US\$) 2000	Life expectancy Index	Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2000	HDI (II) 2000	Per capita income rank minus HDI-1 rank
4,750	0.748	0.808	0.931	0.989	0.644	0.848	0.774	
2,885	0.732	0.747	0.893	0.643	0.561	0.708	0.729	2
3,902	0.745	0.760	0.917	0.762	0.612	0.756	0.758	0
3,204	0.736	0.747	0.942	0.617	0.579	0.700	0.752	3
2,909	0.709	0.729	0.916	0.673	0.563	0.704	0.729	0
3,109	0.711	0.716	0.896	0.681	0.574	0.702	0.727	-2
2,456	0.767	0.660	0.853	0.534	0.534	0.654	0.718	5
2,411	0.755	0.682	0.898	0.726	0.531	0.721	0.728	0
3,166	0.640	0.731	0.953	0.590	0.577	0.654	0.723	2
2,160	0.665	0.638	0.859	0.621	0.513	0.641	0.679	-6
1,998	0.766	0.652	0.886	0.502	0.500	0.640	0.717	6
3,082	0.765	0.647	0.903	0.636	0.572	0.682	0.747	-1
2,210	0.734	0.651	0.879	0.587	0.517	0.657	0.710	4
2,000	0.709	0.675	0.883	0.606	0.500	0.664	0.698	3
2,066	0.713	0.614	0.770	0.560	0.505	0.629	0.663	-4
2,489	0.759	0.656	0.919	0.478	0.537	0.631	0.738	7
1,792	0.708	0.636	0.850	0.423	0.482	0.589	0.680	8
2,095	0.694	0.634	0.817	0.619	0.508	0.649	0.673	-4
1,463	0.653	0.553	0.834	0.375	0.448	0.527	0.645	-11
2,001	0.694	0.663	0.883	0.493	0.500	0.617	0.692	1
1,805	0.713	0.715	0.909	0.456	0.483	0.628	0.702	7
1,757	0.765	0.576	0.849	0.367	0.478	0.569	0.697	16
2,264	0.688	0.717	0.883	0.508	0.521	0.637	0.697	3
1,639	0.636	0.626	0.829	0.447	0.467	0.570	0.644	3
1,902	0.659	0.648	0.914	0.609	0.492	0.639	0.688	-5
1,673	0.709	0.549	0.880	0.325	0.470	0.528	0.686	9
1,444	0.714	0.554	0.842	0.357	0.446	0.542	0.667	10
1,912	0.725	0.609	0.889	0.407	0.492	0.580	0.702	10
1,434	0.690	0.503	0.830	0.481	0.444	0.558	0.655	-7
1,367	0.642	0.519	0.849	0.293	0.436	0.484	0.642	0
1,367	0.679	0.537	0.815	0.329	0.437	0.515	0.643	-5
1,499	0.653	0.546	0.908	0.369	0.452	0.523	0.671	-14
1,634	0.728	0.610	0.867	0.298	0.466	0.546	0.687	27
1,375	0.652	0.538	0.870	0.381	0.438	0.524	0.653	-17
1,333	0.637	0.625	0.904	0.298	0.432	0.520	0.658	8
1,239	0.735	0.528	0.886	0.331	0.420	0.531	0.680	10
1,421	0.746	0.519	0.852	0.326	0.443	0.530	0.680	11
1,809	0.647	0.645	0.887	0.376	0.483	0.556	0.672	5
1,309	0.669	0.577	0.876	0.337	0.429	0.528	0.658	2
1,566	0.684	0.558	0.866	0.367	0.459	0.536	0.669	3
1,496	0.645	0.579	0.838	0.362	0.452	0.529	0.645	1
1,587	0.643	0.651	0.888	0.363	0.461	0.552	0.664	12
1,397	0.622	0.603	0.879	0.349	0.440	0.525	0.647	-3

Statistical Annex 3: Human Development Index 2000

HDI-1 Rank 2000	HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 2000	%HS grad (18 & above) 2000	Functional literacy 1994	Primary & high school enrollment rate (%) 1999	Per capita income (NCR 1997 pesos) 2000
45	53	43	Southern Leyte	65.0	37.6	86.35	89.6	21,512
26	40	44	Nueva Ecija	68.7	50.9	92.42	91.7	19,421
65	29	45	Ifugao	60.0	34.4	51.07	90.1	20,131
60	55	46	Surigao del Norte	65.4	35.3	81.64	91.7	18,715
40	31	47	North Cotabato	66.1	42.9	72.76	90.9	19,737
22	48	48	Mt. Province	61.1	43.1	81.08	95.7	28,144
36	54	49	Leyte	65.9	36.2	79.45	88.9	23,136
38	36	50	Antique	62.4	38.4	78.45	94.8	23,730
62	45	51	Sorsogon	68.0	37.4	79.38	92.3	15,661
50	52	52	Occidental Mindoro	63.0	33.2	83.12	92.4	23,300
63	59	53	Marinduque	64.9	33.7	91.25	92.1	17,048
61	51	54	Camarines Norte	62.9	42.9	90.01	86.6	18,975
70	66	55	Western Samar	62.8	22.3	76.41	85.5	17,027
27	60	56	Palawan	61.5	44.9	77.35	87.3	26,033
69	69	57	Agusan del Sur	61.5	33.2	71.84	88.0	18,157
28	47	58	Quezon	65.9	46.4	87.25	91.2	22,020
59	50	59	Catanduanes	64.4	39.6	87.01	95.3	18,895
58	70	60	Surigao del Sur	62.1	40.2	82.43	85.8	21,606
49	49	61	Oriental Mindoro	64.2	40.7	91.54	87.1	21,283
56	56	62	Sultan Kudarat	64.0	41.9	78.63	93.5	19,073
53	64	63	Negros Oriental	65.3	33.1	73.82	79.7	23,213
34	44	64	Apayao	61.5	31.3	70.35	94.1	27,474
29	46	65	Kalinga	60.7	38.7	70.35	93.8	27,068
33	62	66	Davao Oriental	66.6	31.8	74.61	87.4	25,065
66	68	67	Northern Samar	63.2	31.8	73.63	87.2	18,806
67	63	68	Romblon	63.5	38.7	85.92	90.2	15,654
43	71	69	Zamboanga del Norte	65.6	37.8	74.49	90.5	21,028
71	67	70	Eastern Samar	62.7	27.8	86.25	89.8	14,453
68	72	71	Sarangani	66.6	33.6	73.63	69.3	17,570
74	73	72	Masbate	63.7	23.3	75.21	84.0	12,513
72	65	73	Lanao del Sur	56.7	35.7	59.31	76.9	15,861
75	74	74	Basilan	60.5	28.6	48.08	82.1	13,044
73	75	75	Maguindanao	55.6	36.1	68.71	76.6	16,002
76	76	76	Tawi-Tawi	51.5	34.2	52.67	90.9	11,763
77	77	77	Sulu	53.0	18.1	57.73	77.7	8,118
Philippines				67.7	49.4	83.8	88.5	27,338

Per capita income (PPP US\$) 2000	Life expectancy Index	Education Index I	Education Index II	Income Index I	Income Index II	HDI (I) 2000	HDI (II) 2000	Per capita income rank minus HDI-1 rank
1,564	0.667	0.549	0.880	0.370	0.459	0.529	0.669	-6
2,028	0.728	0.645	0.921	0.318	0.502	0.563	0.717	30
1,238	0.583	0.529	0.706	0.335	0.420	0.483	0.570	-15
1,336	0.673	0.541	0.867	0.300	0.433	0.505	0.657	1
1,260	0.685	0.589	0.818	0.325	0.423	0.533	0.642	14
1,613	0.602	0.606	0.884	0.535	0.464	0.581	0.650	-7
1,715	0.682	0.537	0.842	0.410	0.474	0.543	0.666	-4
1,533	0.623	0.572	0.866	0.425	0.456	0.540	0.648	-10
1,392	0.716	0.557	0.859	0.224	0.440	0.499	0.671	9
1,510	0.633	0.529	0.877	0.414	0.453	0.525	0.654	-20
1,358	0.664	0.532	0.917	0.258	0.435	0.485	0.672	4
1,396	0.631	0.575	0.883	0.306	0.440	0.504	0.652	-3
1,231	0.629	0.434	0.809	0.258	0.419	0.440	0.619	-2
1,750	0.609	0.590	0.823	0.482	0.478	0.560	0.636	-5
1,055	0.608	0.515	0.799	0.286	0.393	0.470	0.600	-4
1,796	0.681	0.614	0.892	0.382	0.482	0.559	0.685	6
1,366	0.657	0.581	0.911	0.304	0.436	0.514	0.668	0
1,431	0.618	0.554	0.841	0.372	0.444	0.515	0.634	-20
1,639	0.653	0.561	0.893	0.364	0.467	0.526	0.671	-6
1,211	0.650	0.591	0.861	0.309	0.416	0.517	0.642	1
1,422	0.672	0.486	0.768	0.412	0.443	0.524	0.628	-22
1,596	0.609	0.522	0.822	0.518	0.462	0.550	0.631	-17
1,541	0.596	0.571	0.821	0.508	0.456	0.558	0.624	-11
1,530	0.693	0.504	0.810	0.458	0.455	0.551	0.653	-8
1,182	0.637	0.503	0.804	0.302	0.412	0.480	0.618	-6
1,163	0.642	0.559	0.881	0.224	0.410	0.475	0.644	5
1,441	0.677	0.553	0.825	0.358	0.445	0.529	0.649	3
1,140	0.629	0.485	0.880	0.194	0.406	0.436	0.638	2
1,168	0.694	0.455	0.715	0.271	0.410	0.473	0.606	-2
995	0.646	0.436	0.796	0.146	0.383	0.409	0.608	1
1,221	0.528	0.494	0.681	0.229	0.418	0.417	0.542	-2
1,074	0.591	0.464	0.651	0.159	0.396	0.405	0.546	-1
1,052	0.510	0.496	0.727	0.232	0.393	0.413	0.543	-4
1,201	0.442	0.531	0.718	0.127	0.415	0.367	0.525	0
1,020	0.467	0.380	0.677	0.036	0.388	0.294	0.511	0
2,260	0.711		0.854		0.520		0.695	

Statistical Annex 4: Human Development Index 1997

HDI-1 Rank 1997	HDI-1 Rank 2000	HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 1997	%HS grad (18 & above) 1997	Primary & high school enrollment rate (%) 1998
				Metro Manila	68.9	73.2	94.5
8	3	1	1	Benguet	66.9	60.9	94.1
1	1	3	2	Rizal	68.7	62.0	93.7
6	6	4	3	Cavite	68.3	60.2	93.5
4	4	8	4	Bataan	66.7	58.2	91.4
5	5	2	5	Laguna	66.8	56.9	94.1
9	11	6	6	Pampanga	70.3	52.2	90.8
7	2	9	7	Ilocos Norte	69.0	52.0	92.8
2	10	5	8	Batanes	62.8	58.3	96.6
19	13	7	9	Nueva Vizcaya	64.1	42.8	90.9
15	14	11	10	La Union	69.1	50.1	88.8
12	7	10	11	Bulacan	69.6	50.6	90.4
18	9	19	12	Iloilo	67.9	49.5	92.2
3	8	12	13	Misamis Oriental	66.3	54.5	92.4
13	18	18	14	Davao del Sur	67.0	44.6	87.1
11	17	15	15	Batangas	69.7	52.0	93.5
16	21	13	16	Tarlac	66.9	49.0	91.5
22	12	14	17	South Cotabato	65.7	47.4	88.9
27	48	20	18	Quirino	62.9	37.2	89.4
17	20	23	19	Ilocos Sur	65.9	48.3	94.6
14	19	17	20	Pangasinan	67.5	55.8	93.9
20	25	22	21	Cebu	70.1	39.0	88.4
10	16	16	22	Zambales	65.7	59.4	93.9
25	24	33	23	Lanao del Norte	62.1	45.6	88.2
23	15	21	24	Abra	63.2	50.3	93.8
57	46	37	25	Cagayan	65.3	32.0	91.5
35	37	26	26	Negros Occidental	66.8	37.8	84.4
26	23	27	27	Isabela	66.8	41.7	88.5
34	30	28	28	Bukidnon	64.6	29.8	84.1
66	64	61	29	Biliran	62.4	28.2	93.0
36	57	39	30	Zamboanga del Sur	64.6	34.7	84.2
64	54	58	31	Siquijor	63.1	35.5	87.9
44	35	35	32	Albay	67.1	42.2	90.4
39	52	32	33	Davao del Norte	63.1	33.9	90.8
42	55	25	34	Camiguin	62.3	46.8	94.9
56	41	41	35	Bohol	67.8	31.1	88.0
46	42	30	36	Camarines Sur	68.1	36.1	88.7
32	31	34	37	Aurora	63.0	43.8	95.8
43	47	43	38	Misamis Occidental	63.7	37.5	90.1
49	39	57	39	Guimaras	65.1	36.5	86.3
31	44	24	40	Capiz	63.3	42.3	93.9
30	32	42	41	Aklan	62.5	44.6	96.2

Per capita income (NCR 1997 pesos) 1997	Life expectancy Index	Education Index I	Income Index I	HDI (I) 1997	Per capita income rank minus HDI-1 rank
46,837	0.732	0.803	1.000	0.845	
31,107	0.699	0.719	0.608	0.676	0
35,769	0.728	0.725	0.724	0.726	2
32,214	0.722	0.713	0.636	0.690	1
34,760	0.694	0.693	0.699	0.695	0
34,288	0.697	0.693	0.688	0.693	0
30,452	0.756	0.651	0.592	0.666	1
32,329	0.733	0.656	0.639	0.676	-1
38,995	0.630	0.710	0.805	0.715	-1
28,654	0.652	0.588	0.547	0.596	-5
26,614	0.735	0.630	0.497	0.621	4
29,006	0.743	0.639	0.556	0.646	1
25,517	0.714	0.637	0.469	0.607	6
36,006	0.688	0.671	0.730	0.696	-1
30,820	0.701	0.588	0.601	0.630	-4
28,415	0.744	0.659	0.541	0.648	4
27,866	0.698	0.632	0.528	0.619	1
24,768	0.678	0.612	0.451	0.580	3
26,057	0.631	0.546	0.483	0.553	-6
27,391	0.681	0.637	0.516	0.611	1
25,613	0.708	0.685	0.472	0.622	9
24,710	0.752	0.555	0.449	0.585	6
29,946	0.679	0.709	0.580	0.656	1
25,755	0.618	0.598	0.475	0.564	-3
24,141	0.636	0.648	0.435	0.573	8
18,980	0.671	0.518	0.307	0.499	3
22,555	0.696	0.533	0.396	0.542	6
22,853	0.697	0.573	0.403	0.558	13
26,450	0.659	0.479	0.493	0.544	-14
18,344	0.624	0.498	0.291	0.471	-1
24,471	0.660	0.512	0.443	0.538	-7
18,093	0.634	0.530	0.284	0.483	6
18,302	0.702	0.582	0.290	0.525	22
23,580	0.636	0.528	0.421	0.528	-6
19,971	0.622	0.628	0.331	0.527	11
18,423	0.713	0.501	0.293	0.502	8
18,688	0.719	0.536	0.299	0.518	16
22,516	0.634	0.612	0.395	0.547	10
22,107	0.644	0.550	0.384	0.526	2
20,153	0.669	0.531	0.336	0.512	3
23,105	0.638	0.595	0.409	0.547	5
23,084	0.625	0.618	0.409	0.551	7

Statistical Annex 4: Human Development Index 1997

HDI-1 Rank 1997	HDI-1 Rank 2000	HDI-1 Rank 2003	HDI-1 Rank 2006	Province	Life expectancy at birth (years) 1997	%HS grad (18 & above) 1997	Primary & high school enrollment rate (%) 1998
47	51	38	42	Agusan del Norte	61.7	41.8	91.2
65	45	53	43	Southern Leyte	64.2	29.0	89.3
28	26	40	44	Nueva Ecija	68.2	45.4	90.9
50	65	29	45	Ifugao	59.4	34.1	90.1
58	60	55	46	Surigao del Norte	64.3	32.6	90.2
51	40	31	47	North Cotabato	64.9	42.0	89.0
52	22	48	48	Mt. Province	60.4	36.6	96.4
61	36	54	49	Leyte	65.1	30.9	83.6
38	38	36	50	Antique	61.8	36.7	88.5
60	62	45	51	Sorsogon	66.1	37.2	92.8
48	50	52	52	Occidental Mindoro	62.2	33.2	89.1
53	63	59	53	Marinduque	63.7	35.8	91.2
59	61	51	54	Camarines Norte	62.0	38.3	86.6
70	70	66	55	Western Samar	61.0	26.5	81.7
37	27	60	56	Palawan	61.0	42.6	89.0
63	69	69	57	Agusan del Sur	60.2	31.7	83.5
24	28	47	58	Quezon	65.1	43.8	89.5
40	59	50	59	Catanduanes	63.3	36.2	94.2
55	58	70	60	Surigao del Sur	60.9	38.6	91.1
41	49	49	61	Oriental Mindoro	63.5	36.3	90.1
29	56	56	62	Sultan Kudarat	62.8	45.7	92.3
45	53	64	63	Negros Oriental	64.3	28.8	88.1
33	34	44	64	Apayao	60.8	31.2	91.5
21	29	46	65	Kalinga	60.2	41.7	89.9
62	33	62	66	Davao Oriental	64.9	24.5	86.6
68	66	68	67	Northern Samar	62.1	26.8	88.9
67	67	63	68	Romblon	62.6	32.4	92.6
54	43	71	69	Zamboanga del Norte	63.2	32.5	88.3
74	71	67	70	Eastern Samar	61.3	26.2	88.0
72	68	72	71	Sarangani	65.0	27.5	66.6
76	74	73	72	Masbate	62.6	22.4	79.4
73	72	65	73	Lanao del Sur	55.7	39.2	82.0
69	75	74	74	Basilan	59.7	30.1	81.3
71	73	75	75	Maguindanao	54.7	33.8	79.9
75	76	76	76	Tawi-Tawi	50.6	32.9	87.6
77	77	77	77	Sulu	51.7	22.4	81.3
Philippines					66.2	46.8	87.9

Per capita income (NCR 1997 pesos) 1997	Life expectancy Index	Education Index I	Income Index I	HDI (I) 1997	Per capita income rank minus HDI-1 rank
20,623	0.612	0.583	0.347	0.514	4
18,223	0.654	0.491	0.288	0.478	2
19,856	0.719	0.606	0.328	0.551	27
24,146	0.573	0.527	0.435	0.512	-20
19,490	0.656	0.518	0.319	0.498	1
18,446	0.664	0.577	0.293	0.512	12
21,791	0.591	0.565	0.377	0.511	-6
19,759	0.668	0.484	0.326	0.493	-4
24,631	0.614	0.540	0.447	0.534	-11
16,210	0.684	0.557	0.238	0.493	12
22,899	0.620	0.519	0.404	0.514	-10
19,819	0.645	0.543	0.327	0.505	3
19,912	0.617	0.544	0.330	0.497	-5
18,896	0.600	0.449	0.304	0.451	-9
23,644	0.600	0.580	0.423	0.535	-5
22,307	0.587	0.490	0.389	0.489	-19
24,587	0.669	0.591	0.446	0.569	4
22,365	0.638	0.556	0.391	0.528	3
20,825	0.598	0.561	0.353	0.504	-5
22,727	0.642	0.542	0.400	0.528	-1
23,170	0.630	0.612	0.411	0.551	6
23,490	0.656	0.486	0.419	0.520	-11
27,911	0.597	0.513	0.529	0.546	-17
29,930	0.587	0.578	0.579	0.581	-9
20,998	0.665	0.452	0.357	0.491	-13
18,205	0.619	0.475	0.287	0.461	0
16,154	0.627	0.524	0.236	0.463	6
21,290	0.637	0.511	0.364	0.504	-6
12,985	0.605	0.468	0.157	0.410	2
17,497	0.666	0.405	0.270	0.447	-1
13,991	0.627	0.414	0.182	0.408	-1
15,636	0.512	0.534	0.223	0.423	1
19,686	0.578	0.472	0.324	0.458	-11
21,428	0.494	0.492	0.368	0.451	-24
18,180	0.427	0.511	0.287	0.408	-6
8,840	0.445	0.420	0.054	0.307	0
27,896	0.687				

Statistical Annex 5: Gender-related Development Index 2006

HDI-1 Rank 2006	Province	Gender-related development index (GDI) 2006				Life expectancy at birth (years) 2006		% HS grad (18 and above) 2006	
		Rank 1	Value 1	Rank 2	Value 2	Female	Male	Female	Male
	Metro Manila		0.710		0.686	73.7	69.8	81.0	81.1
1	Benguet	1	0.696	1	0.669	75.4	70.4	80.2	72.9
2	Rizal	4	0.651	2	0.665	73.2	70.5	75.1	72.6
3	Cavite	3	0.656	4	0.659	75.1	66.4	75.1	72.3
4	Bataan	2	0.660	7	0.652	72.1	66.7	72.6	71.4
5	Laguna	5	0.648	6	0.653	72.2	66.5	74.4	70.5
6	Pampanga	12	0.618	9	0.646	75.3	69.6	65.4	65.2
7	Ilocos Norte	9	0.629	11	0.631	76.3	70.0	66.0	59.7
8	Batanes	7	0.640	10	0.646	66.2	62.6	61.9	68.2
9	Nueva Vizcaya	8	0.631	19	0.614	68.2	64.9	56.6	52.7
10	La Union	6	0.645	8	0.650	78.3	71.0	67.4	65.6
11	Bulacan	10	0.626	3	0.662	75.6	71.2	66.2	61.6
12	Iloilo	11	0.621	14	0.619	74.2	68.4	64.5	55.9
13	Misamis Oriental	14	0.593	18	0.615	71.6	68.7	65.5	60.1
14	Davao del Sur	17	0.580	26	0.598	71.3	67.5	59.1	52.9
15	Batangas	13	0.604	5	0.654	75.4	69.7	64.9	58.4
16	Tarlac	15	0.587	30	0.591	71.0	66.5	63.7	59.7
17	South Cotabato	19	0.579	29	0.592	69.3	67.2	62.2	54.7
18	Quirino	28	0.542	36	0.579	69.8	64.3	53.1	43.1
19	Ilocos Sur	16	0.585	25	0.599	71.8	64.4	62.4	57.6
20	Pangasinan	21	0.576	21	0.606	71.2	65.6	69.2	70.5
21	Cebu	18	0.580	12	0.630	75.8	69.5	56.7	52.2
22	Zambales	22	0.572	16	0.617	69.2	66.1	64.2	63.2
23	Lanao del Norte	29	0.542	33	0.583	66.1	64.2	56.8	50.0
24	Abra	20	0.578	24	0.600	69.5	65.5	66.9	62.6
25	Cagayan	23	0.571	13	0.620	74.2	70.0	54.4	50.4
26	Negros Occidental	25	0.551	27	0.598	73.2	67.2	55.1	47.9
27	Isabela	24	0.553	15	0.619	74.4	69.5	53.6	48.4
28	Bukidnon	35	0.528	43	0.569	72.3	68.3	45.8	34.8
29	Biliran	26	0.549	31	0.591	68.0	62.7	55.3	48.8
30	Zamboanga del Sur	37	0.526	39	0.572	72.1	64.2	49.4	42.7
31	Siquijor	32	0.537	54	0.549	67.7	65.1	51.4	45.6
32	Albay	27	0.547	17	0.615	74.6	69.3	54.7	48.8
33	Davao del Norte	49	0.509	48	0.562	69.7	62.9	51.9	41.5
34	Camiguin	30	0.538	37	0.575	67.3	62.7	59.2	52.8
35	Bohol	33	0.534	28	0.595	73.6	69.9	44.9	43.0
36	Camarines Sur	31	0.538	23	0.600	73.9	72.0	53.3	46.9
37	Aurora	36	0.527	46	0.565	69.2	62.1	58.8	58.3
38	Misamis Occidental	44	0.514	34	0.580	70.1	66.0	55.3	49.9
39	Guimaras	53	0.499	60	0.543	71.3	65.0	54.9	49.9
40	Capiz	40	0.520	47	0.563	68.4	61.0	50.5	38.6
41	Aklan	38	0.525	44	0.568	67.5	64.0	58.9	54.5

Primary and high school enrollment rate (%) 2004		Estimated earned income (NCR 1997 pesos) 2006		Estimated earned income (PPP US\$) 2006		HDI-1 rank minus GDI-1 rank
Female	Male	Female	Male	Female	Male	
92.7	91.3	26,774	47,970	3,687	6,606	
95.6	91.9	24,106	48,454	2,867	5,762	0
91.1	93.8	20,083	41,719	2,758	5,729	-2
93.4	90.2	22,774	38,315	3,036	5,107	0
91.3	91.8	27,267	36,057	3,055	4,040	2
92.0	88.0	24,024	37,694	2,879	4,517	0
89.8	87.2	17,155	43,880	1,922	4,916	-6
95.2	86.4	19,406	39,788	1,750	3,588	-2
100.0	100.0	35,968	31,025	4,609	3,975	1
93.1	91.1	30,960	40,938	2,685	3,550	1
92.3	89.3	21,158	32,725	2,050	3,171	4
89.4	88.4	19,332	35,729	2,367	4,375	1
94.0	89.3	24,043	30,644	2,256	2,875	1
92.9	87.2	16,886	35,799	1,450	3,074	-1
89.4	84.7	18,235	37,430	1,710	3,509	-3
91.3	88.3	19,117	27,828	2,419	3,522	2
88.7	88.7	18,080	33,987	1,743	3,276	1
91.7	88.9	18,467	33,284	1,554	2,800	-2
91.6	86.2	16,348	43,859	1,333	3,576	-10
94.7	90.7	19,534	30,847	1,972	3,114	3
93.4	89.9	13,631	29,253	1,303	2,795	-1
91.3	87.7	17,058	28,290	1,910	3,167	3
93.6	89.4	16,373	28,602	1,770	3,093	0
93.0	87.1	16,690	36,284	1,479	3,215	-6
94.2	88.1	19,647	23,146	1,601	1,887	4
93.9	89.6	17,532	24,306	1,861	2,580	2
88.2	87.0	15,708	28,685	1,373	2,507	1
88.2	84.8	15,017	26,664	1,574	2,795	3
86.4	82.8	15,655	32,796	1,152	2,414	-7
92.7	84.6	22,575	25,001	2,123	2,352	3
92.4	83.8	14,768	32,441	1,298	2,850	-7
92.7	79.4	29,688	19,008	2,813	1,801	-1
95.1	85.1	13,560	24,023	1,523	2,699	5
90.1	88.1	13,096	33,351	1,088	2,770	-16
97.8	91.0	15,899	25,706	1,495	2,418	4
92.8	89.4	13,718	26,172	1,201	2,292	2
92.9	83.5	12,177	22,933	1,159	2,182	5
93.7	91.5	12,795	25,878	1,367	2,764	1
96.3	90.4	10,233	26,912	865	2,274	-6
87.8	87.2	8,989	29,593	843	2,777	-14
88.5	85.0	19,112	28,814	1,695	2,555	0
93.9	88.9	13,297	25,626	1,299	2,503	3

Statistical Annex 5: Gender-related Development Index 2006

HDI-1 Rank 2006	Province	Gender-related development index (GDI) 2006				Life expectancy at birth (years) 2006		% HS grad (18 and above) 2006	
		Rank 1	Value 1	Rank 2	Value 2	Female	Male	Female	Male
42	Agusan del Norte	48	0.509	50	0.556	67.4	59.9	60.5	52.6
43	Southern Leyte	39	0.524	41	0.571	69.6	64.0	50.0	40.1
44	Nueva Ecija	34	0.528	22	0.604	72.0	67.1	55.9	52.1
45	Ifugao	52	0.499	70	0.528	63.8	58.5	47.2	36.0
46	Surigao del Norte	41	0.517	35	0.579	70.5	63.7	50.6	44.0
47	North Cotabato	50	0.504	52	0.555	70.6	66.8	47.8	40.1
48	Mt. Province	43	0.514	55	0.547	66.2	59.6	51.7	38.1
49	Leyte	47	0.510	38	0.574	69.9	65.6	46.2	37.8
50	Antique	42	0.515	58	0.545	67.3	61.1	49.8	43.8
51	Sorsogon	45	0.512	20	0.608	74.9	68.8	50.8	44.5
52	Occidental Mindoro	54	0.497	65	0.537	67.0	62.2	45.1	39.0
53	Marinduque	46	0.511	32	0.590	71.9	62.8	50.5	44.6
54	Camarines Norte	58	0.494	66	0.536	67.1	62.2	48.7	41.3
55	Western Samar	51	0.500	62	0.541	68.4	64.2	42.5	32.6
56	Palawan	65	0.473	68	0.533	65.2	60.1	51.2	45.2
57	Agusan del Sur	56	0.494	67	0.536	67.1	61.9	45.0	37.6
58	Quezon	64	0.475	40	0.572	70.7	64.6	52.2	44.1
59	Catanduanes	55	0.496	71	0.526	70.3	63.0	51.8	42.4
60	Surigao del Sur	60	0.481	63	0.540	66.6	62.1	51.1	42.8
61	Oriental Mindoro	59	0.481	42	0.571	67.6	64.3	51.0	43.2
62	Sultan Kudarat	57	0.494	45	0.565	68.3	64.0	50.9	39.9
63	Negros Oriental	61	0.478	51	0.556	68.7	65.8	36.4	30.7
64	Apayao	67	0.473	56	0.546	65.9	59.9	50.5	44.4
65	Kalinga	63	0.476	64	0.538	64.5	59.4	52.3	37.1
66	Davao Oriental	68	0.472	61	0.541	71.1	68.3	35.3	25.1
67	Northern Samar	62	0.477	53	0.550	69.8	61.7	37.5	32.3
68	Romblon	70	0.469	49	0.558	68.7	61.8	43.3	41.3
69	Zamboanga del Norte	66	0.473	57	0.545	73.8	67.3	36.9	31.3
70	Eastern Samar	69	0.471	59	0.544	67.8	62.7	44.8	35.3
71	Sarangani	73	0.435	72	0.506	72.4	67.2	32.5	24.8
72	Masbate	71	0.446	69	0.533	68.7	63.4	33.4	31.2
73	Lanao del Sur	72	0.436	73	0.504	61.4	56.0	48.8	41.0
74	Basilan	75	0.387	75	0.466	63.8	60.2	39.0	38.8
75	Maguindanao	74	0.409	74	0.471	56.7	58.5	40.2	41.0
76	Tawi-Tawi	76	0.344	77	0.410	55.7	51.3	34.5	40.0
77	Sulu	77	0.328	76	0.459	56.7	54.4	23.3	23.0
Philippines			0.584		0.613	73.3	67.9	60.9	55.6

Primary and high school enrollment rate (%) 2004		Estimated earned income (NCR 1997 pesos) 2006		Estimated earned income (PPP US\$) 2006		HDI-1 rank minus GDI-1 rank
Female	Male	Female	Male	Female	Male	
90.9	87.7	12,568	28,738	1,117	2,554	-6
92.1	89.3	17,402	24,924	1,614	2,312	4
91.1	87.2	12,233	20,970	1,625	2,786	10
89.5	86.5	19,462	30,840	1,586	2,514	-7
92.6	87.6	15,152	23,053	1,387	2,110	5
84.8	74.7	13,731	26,604	1,122	2,173	-3
94.8	94.3	20,793	23,071	1,723	1,911	5
89.7	85.5	15,759	24,196	1,482	2,276	2
96.7	88.9	19,663	21,049	1,618	1,732	8
94.1	87.8	9,662	19,874	1,124	2,312	6
91.7	87.1	15,249	26,942	1,249	2,208	-2
94.9	87.6	13,953	21,417	1,403	2,154	7
89.2	85.6	13,641	26,736	1,280	2,509	-4
90.2	82.7	17,301	25,422	1,583	2,326	4
89.0	86.6	10,933	29,949	937	2,565	-9
88.4	87.2	15,635	26,098	1,182	1,973	1
89.6	85.5	7,793	25,191	829	2,679	-6
89.5	84.8	12,350	22,955	1,143	2,124	4
95.1	91.6	10,491	25,670	919	2,248	0
90.1	88.1	9,958	24,595	952	2,351	2
89.9	85.3	13,243	22,395	1,066	1,802	5
86.8	74.9	14,393	27,420	1,198	2,283	2
90.4	82.2	11,360	26,430	896	2,084	-3
87.7	78.3	15,313	25,108	1,207	1,979	2
86.2	78.3	12,941	22,198	1,057	1,814	-2
91.7	85.7	17,420	17,960	1,392	1,435	5
92.7	87.5	10,732	19,283	1,013	1,819	-2
80.3	78.6	11,964	18,139	1,051	1,594	3
90.1	83.1	14,010	17,540	1,408	1,763	1
84.1	74.0	8,115	23,067	683	1,941	-2
92.1	87.7	10,332	16,807	1,051	1,710	1
87.7	82.3	12,672	15,926	1,334	1,677	1
84.0	87.8	4,346	20,576	497	2,355	-1
77.8	72.8	11,321	19,729	999	1,741	1
84.6	79.3	5,813	7,460	822	1,054	0
86.8	87.3	5,426	9,798	939	1,695	0
90.8	87.0	17,770	31,596	1,945	3,459	

Statistical Annex 6: Poverty Incidence, Depth and Severity, 1997-2006

HDI-1 Rank 2006	Province	Incidence			
		1997	2000	2003	2006
	Metro Manila	3.5	5.5	4.9	8.5
1	Benguet	23.1	13.7	14.3	12.7
2	Rizal	12.3	10.1	8.8	10.3
3	Cavite	9.3	9.9	8.7	9.0
4	Bataan	7.0	6.4	9.7	9.2
5	Laguna	8.3	7.2	6.8	9.0
6	Pampanga	5.8	7.6	6.0	5.1
7	Ilocos Norte	9.0	5.6	7.4	7.8
8	Batanes	21.7	7.8	9.0	3.5
9	Nueva Vizcaya	10.8	8.4	4.5	5.9
10	La Union	22.6	18.0	16.8	18.7
11	Bulacan	10.0	9.2	9.7	10.4
12	Iloilo	22.5	22.4	27.1	22.5
13	Misamis Oriental	22.9	21.9	24.1	26.5
14	Davao del Sur	23.5	18.7	23.2	21.7
15	Batangas	17.4	14.9	25.6	23.3
16	Tarlac	15.4	19.9	9.7	16.0
17	South Cotabato	25.9	22.1	21.3	18.9
18	Quirino	18.5	17.2	12.3	10.3
19	Ilocos Sur	13.3	16.2	16.1	12.6
20	Pangasinan	25.2	22.7	19.4	24.0
21	Cebu	32.6	34.1	34.6	33.9
22	Zambales	16.0	19.4	12.2	17.8
23	Lanao del Norte	32.9	46.8	43.7	41.1
24	Abra	22.0	18.2	13.9	20.1
25	Cagayan	31.7	32.3	32.3	33.4
26	Negros Occidental	18.9	31.0	24.8	25.7
27	Isabela	36.1	30.6	33.4	34.3
28	Bukidnon	23.3	24.3	28.7	26.0
29	Biliran	57.0	49.2	42.3	39.7
30	Zamboanga del Sur	32.3	42.4	41.6	38.6
31	Siquijor	57.5	50.8	54.8	20.7
32	Albay	49.8	43.7	43.3	39.6
33	Davao del Norte	26.1	27.7	24.1	26.6
34	Camiguin	33.6	32.3	29.5	39.9
35	Bohol	43.0	46.1	35.4	39.3
36	Camarines Sur	35.1	41.2	39.9	44.1
37	Aurora	19.2	24.8	25.9	24.4
38	Misamis Occidental	37.1	42.3	39.3	43.2
39	Guimaras	21.6	18.0	47.5	25.2
40	Capiz	26.0	35.3	28.6	19.9

Depth				Severity			
1997	2000	2003	2006	1997	2000	2003	2006
0.6	0.9	0.8	1.5	0.2	0.2	0.2	0.4
5.4	2.7	3.0	2.1	1.8	0.7	0.9	0.5
2.2	2.3	1.6	1.9	0.6	0.7	0.5	0.6
1.7	1.8	1.4	1.7	0.5	0.5	0.4	0.4
1.2	0.9	1.5	1.6	0.3	0.2	0.4	0.4
1.4	1.3	1.5	1.8	0.3	0.3	0.5	0.5
0.6	1.1	0.7	0.6	0.1	0.2	0.2	0.1
1.2	0.5	0.7	1.4	0.4	0.1	0.1	0.4
3.3	0.9	3.3	0.1	0.7	0.2	1.2	0.0
2.5	1.2	0.8	1.1	0.8	0.3	0.2	0.3
5.8	4.1	3.2	3.6	1.9	1.3	0.9	1.0
1.8	1.6	1.9	2.1	0.5	0.4	0.6	0.6
5.1	4.8	7.6	5.0	1.8	1.5	2.9	1.6
5.8	5.7	6.7	7.5	2.1	2.1	2.6	3.0
5.9	4.7	6.1	5.3	2.1	1.8	2.2	1.8
4.2	2.8	6.1	5.2	1.4	0.8	2.1	1.9
3.0	4.9	1.9	3.4	0.9	1.8	0.5	1.0
7.0	4.5	5.0	4.3	2.5	1.4	1.8	1.4
3.4	3.5	1.7	1.1	1.0	1.0	0.3	0.2
2.0	3.3	3.2	2.3	0.5	0.9	1.0	0.7
4.7	4.7	3.7	5.2	1.3	1.4	1.1	1.6
10.4	10.8	10.7	10.1	4.6	4.6	4.5	4.1
3.0	4.7	2.3	4.1	0.8	1.4	0.7	1.5
9.4	14.7	13.1	11.0	3.7	6.2	5.4	4.0
4.7	2.9	1.9	3.4	1.3	0.8	0.5	0.8
6.5	6.9	7.5	7.7	1.9	2.0	2.5	2.5
4.3	7.3	5.3	6.1	1.4	2.4	1.7	2.0
10.3	7.4	7.7	7.9	3.8	2.7	2.5	2.5
4.9	5.6	7.5	6.1	1.5	1.8	2.7	2.1
15.4	13.7	11.8	9.3	5.8	5.2	4.1	3.4
7.8	13.1	12.8	10.7	2.6	5.5	5.2	4.0
18.1	14.6	15.9	4.7	8.0	5.7	5.7	1.5
13.8	11.0	12.3	11.3	5.1	4.3	4.6	4.3
6.4	7.1	6.1	6.1	2.1	2.4	2.3	2.0
9.1	7.5	7.4	11.0	3.5	2.6	2.6	4.3
11.9	12.8	9.3	10.0	4.6	4.6	3.3	3.5
8.5	11.0	10.8	11.9	2.9	4.0	3.9	4.2
3.5	5.5	5.7	7.8	0.9	1.9	1.8	3.0
10.9	12.8	9.3	12.7	4.4	5.1	3.3	4.9
4.3	3.7	11.2	3.7	1.3	0.9	3.8	0.8
4.7	8.0	5.6	3.3	1.2	2.4	1.6	0.9

Statistical Annex 6: Poverty Incidence, Depth and Severity, 1997-2006

HDI-1 Rank 2006	Province	Incidence			
		1997	2000	2003	2006
41	Aklan	32.8	30.1	34.0	39.4
42	Agusan del Norte	32.3	32.5	27.9	29.8
43	Southern Leyte	45.9	31.7	44.4	25.7
44	Nueva Ecija	26.7	29.4	31.6	36.5
45	Ifugao	31.3	40.6	13.0	14.8
46	Surigao del Norte	43.0	34.7	45.0	42.6
47	North Cotabato	42.7	32.2	23.5	34.6
48	Mt. Province	31.4	23.4	33.4	27.5
49	Leyte	41.9	42.5	44.7	41.2
50	Antique	23.1	23.6	30.5	30.6
51	Sorsogon	50.3	51.1	43.7	53.9
52	Occidental Mindoro	17.3	19.2	28.4	34.8
53	Marinduque	38.2	43.9	45.1	43.8
54	Camarines Norte	39.5	44.7	47.1	32.6
55	Western Samar	55.1	50.5	45.6	46.7
56	Palawan	26.1	22.1	40.6	36.2
57	Agusan del Sur	36.6	33.7	35.4	29.1
58	Quezon	30.3	28.6	32.3	43.7
59	Catanduanes	29.6	39.9	16.2	35.4
60	Surigao del Sur	36.4	28.5	41.0	36.0
61	Oriental Mindoro	32.8	38.9	33.5	39.4
62	Sultan Kudarat	21.6	29.7	32.8	37.1
63	Negros Oriental	35.1	39.8	47.8	46.3
64	Apayao	19.7	8.5	1.2	30.0
65	Kalinga	16.3	24.6	19.3	28.3
66	Davao Oriental	40.2	28.3	43.0	34.8
67	Northern Samar	55.0	46.2	36.6	41.3
68	Romblon	62.2	67.0	47.9	51.1
69	Zamboanga del Norte	44.2	51.9	63.1	60.6
70	Eastern Samar	70.9	59.7	47.2	53.5
71	Sarangani	38.4	41.4	44.6	38.0
72	Masbate	64.9	68.9	55.5	58.4
73	Lanao del Sur	36.8	43.2	39.4	57.0
74	Basilan	30.2	65.2	61.3	60.0
75	Maguindanao	27.5	31.9	47.3	45.3
76	Tawi-Tawi	52.1	72.2	67.2	92.1
77	Sulu	87.5	91.5	89.0	93.8
Philippines		25.2	26.4	25.6	27.0

Depth				Severity			
1997	2000	2003	2006	1997	2000	2003	2006
7.0	7.1	8.4	10.1	2.3	2.4	2.8	3.4
9.2	9.7	8.2	7.4	3.6	4.1	3.2	2.6
12.2	8.7	11.6	6.1	4.2	3.1	4.1	2.0
6.1	5.6	6.8	8.3	1.9	1.7	2.1	2.7
4.4	7.4	1.4	1.6	0.9	2.1	0.2	0.2
10.8	7.8	11.4	10.7	3.9	2.5	3.9	3.7
13.4	7.6	5.7	8.1	5.4	2.4	2.0	2.7
5.9	4.6	8.5	4.8	1.7	1.3	2.8	1.2
13.2	13.7	12.6	10.8	5.4	5.9	4.7	4.0
5.0	4.2	6.7	6.1	1.5	1.3	2.0	1.8
14.6	14.0	12.2	14.4	5.6	4.8	4.6	5.0
3.3	3.6	6.5	8.6	1.1	1.0	2.2	3.0
10.8	9.8	9.0	10.3	4.0	3.0	2.7	3.7
9.7	11.8	13.9	7.8	3.3	4.5	5.5	2.5
15.6	13.7	11.7	12.5	5.9	4.7	4.0	4.6
5.6	5.4	10.0	9.3	1.7	1.9	3.5	3.4
8.8	7.1	9.2	7.9	3.0	2.3	3.3	3.1
7.4	7.6	7.7	10.6	2.3	2.8	2.8	3.6
6.7	9.8	4.3	7.8	2.2	3.2	1.5	2.2
10.0	6.9	9.7	8.7	3.9	2.5	3.2	2.9
7.7	11.1	8.9	10.6	2.4	4.3	3.3	4.2
3.2	4.5	5.2	6.7	0.7	1.0	1.2	1.8
9.3	11.1	17.3	15.2	3.4	4.6	8.3	6.6
4.7	1.5	0.1	5.0	1.4	0.3	0.0	1.2
2.2	7.7	3.8	5.0	0.4	2.9	1.1	1.2
12.4	7.5	10.9	8.8	4.8	2.7	4.0	2.9
19.5	13.7	8.0	10.7	9.0	5.4	2.5	3.9
17.5	20.6	13.3	15.4	6.6	8.2	4.9	6.1
12.0	18.6	25.9	23.8	4.8	8.7	12.9	11.6
25.1	17.9	14.6	19.9	10.9	7.1	5.8	9.4
10.6	13.5	12.2	7.6	3.8	5.9	4.5	2.1
20.6	22.8	19.3	20.2	8.5	9.6	8.7	8.8
9.3	8.0	13.2	15.4	3.4	2.1	5.6	5.4
5.9	17.6	16.2	15.9	1.7	6.4	5.5	5.6
4.7	8.1	10.2	9.8	1.3	3.0	3.3	2.9
13.4	23.1	22.5	41.8	4.9	9.5	9.1	21.0
33.1	34.2	34.7	37.2	14.5	14.8	15.9	16.7
6.5	6.9	6.7	6.9	2.4	2.6	2.5	2.5

Statistical Annex 7: Human Poverty Index 2006

HDI-1 Rank 2006	Province	HPI rank 2006	HPI 2006	HPI 2003	HPI 2000	Probability at birth of not surviving to age 40 (% of cohort) 2000	Functional illiteracy (%) 2003	Population not using improved water sources (%) 2006	Underweight children under age five (%) 2006	Income poverty rank minus HPI rank 2006
	Metro Manila	1	6.9	7.6	9.3	8.6	5.3	10.9	0.7	4
1	Benguet	30	14.0	12.5	13.3	11.2	10.9	35.1	0.4	-17
2	Rizal	7	9.1	11.2	15.1	9.7	9.0	15.3	1.5	3
3	Cavite	6	8.9	9.0	8.0	10.4	9.6	7.4	1.9	0
4	Bataan	3	8.3	8.3	9.8	11.1	6.9	3.3	1.1	5
5	Laguna	2	8.2	8.2	11.2	10.9	6.9	3.1	0.8	5
6	Pampanga	10	9.7	9.8	14.8	9.0	12.7	0.6	0.6	-8
7	Ilocos Norte	21	12.8	14.9	14.9	10.2	16.8	14.5	1.0	-17
8	Batanes	14	11.2	11.2	11.5	16.1	2.0	0.0	0.1	-13
9	Nueva Vizcaya	22	12.9	14.6	17.5	14.8	13.9	15.5	0.7	-19
10	La Union	12	10.0	10.1	13.7	9.9	12.3	10.1	0.8	5
11	Bulacan	4	8.3	8.3	8.3	8.9	10.0	6.6	0.3	7
12	Iloilo	47	16.8	17.0	18.7	11.4	18.4	36.2	1.5	-24
13	Misamis Oriental	11	9.9	10.2	12.6	10.7	11.7	7.4	2.3	20
14	Davao del Sur	40	16.0	16.8	22.6	12.3	21.5	14.4	1.3	-18
15	Batangas	5	8.7	8.4	8.6	9.5	9.5	12.2	0.8	19
16	Tarlac	41	16.3	16.3	13.5	11.5	22.5	3.8	1.1	-26
17	South Cotabato	28	13.6	14.0	19.8	12.7	17.5	8.8	1.3	-10
18	Quirino	42	16.4	15.7	15.9	15.4	19.7	24.4	0.5	-33
19	Ilocos Sur	31	14.2	14.4	13.4	12.8	18.6	4.1	0.8	-19
20	Pangasinan	9	9.6	9.8	11.3	12.4	8.7	5.0	1.1	16
21	Cebu	27	13.5	15.3	16.6	9.9	15.8	26.0	1.1	14
22	Zambales	8	9.2	10.3	15.7	12.3	7.7	4.7	1.1	8
23	Lanao del Norte	24	13.3	15.0	19.9	15.2	14.2	15.4	1.9	35
24	Abra	13	11.1	11.1	12.1	15.1	8.3	1.2	8.5	7
25	Cagayan	36	15.3	15.8	16.3	11.9	16.6	33.4	0.7	4
26	Negros Occidental	38	15.5	16.5	19.3	12.4	16.6	32.2	1.5	-9
27	Isabela	17	11.7	11.7	10.1	10.8	15.2	3.9	1.6	25
28	Bukidnon	60	20.0	21.0	18.2	12.5	26.8	27.2	1.3	-30
29	Biliran	23	13.2	13.4	16.6	16.6	13.2	0.0	2.3	34
30	Zamboanga del Sur	56	19.2	20.0	20.7	13.6	23.2	35.6	0.9	-4
31	Siquijor	64	23.5	23.5	12.0	13.7	33.0	13.9	0.8	-43
32	Albay	18	12.4	12.6	14.0	11.4	15.7	9.7	3.4	38
33	Davao del Norte	39	15.9	17.5	20.5	13.1	20.0	23.8	1.1	-7
34	Camiguin	26	13.4	13.4	13.1	15.5	15.1	0.0	0.6	32
35	Bohol	46	16.8	17.0	15.9	10.9	18.9	35.8	0.9	7
36	Camarines Sur	32	14.3	15.2	12.8	10.4	18.3	19.1	3.6	34
37	Aurora	43	16.4	16.4	14.1	16.1	20.9	3.8	2.4	-17
38	Misamis Occidental	29	13.9	14.5	13.6	13.6	11.4	30.7	1.4	34
39	Guimaras	72	27.3	30.4	24.4	12.0	28.1	63.5	3.3	-45
40	Capiz	65	23.7	20.7	24.3	16.0	21.9	48.5	10.2	-46

HDI-1 Rank 2006	Province	HPI rank 2006	HPI 2006	HPI 2003	HPI 2000	Probability at birth of not surviving to age 40 (% of cohort) 2000	Functional illiteracy (%) 2003	Population not using improved water sources (%) 2006	Underweight children under age five (%) 2006	Income poverty rank minus HPI rank 2006
41	Aklan	37	15.3	15.6	19.0	15.8	18.2	18.3	0.7	18
42	Agusan del Norte	33	14.3	14.7	13.9	16.4	15.6	14.2	1.8	3
43	Southern Leyte	44	16.5	16.7	13.6	15.2	21.5	2.3	0.7	-16
44	Nueva Ecija	19	12.4	12.4	8.6	11.2	16.2	5.7	0.5	30
45	Ifugao	63	21.6	21.6	35.8	20.7	27.3	17.8	0.5	-49
46	Surigao del Norte	25	13.3	13.9	15.0	14.2	15.6	14.3	0.4	37
47	North Cotabato	62	21.5	21.3	21.4	13.1	28.0	27.9	7.7	-19
48	Mt. Province	52	17.8	17.9	16.6	19.0	21.6	3.7	0.8	-19
49	Leyte	45	16.8	19.1	17.0	14.1	21.4	20.4	2.4	15
50	Antique	53	18.6	19.3	18.3	17.5	23.5	16.3	2.2	-15
51	Sorsogon	20	12.7	13.8	17.6	12.3	12.5	24.0	2.4	52
52	Occidental Mindoro	61	20.3	20.3	14.9	15.5	27.7	9.2	2.3	-17
53	Marinduque	15	11.2	11.9	11.4	13.5	11.9	6.2	1.0	50
54	Camarines Norte	67	24.5	26.5	22.4	16.5	30.1	43.7	2.4	-28
55	Western Samar	69	24.8	24.8	21.0	16.4	33.9	23.2	4.9	0
56	Palawan	58	19.4	21.0	20.6	17.3	20.9	37.5	1.6	-10
57	Agusan del Sur	59	19.9	21.6	22.6	16.9	25.4	24.8	2.0	-24
58	Quezon	50	17.3	15.8	16.3	12.4	14.5	41.8	2.2	14
59	Catanduanes	70	25.3	25.3	12.8	15.6	35.5	6.4	4.1	-24
60	Surigao del Sur	48	16.8	17.5	16.5	17.4	20.6	13.4	0.2	-1
61	Oriental Mindoro	16	11.5	13.2	10.9	13.9	12.0	6.6	1.7	38
62	Sultan Kudarat	35	15.0	18.2	17.3	14.3	14.3	29.1	3.0	15
63	Negros Oriental	55	19.0	20.0	21.6	13.3	25.2	24.6	1.7	13
64	Apayao	51	17.8	17.2	26.2	19.0	13.4	38.1	1.0	-14
65	Kalinga	49	17.2	16.8	22.7	19.4	18.9	19.5	1.2	-15
66	Davao Oriental	68	24.6	24.8	19.1	12.4	33.5	32.8	2.1	-23
67	Northern Samar	54	18.6	18.3	22.0	17.1	20.9	30.1	4.2	7
68	Romblon	34	14.9	14.4	15.2	15.6	14.4	28.1	1.1	36
69	Zamboanga del Norte	66	23.8	25.9	24.3	13.9	31.9	33.9	1.3	10
70	Eastern Samar	57	19.4	19.6	14.9	17.7	24.9	15.3	2.3	14
71	Sarangani	75	30.0	30.3	22.3	12.1	43.0	13.2	1.7	-24
72	Masbate	73	28.0	30.4	29.7	15.8	27.4	65.9	3.5	1
73	Lanao del Sur	74	28.9	22.7	35.6	21.0	24.0	69.4	4.1	-1
74	Basilan	71	26.9	31.8	-	17.1	35.4	38.8	2.8	4
75	Maguindanao	77	33.4	33.7	28.8	21.5	44.0	45.6	1.8	-10
76	Tawi-Tawi	78	42.4	39.9	42.1	27.9	43.0	93.6	7.2	-1
77	Sulu	76	33.3	32.5	37.4	26.4	32.5	72.3	5.1	2
Philippines			15.0	15.5	16.5	11.9	16.2	19.5	1.5	

Statistical Annex 8: Inequality in Consumption 2006

HDI-1 Rank 2006	Province	SHARE OF CONSUMPTION			
		Poorest 10%	Poorest 20%	Richest 20%	Richest 10%
	Metro Manila	2.8	6.7	47.2	31.6
1	Benguet	2.8	6.5	45.2	28.6
2	Rizal	3.0	7.1	45.4	30.2
3	Cavite	3.1	7.5	42.7	27.3
4	Bataan	2.9	7.3	42.7	26.8
5	Laguna	3.0	7.3	44.2	29.0
6	Pampanga	3.5	8.0	44.3	29.0
7	Ilocos Norte	3.2	7.5	43.5	28.4
8	Batanes	2.6	6.7	41.5	21.0
9	Nueva Vizcaya	2.8	7.0	48.2	32.6
10	La Union	3.1	7.2	45.8	30.1
11	Bulacan	3.3	7.9	42.1	26.5
12	Iloilo	2.7	6.4	49.9	33.8
13	Misamis Oriental	2.1	5.4	48.5	31.0
14	Davao del Sur	2.7	6.4	46.8	30.5
15	Batangas	2.9	7.2	43.8	27.7
16	Tarlac	3.1	7.3	43.9	27.8
17	South Cotabato	3.0	7.1	45.4	29.1
18	Quirino	3.6	8.1	47.6	32.3
19	Ilocos Sur	3.4	8.2	45.6	30.7
20	Pangasinan	3.5	8.0	44.0	28.3
21	Cebu	2.4	5.8	49.5	32.6
22	Zambales	2.8	6.8	47.0	32.9
23	Lanao del Norte	2.3	5.3	57.3	39.5
24	Abra	3.8	8.5	44.7	30.1
25	Cagayan	3.5	8.0	45.2	31.1
26	Negros Occidental	3.0	7.0	48.4	32.2
27	Isabela	3.5	7.9	45.2	29.8
28	Bukidnon	2.8	6.4	50.0	34.0
29	Biliran	2.4	5.9	54.8	37.6
30	Zamboanga del Sur	2.7	6.4	50.0	33.8
31	Siquijor	3.0	6.4	47.4	31.9
32	Albay	2.7	6.2	51.8	35.8
33	Davao del Norte	3.1	7.3	44.8	29.4
34	Camiguin	2.3	4.8	56.4	38.0
35	Bohol	3.1	7.1	47.2	30.1
36	Camarines Sur	3.3	7.3	48.2	32.2
37	Aurora	3.3	6.8	44.8	29.0
38	Misamis Occidental	2.8	6.6	50.9	34.1
39	Guimaras	4.8	10.2	40.8	26.1
40	Capiz	3.3	7.4	48.5	33.7

INEQUALITY MEASURES

Richest 10% to poorest 10%	Richest 20% to poorest 20%	Gini index 2006	Gini index 2003	Gini index 2000	Gini index 1997
11.3	7.0	0.397	0.384	0.449	0.449
10.3	6.9	0.385	0.390	0.357	0.399
10.0	6.4	0.380	0.359	0.445	0.375
8.8	5.7	0.350	0.346	0.339	0.311
9.4	5.8	0.348	0.354	0.350	0.364
9.6	6.1	0.366	0.356	0.345	0.338
8.3	5.5	0.357	0.340	0.276	0.269
9.0	5.8	0.361	0.331	0.345	0.376
8.1	6.2	0.338	0.393	0.358	0.390
11.5	6.9	0.404	0.399	0.350	0.312
9.8	6.4	0.381	0.387	0.382	0.382
8.0	5.3	0.339	0.338	0.318	0.312
12.6	7.8	0.423	0.425	0.447	0.398
14.5	9.0	0.424	0.432	0.401	0.472
11.5	7.3	0.398	0.427	0.397	0.451
9.4	6.0	0.362	0.379	0.359	0.372
8.9	6.0	0.359	0.350	0.332	0.345
9.7	6.4	0.373	0.422	0.414	0.388
8.9	5.9	0.380	0.426	0.341	0.366
9.0	5.6	0.362	0.352	0.358	0.375
8.2	5.5	0.351	0.346	0.342	0.371
13.7	8.6	0.430	0.439	0.410	0.424
11.7	7.0	0.403	0.335	0.363	0.353
17.3	10.9	0.501	0.510	0.475	0.443
8.0	5.2	0.357	0.365	0.411	0.439
8.9	5.6	0.366	0.355	0.311	0.303
10.7	6.9	0.402	0.399	0.411	0.367
8.6	5.7	0.368	0.375	0.399	0.381
12.3	7.8	0.423	0.426	0.400	0.418
15.9	9.3	0.471	0.431	0.371	0.354
12.4	7.8	0.426	0.442	0.396	0.386
10.8	7.4	0.389	0.366	0.404	0.399
13.2	8.3	0.445	0.433	0.404	0.426
9.4	6.1	0.370	0.417	0.380	0.370
16.3	11.7	0.501	0.418	0.375	0.364
9.7	6.6	0.394	0.394	0.438	0.399
9.8	6.6	0.398	0.408	0.404	0.372
8.9	6.6	0.372	0.348	0.353	0.335
12.2	7.7	0.430	0.396	0.400	0.427
5.5	4.0	0.300	0.338	0.325	0.304
10.3	6.5	0.399	0.393	0.426	0.427

Statistical Annex 8: Inequality in Consumption 2006

HDI-1 Rank 2006	Province	SHARE OF CONSUMPTION			
		Poorest 10%	Poorest 20%	Richest 20%	Richest 10%
41	Aklan	3.5	7.6	45.4	29.1
42	Agusan del Norte	2.8	6.9	47.8	31.5
43	Southern Leyte	3.4	7.6	46.8	30.6
44	Nueva Ecija	3.8	8.7	42.1	27.3
45	Ifugao	4.2	9.4	43.9	28.6
46	Surigao del Norte	3.1	7.1	49.9	34.2
47	North Cotabato	3.5	8.3	43.5	29.1
48	Mt. Province	3.6	7.8	50.3	38.1
49	Leyte	2.9	6.9	49.9	34.6
50	Antique	3.6	8.9	43.8	28.9
51	Sorsogon	3.9	8.7	44.9	29.1
52	Occidental Mindoro	3.0	7.0	48.7	33.7
53	Marinduque	3.1	7.5	48.3	32.0
54	Camarines Norte	3.3	7.4	51.9	36.6
55	Western Samar	3.0	6.8	49.7	32.8
56	Palawan	2.9	6.9	47.6	31.9
57	Agusan del Sur	3.0	7.3	45.1	29.4
58	Quezon	3.7	8.3	42.8	26.9
59	Catanduanes	3.3	7.2	51.8	39.5
60	Surigao del Sur	3.3	7.6	47.7	32.0
61	Oriental Mindoro	3.3	7.8	43.1	27.7
62	Sultan Kudarat	4.1	9.2	43.5	28.0
63	Negros Oriental	2.4	5.9	52.6	36.4
64	Apayao	4.9	9.9	41.3	27.8
65	Kalinga	3.3	7.3	49.8	34.8
66	Davao Oriental	3.5	8.0	43.7	27.6
67	Northern Samar	2.9	6.3	51.6	36.0
68	Romblon	3.3	7.8	47.6	33.1
69	Zamboanga del Norte	2.5	5.6	56.7	41.2
70	Eastern Samar	2.1	5.1	58.7	44.2
71	Sarangani	4.3	9.3	42.4	28.2
72	Masbate	3.2	7.4	48.4	34.2
73	Lanao del Sur	4.6	10.6	36.6	22.1
74	Basilan	4.4	9.8	43.2	30.9
75	Maguindanao	4.7	10.3	39.9	26.6
76	Tawi-Tawi	5.1	11.5	35.6	23.2
77	Sulu	5.9	13.0	31.6	18.8
	Philippines	3.0	7.1	46.6	30.9

INEQUALITY MEASURES

Richest 10% to poorest 10%	Richest 20% to poorest 20%	Gini index 2006	Gini index 2003	Gini index 2000	Gini index 1997
8.2	5.9	0.370	0.345	0.375	0.394
11.2	6.9	0.398	0.390	0.405	0.420
9.1	6.1	0.376	0.410	0.369	0.361
7.1	4.8	0.329	0.311	0.287	0.284
6.8	4.7	0.337	0.339	0.358	0.392
11.0	7.0	0.417	0.383	0.349	0.368
8.3	5.3	0.350	0.313	0.361	0.405
10.6	6.5	0.412	0.360	0.366	0.340
11.9	7.2	0.417	0.442	0.463	0.407
8.0	4.9	0.348	0.435	0.385	0.426
7.4	5.2	0.350	0.388	0.361	0.372
11.2	6.9	0.407	0.443	0.369	0.345
10.3	6.5	0.391	0.388	0.352	0.417
11.3	7.0	0.419	0.470	0.425	0.411
10.9	7.3	0.413	0.401	0.359	0.379
11.1	6.9	0.401	0.413	0.375	0.367
9.7	6.2	0.371	0.386	0.318	0.414
7.3	5.1	0.341	0.358	0.380	0.405
11.8	7.2	0.439	0.420	0.488	0.376
9.8	6.3	0.388	0.384	0.386	0.387
8.4	5.5	0.346	0.388	0.404	0.344
6.8	4.7	0.331	0.322	0.302	0.323
15.1	9.0	0.456	0.478	0.439	0.469
5.7	4.2	0.305	0.236	0.259	0.284
10.5	6.8	0.415	0.319	0.367	0.373
7.8	5.5	0.348	0.339	0.425	0.402
12.5	8.1	0.438	0.362	0.403	0.410
10.0	6.1	0.386	0.366	0.389	0.373
16.7	10.2	0.495	0.463	0.476	0.445
20.9	11.4	0.513	0.434	0.385	0.410
6.6	4.5	0.323	0.329	0.359	0.347
10.6	6.5	0.401	0.424	0.370	0.389
4.8	3.5	0.263	0.361	0.236	0.322
7.0	4.4	0.320	0.271	0.271	0.285
5.7	3.9	0.311	0.335	0.368	0.270
4.5	3.1	0.242	0.248	0.276	0.305
3.2	2.4	0.183	0.212	0.192	0.228
10.2	6.5	0.414	0.413	0.429	0.429

Statistical Annex 9: Unemployment and Underemployment Rates, 1997-2006

HDI-1 Rank 2006	Province	UNEMPLOYMENT RATE				UNDEREMPLOYMENT RATE			
		1997	2000	2003	2006	1997	2000	2003	2006
	Metro Manila	13.8	17.5	17.2	18.1	15.2	14.3	9.6	16.6
1	Benguet	7.6	10.1	12.3	9.9	9.9	19.1	10.2	21.6
2	Rizal	7.1	13.2	13.7	14.5	17.3	8.8	6.0	14.3
3	Cavite	10.1	15.4	16.0	15.1	9.3	14.6	17.0	16.0
4	Bataan	13.0	14.2	14.3	13.3	13.1	17.9	19.9	18.4
5	Laguna	9.5	12.5	16.4	16.0	23.1	19.8	13.2	17.9
6	Pampanga	9.7	11.5	13.2	17.1	16.0	12.8	8.7	8.0
7	Ilocos Norte	3.5	6.3	6.7	6.3	22.7	27.0	22.0	34.1
8	Batanes	2.3	4.4	4.0	1.6	0.3	4.8	11.8	3.5
9	Nueva Vizcaya	5.1	5.4	4.2	5.5	45.0	35.6	38.0	35.9
10	La Union	6.2	8.2	9.1	8.1	17.5	21.9	24.2	27.0
11	Bulacan	7.5	8.3	11.0	12.3	10.6	13.0	7.8	17.5
12	Iloilo	11.2	10.0	11.3	9.3	38.9	41.5	31.1	25.0
13	Misamis Oriental	8.4	10.0	9.5	8.5	23.6	25.6	19.7	28.1
14	Davao del Sur	7.3	10.9	10.1	10.3	31.3	28.8	18.6	20.8
15	Batangas	8.7	13.3	13.4	12.1	21.6	23.2	10.2	19.7
16	Tarlac	10.8	15.8	12.7	13.2	10.0	6.4	8.2	8.4
17	South Cotabato	9.6	11.1	14.9	11.5	50.6	45.6	34.1	29.4
18	Quirino	3.5	8.6	8.0	7.4	15.3	24.3	28.6	51.1
19	Ilocos Sur	8.0	9.7	8.2	7.9	8.1	16.3	7.0	21.1
20	Pangasinan	10.0	12.2	14.3	13.7	17.6	18.8	10.4	15.2
21	Cebu	11.0	12.6	14.7	12.3	8.9	13.2	10.5	19.7
22	Zambales	20.1	14.0	14.7	16.6	5.5	7.0	4.2	12.5
23	Lanao del Norte	10.2	15.5	8.3	8.0	35.9	45.9	40.7	33.4
24	Abra	5.7	8.4	7.9	8.9	14.3	10.4	9.1	14.7
25	Cagayan	3.7	5.0	3.2	4.1	11.5	12.0	9.7	16.4
26	Negros Occidental	8.5	13.4	9.2	8.4	16.4	20.3	18.4	24.3
27	Isabela	5.4	7.1	9.1	6.5	14.2	24.4	17.5	23.5
28	Bukidnon	3.7	4.5	5.2	6.7	62.9	38.9	38.1	41.8
29	Biliran	5.3	10.3	7.7	7.6	24.5	12.3	16.7	44.4
30	Zamboanga del Sur	5.4	7.6	7.1	5.9	24.6	14.4	13.4	19.5
31	Siquijor	5.5	3.3	0.0	7.7	3.8	9.7	17.8	29.9
32	Albay	9.6	10.3	12.2	10.8	43.3	41.4	35.7	40.7
33	Davao del Norte	8.4	6.9	10.3	9.4	34.6	29.9	18.1	23.4
34	Camiguin	3.0	2.3	0.0	2.1	5.2	17.7	6.3	12.9
35	Bohol	8.4	10.1	9.9	10.4	10.8	10.6	8.5	12.3
36	Camarines Sur	5.8	10.4	7.9	8.4	52.2	48.9	34.8	37.3
37	Aurora	12.4	18.9	16.2	13.2	27.7	42.1	33.4	31.9
38	Misamis Occidental	9.2	10.7	8.9	11.5	15.6	13.7	26.8	27.8
39	Guimaras	8.9	7.7	10.4	10.5	28.9	32.3	32.8	30.5
40	Capiz	5.3	5.9	6.0	6.0	14.1	24.0	22.7	29.3
41	Aklan	6.8	13.2	10.2	12.2	14.0	12.1	16.6	19.6

HDI-1 Rank 2006	Province	UNEMPLOYMENT RATE				UNDEREMPLOYMENT RATE			
		1997	2000	2003	2006	1997	2000	2003	2006
42	Agusan del Norte	13.7	13.8	15.5	12.1	34.9	38.1	26.6	29.3
43	Southern Leyte	8.5	12.0	13.8	10.0	28.6	27.0	24.7	34.8
44	Nueva Ecija	6.1	10.7	9.1	10.5	7.8	6.8	8.3	15.5
45	Ifugao	4.3	5.1	7.1	5.8	8.3	21.2	26.6	22.9
46	Surigao del Norte	4.2	3.4	6.3	4.9	9.8	8.7	8.1	9.7
47	North Cotabato	4.4	5.5	5.2	5.5	46.9	32.4	14.9	19.5
48	Mt. Province	3.3	4.7	3.0	1.7	16.8	28.6	9.0	18.5
49	Leyte	7.8	11.6	9.0	7.5	21.3	20.0	22.4	23.1
50	Antique	8.7	10.7	15.8	12.1	23.8	22.1	20.8	36.4
51	Sorsogon	10.0	13.7	6.8	9.3	23.4	25.9	17.5	28.4
52	Occidental Mindoro	6.5	10.6	10.6	10.9	31.6	41.5	23.1	33.5
53	Marinduque	6.3	8.3	8.3	7.2	24.9	27.5	34.5	38.8
54	Camarines Norte	8.4	10.5	6.9	8.2	33.6	27.4	28.4	36.9
55	Western Samar	8.6	8.0	6.5	7.1	41.4	37.1	31.6	37.1
56	Palawan	5.5	7.8	11.3	7.8	7.8	19.3	11.3	13.4
57	Agusan del Sur	5.1	7.4	6.8	6.8	16.3	10.5	13.6	21.7
58	Quezon	7.8	8.0	8.4	7.2	17.5	17.1	14.7	23.1
59	Catanduanes	6.1	10.4	7.1	9.3	27.1	49.7	39.6	46.2
60	Surigao del Sur	12.9	10.4	12.1	8.7	32.0	39.0	32.8	34.5
61	Oriental Mindoro	5.5	8.6	6.0	8.0	18.9	34.7	12.3	20.0
62	Sultan Kudarat	3.7	7.5	5.3	6.6	7.9	16.2	6.7	21.5
63	Negros Oriental	4.4	10.4	10.0	10.6	23.3	16.4	14.0	25.5
64	Apayao	6.4	4.3	2.7	3.8	38.0	48.6	27.1	28.6
65	Kalinga	6.6	4.3	8.6	5.9	31.5	31.0	12.1	20.4
66	Davao Oriental	6.5	8.8	5.9	6.0	46.1	37.6	36.4	39.3
67	Northern Samar	9.1	11.6	8.0	10.1	16.0	20.7	7.5	19.8
68	Romblon	9.8	9.2	7.5	7.2	18.6	22.2	12.5	36.3
69	Zamboanga del Norte	8.6	7.3	7.8	5.1	29.8	33.4	33.9	39.5
70	Eastern Samar	11.4	13.1	8.3	8.8	37.2	50.0	63.1	50.6
71	Sarangani	4.9	8.2	11.1	7.7	24.6	23.8	25.3	46.9
72	Masbate	4.1	6.2	5.7	4.9	22.9	26.6	21.5	41.1
73	Lanao del Sur	5.7	8.3	9.6	14.8	2.2	7.9	6.0	12.8
74	Basilan	4.8	9.6	10.4	7.1	3.0	6.6	13.6	10.2
75	Maguindanao	4.4	5.5	7.7	5.3	25.8	20.3	17.8	27.5
76	Tawi-Tawi	3.2	4.6	2.9	4.4	26.9	15.5	3.9	7.8
77	Sulu	1.8	2.8	3.1	3.5	8.3	5.1	2.3	5.2
Philippines		8.6	11.1	11.2	11.0	22.1	21.9	17.04	22.6

Statistical Annex 10: Gender Inequality in Economic Activity, 2004-2006

HDI-1 Rank 2006	Province	Activity Rate (age 15 and above)			EMPLOYMENT BY ECONOMIC ACTIVITY (%)						Contributing Family Workers	
		Female	Male	Female as % of male	Agriculture		Industry		Services		Female as of %total	Male as of %total
					Female	Male	Female	Male	Female	Male		
	Metro Manila	52.9	76.4	69.3	0.3	1.5	14.7	27.7	85.0	70.8	65.6	34.4
1	Benguet	50.1	73.1	68.6	29.0	34.9	6.8	23.1	64.2	42.0	62.3	37.7
2	Rizal	47.3	74.2	63.8	1.6	11.2	24.2	34.1	74.2	54.7	56.8	43.2
3	Cavite	52.2	76.0	68.7	2.3	12.3	25.9	32.1	71.7	55.6	60.5	39.5
4	Bataan	49.3	74.1	66.5	6.5	28.5	23.1	23.8	70.4	47.7	46.6	53.4
5	Laguna	54.5	78.3	69.5	3.6	16.5	34.0	33.2	62.4	50.4	59.8	40.2
6	Pampanga	41.4	76.7	53.9	2.7	17.1	14.4	27.3	83.0	55.6	52.3	47.7
7	Ilocos Norte	49.4	83.4	59.2	43.2	62.1	5.5	11.2	51.3	26.7	53.3	46.7
8	Batanes	75.7	93.3	81.3	54.7	70.7	2.3	13.7	43.0	15.6	49.9	50.1
9	Nueva Vizcaya	56.8	84.8	67.0	51.8	62.8	2.8	11.6	45.4	25.6	63.2	36.8
10	La Union	52.4	79.2	66.1	33.3	50.6	9.0	16.8	57.8	32.6	55.2	44.8
11	Bulacan	47.4	77.5	61.2	4.3	15.7	23.9	31.3	71.8	53.1	49.9	50.1
12	Iloilo	49.0	78.5	62.4	23.1	49.1	7.0	14.8	69.9	36.1	47.5	52.5
13	Misamis Oriental	59.0	81.0	72.8	25.5	38.2	7.6	16.9	66.9	44.9	58.3	41.7
14	Davao Del Sur	53.0	82.3	64.4	19.3	43.6	8.1	16.7	72.6	39.8	52.6	47.4
15	Batangas	52.2	79.1	65.9	14.0	36.0	27.6	22.8	58.4	41.2	48.2	51.8
16	Tarlac	42.6	82.1	51.8	18.1	43.6	12.3	19.4	69.7	37.0	40.4	59.6
17	South Cotabato	52.3	81.9	63.9	23.4	47.7	11.8	14.9	64.8	37.4	61.0	39.0
18	Quirino	57.1	87.7	65.1	53.0	66.2	2.5	11.4	44.5	22.3	63.5	36.5
19	Ilocos Sur	51.9	83.1	62.4	56.0	65.1	2.6	11.2	41.4	23.7	60.6	39.4
20	Pangasinan	38.0	78.9	48.1	14.8	41.0	9.8	20.1	75.5	38.9	42.6	57.4
21	Cebu	55.9	78.0	71.6	16.7	28.0	20.8	29.2	62.5	42.7	58.7	41.3
22	Zambales	44.9	81.0	55.4	7.2	34.6	10.5	20.0	82.3	45.4	42.1	57.9
23	Lanao Del Norte	61.9	84.5	73.2	41.0	54.8	3.6	13.1	55.5	32.1	58.1	41.9
24	Abra	46.3	81.3	56.9	49.7	66.5	3.9	9.6	46.5	23.9	48.8	51.2
25	Cagayan	54.5	82.8	65.8	58.9	71.2	2.0	7.2	39.1	21.6	60.7	39.3
26	Negros Occidental	53.7	80.2	66.9	29.5	49.4	4.6	12.8	65.9	37.8	55.6	44.4
27	Isabela	44.3	83.6	52.9	46.2	66.4	2.3	9.5	51.6	24.1	50.0	50.0
28	Bukidnon	69.1	91.4	75.5	61.5	74.2	2.6	6.5	35.9	19.3	60.9	39.1
29	Biliran	60.9	83.3	73.0	27.3	53.8	5.0	10.8	67.6	35.4	57.5	42.5
30	Zamboanga Del Sur	43.8	81.5	53.7	34.0	57.6	6.0	11.7	60.0	30.7	51.0	49.0
31	Siquijor	50.9	78.8	64.6	36.3	55.0	5.5	18.5	58.3	26.5	53.7	46.3
32	Albay	56.5	83.1	68.0	14.1	43.2	23.1	18.7	62.8	38.1	47.9	52.1
33	Davao del Norte	47.0	83.3	56.4	36.5	60.0	5.4	15.0	58.1	25.0	57.8	42.2
34	Camiguin	70.4	88.7	79.3	41.7	58.6	3.8	10.9	54.5	30.5	53.3	46.7
35	Bohol	46.8	79.4	58.9	24.3	57.6	12.4	14.8	63.3	27.5	45.4	54.6
36	Camarines Sur	50.4	82.8	60.8	34.7	61.1	4.5	11.4	60.8	27.5	49.2	50.8
37	Aurora	58.3	84.6	68.9	24.4	58.3	7.9	13.5	67.6	28.2	51.9	48.1
38	Misamis Occidental	58.6	83.4	70.2	32.0	52.3	3.3	13.5	64.7	34.2	61.1	38.9
39	Guimaras	43.8	79.2	55.2	28.5	55.6	7.7	16.5	63.8	27.9	33.5	66.5

HDI-1 Rank 2006	Province	EMPLOYMENT BY ECONOMIC ACTIVITY (%)										
		Activity Rate (age 15 and above)			Agriculture		Industry		Services		Contributing Family Workers	
		Female	Male	Female as % of male	Female	Male	Female	Male	Female	Male	Female as of %total	Male as of %total
40	Capiz	62.0	84.1	73.7	51.1	69.6	2.8	8.4	46.1	21.9	63.0	37.0
41	Aklan	50.5	78.2	64.6	19.0	49.1	22.3	19.1	58.7	31.7	59.9	40.1
42	Agusan Del Norte	57.0	84.9	67.2	25.4	42.6	8.7	21.9	65.8	35.5	55.5	44.5
43	Southern Leyte	46.2	80.5	57.3	14.5	62.8	16.5	13.9	69.0	23.3	33.0	67.0
44	Nueva Ecija	45.2	84.4	53.6	29.1	51.4	9.0	14.2	61.9	34.4	43.2	56.8
45	Ifugao	70.2	86.5	81.2	70.3	75.0	2.6	7.5	27.1	17.5	65.3	34.7
46	Surigao Del Norte	47.4	79.0	60.1	27.0	50.4	6.8	18.6	66.3	31.1	58.3	41.7
47	North Cotabato	54.3	87.2	62.2	56.8	77.6	2.0	5.3	41.3	17.1	50.8	49.2
48	Mt. Province	77.2	88.4	87.4	82.1	84.7	0.9	5.7	17.0	9.6	61.8	38.2
49	Leyte	56.4	82.2	68.7	30.2	55.6	8.7	13.1	61.1	31.3	58.7	41.3
50	Antique	56.7	82.2	69.1	33.5	67.6	14.4	9.3	52.1	23.1	53.3	46.7
51	Sorsogon	45.9	82.9	55.3	18.3	57.8	11.9	12.0	69.8	30.2	39.0	61.0
52	Occidental Mindoro	60.2	88.3	68.1	41.7	66.5	4.2	10.9	54.1	22.6	53.7	46.3
53	Marinduque	64.6	82.7	78.2	43.5	63.8	7.3	13.8	49.2	22.4	55.1	44.9
54	Camarines Norte	48.0	86.7	55.3	25.1	58.5	5.5	14.2	69.4	27.3	40.4	59.6
55	Western Samar	58.5	86.9	67.3	37.9	65.8	6.9	7.5	55.1	26.7	52.3	47.7
56	Palawan	56.0	85.7	65.4	41.9	66.5	6.0	9.3	52.2	24.2	51.0	49.0
57	Agusan Del Sur	55.6	87.0	5.0	41.5	62.6	3.7	12.0	54.8	25.4	54.9	45.1
58	Quezon	50.3	86.5	58.1	29.8	55.8	9.0	16.6	61.3	27.7	49.1	50.9
59	Catanduanes	56.6	88.0	64.3	35.3	66.5	5.4	8.7	59.4	24.8	46.2	53.8
60	Surigao Del Sur	52.4	84.0	62.5	30.9	62.2	7.1	11.1	62.1	26.7	53.4	46.6
61	Oriental Mindoro	54.0	86.0	62.8	41.3	64.8	5.9	11.4	52.8	23.7	53.5	46.5
62	Sultan Kudarat	35.7	84.8	42.1	41.8	76.2	3.4	5.2	54.8	18.5	36.1	63.9
63	Negros Oriental	50.6	84.0	60.2	43.1	62.8	4.6	11.5	52.3	25.7	58.1	41.9
64	Apayao	62.2	87.9	70.8	78.4	84.3	0.4	4.3	21.2	11.4	57.9	42.1
65	Kalinga	54.6	82.9	65.9	67.9	76.0	1.0	5.6	31.1	18.3	56.3	43.7
66	Davao Oriental	61.3	91.2	67.2	48.1	72.7	4.5	7.2	47.4	20.1	49.9	50.1
67	Northern Samar	51.5	85.6	60.1	34.1	65.8	6.8	8.5	59.1	25.7	50.8	49.2
68	Romblon	55.6	80.2	69.4	37.1	56.7	12.1	19.0	50.8	24.3	59.9	40.1
69	Zamboanga Del Norte	56.2	85.9	65.4	56.9	74.3	4.3	8.6	38.8	17.1	62.2	37.8
70	Eastern Samar	65.8	89.1	73.8	35.2	68.8	7.8	7.5	57.0	23.7	52.0	48.0
71	Sarangani	50.4	89.2	56.5	42.8	75.1	5.6	6.7	51.6	18.2	55.2	44.8
72	Masbate	60.7	87.0	69.8	47.3	66.3	5.6	10.1	47.2	23.7	53.7	46.3
73	Lanao Del Sur	25.4	80.3	31.6	15.3	66.5	5.6	2.4	79.1	31.1	19.3	80.7
74	Basilan	28.9	78.9	36.6	32.2	62.6	4.4	7.8	63.4	29.6	16.8	83.2
75	Maguindanao	45.0	87.2	51.7	51.8	70.7	3.1	4.4	45.1	24.9	51.1	48.9
76	Tawi-Tawi	40.5	84.2	48.0	74.2	83.8	5.3	2.7	20.5	13.5	52.7	47.3
77	Sulu	16.5	82.1	20.1	42.7	83.0	1.4	0.6	56.0	16.3	22.8	77.2
	Philippines	51.0	80.9	63.1	24.5	44.7	11.6	17.4	63.9	37.8	53.9	46.1

Statistical Annex 11: Data Trimming Statistics

HDI-1 Rank 2006	Province	2006 % trimmed (non-uniform)	non-uniform trim	2006 COEFFICIENT OF VARIATION (CV)				
				1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed
	Metro Manila	1	43.6	43.6	41.0	39.1	37.6	36.4
1	Benguet	2	25.9	27.9	25.9	24.5	23.5	22.6
2	Rizal	3	43.5	46.0	43.5	40.4	39.1	37.5
3	Cavite	7	36.5	40.8	39.1	37.6	36.5	35.3
4	Bataan	3	39.8	43.1	39.8	38.4	38.4	37.0
5	Laguna	3	42.2	48.3	42.2	40.3	39.1	37.7
6	Pampanga	5	37.3	44.5	41.5	39.6	38.3	37.3
7	Ilocos Norte	4	30.3	37.3	33.5	32.1	30.3	28.6
8	Batanes	10	20.7	23.3	23.3	23.3	23.3	23.3
9	Nueva Vizcaya	1	47.7	34.1	31.8	30.4	29.2	28.1
10	La Union	1	40.3	40.3	38.1	36.2	34.7	33.7
11	Bulacan	5	34.1	41.5	37.4	35.3	34.1	33.2
12	Iloilo	1	45.1	45.1	42.7	41.1	39.7	38.3
13	Misamis Oriental	6	37.6	45.8	42.9	41.5	40.0	39.1
14	Davao del Sur	1	38.0	38.0	35.9	34.5	33.4	32.6
15	Batangas	1	41.3	41.3	38.7	37.2	36.3	35.2
16	Tarlac	8	38.1	47.7	45.1	43.2	41.8	40.4
17	South Cotabato	1	35.8	35.8	32.9	31.8	30.2	29.5
18	Quirino	1	32.9	32.9	32.9	29.1	37.5	24.8
19	Ilocos Sur	3	35.8	40.6	37.7	35.8	34.5	33.3
20	Pangasinan	3	32.7	36.0	34.1	32.7	31.4	30.4
21	Cebu	2	42.8	45.1	42.8	40.6	39.2	37.9
22	Zambales	8	39.0	55.0	54.7	48.4	45.4	45.0
23	Lanao del Norte	3	55.5	62.0	58.7	55.5	54.2	52.1
24	Abra	2	27.0	31.9	27.0	25.6	24.6	23.6
25	Cagayan	5	31.0	36.2	34.6	33.9	31.0	29.9
26	Negros Occidental	1	45.3	45.3	42.4	40.2	38.6	37.5
27	Isabela	2	32.0	35.4	32.0	30.9	29.9	28.9
28	Bukidnon	5	47.2	53.1	51.9	50.0	48.7	47.2
29	Biliran	5	37.1	47.3	45.5	43.2	38.7	37.1
30	Zamboanga del Sur	2	47.5	51.2	47.5	44.9	42.2	40.7
31	Siquijor	4	31.4	60.8	53.1	40.3	31.4	25.8
32	Albay	6	43.1	59.4	52.7	50.1	46.2	45.1
33	Davao del Norte	1	46.6	35.8	33.6	32.0	31.1	30.4
34	Camiguin	9	29.8	43.0	42.0	41.2	39.5	38.0
35	Bohol	4	42.5	51.1	46.6	42.5	40.3	38.8
36	Camarines Sur	1	45.7	45.7	44.8	43.1	40.4	38.9
37	Aurora	6	44.2	87.4	77.1	60.3	48.0	46.3
38	Misamis Occidental	6	35.8	44.6	41.8	41.4	38.5	37.2
39	Guimaras	1	35.3	31.1	27.0	26.4	25.9	25.5

PER CAPITA INCOME (NCR 1997 PESOS) 2006 PER SCENARIO

STANDARD ERRORS PER SCENARIO

non-uniform trim	1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed	1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed	2003 CV (1% trimmed)
37,039	37,039	36,268	35,679	35,174	20,410	487	450	425	405	389	45.8
36,355	37,107	36,355	35,638	35,225	20,041	1,296	1,184	1,102	1,054	1,001	25.8
30,525	30,915	30,525	30,012	29,615	11,988	1,008	945	871	833	794	43.4
30,539	31,625	31,333	30,799	30,539	19,767	809	771	733	709	682	36.6
31,640	32,790	31,640	31,296	31,296	19,254	1,845	1,660	1,594	1,594	1,541	39.8
30,838	31,745	30,838	30,487	30,101	18,424	1,022	875	830	799	766	42.9
30,647	32,350	31,726	31,273	30,885	20,150	982	903	853	819	795	37.8
29,953	32,063	30,824	30,440	29,953	31,156	1,638	1,428	1,356	1,267	1,184	30.8
33,578	31,226	31,226	31,226	31,226	17,775	4,945	4,945	4,945	4,945	4,945	18.2
36,120	33,834	33,243	32,787	32,176	20,254	1,914	1,762	1,674	1,583	1,511	48.0
26,926	26,926	26,612	26,194	25,657	19,384	1,296	1,219	1,147	1,082	1,047	41.1
27,642	29,028	28,340	27,993	27,642	34,599	740	655	614	589	571	35.1
27,408	27,408	26,827	26,344	25,924	23,740	877	817	776	741	708	45.3
26,413	28,783	27,899	27,483	27,159	24,494	1,173	1,069	1,022	981	952	37.7
27,998	27,998	27,490	27,131	26,666	22,191	741	692	661	632	615	40.7
23,465	23,465	23,014	22,688	22,409	26,457	686	634	604	584	564	46.3
26,224	28,620	28,133	27,779	27,223	20,711	1,256	1,173	1,117	1,063	1,018	37.4
26,000	26,000	25,272	24,965	24,511	18,152	834	749	717	674	654	39.7
29,564	29,564	29,564	28,309	43,417	31,226	2,446	2,446	2,079	3,812	1,695	35.3
25,110	26,145	25,683	25,110	24,684	16,434	1,413	1,297	1,213	1,154	1,103	35.8
21,536	22,195	21,817	21,536	21,242	24,313	491	460	437	416	400	33.4
22,710	23,351	22,710	22,498	22,171	16,407	541	500	474	453	437	43.5
22,587	24,940	25,081	24,103	23,571	18,331	1,659	1,664	1,419	1,309	1,296	38.7
26,241	28,490	27,599	26,241	26,087	27,427	1,989	1,837	1,658	1,619	1,514	57.0
21,470	22,761	21,470	20,936	20,739	25,529	1,585	1,269	1,176	1,130	1,073	26.8
21,030	22,626	22,148	21,989	21,030	13,401	828	779	760	671	641	31.2
22,220	22,220	21,699	21,258	20,984	24,032	621	570	531	507	488	44.1
21,000	21,678	21,000	20,707	20,515	18,769	678	598	571	550	528	32.7
24,494	26,033	25,815	25,278	24,825	23,422	1,277	1,242	1,179	1,131	1,089	46.8
23,740	26,761	26,136	25,479	24,399	21,931	3,218	3,027	2,805	2,410	2,256	35.5
23,682	24,317	23,682	23,170	22,571	21,266	861	782	727	670	636	49.2
24,119	28,481	26,643	24,786	24,119	17,095	5,946	4,872	3,447	2,643	2,014	33.6
18,823	21,518	20,703	20,200	19,344	19,447	1,172	1,009	940	835	816	44.9
23,396	22,409	22,049	21,615	21,414	17,715	674	626	587	568	553	43.1
21,075	26,808	26,145	25,485	25,221	25,287	4,014	3,829	3,668	3,521	3,310	31.1
19,985	21,213	20,467	19,985	19,590	19,219	1,022	901	809	756	726	42.4
17,531	17,531	17,414	17,141	16,697	15,158	618	604	574	527	502	46.4
18,905	23,717	22,417	20,933	19,902	20,593	4,881	4,094	2,997	2,274	2,203	45.9
18,883	20,748	20,356	20,426	19,509	16,265	1,285	1,190	1,187	1,059	1,012	35.5
19,518	19,391	18,892	18,690	18,491	19,284	1,599	1,357	1,315	1,282	1,254	37.8

Statistical Annex 11: Data Trimming Statistics

HDI-1 Rank 2006	Province	2006 % trimmed (non-uniform)	non-uniform trim	2006 COEFFICIENT OF VARIATION (CV)				
				1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed
40	Capiz	4	41.1	47.2	43.7	42.6	41.1	39.3
41	Aklan	1	46.6	41.5	40.3	39.5	38.8	37.7
42	Agusan del Norte	3	27.7	30.5	29.1	27.7	26.4	25.8
43	Southern Leyte	1	41.0	41.0	38.8	37.8	37.6	35.5
44	Nueva Ecija	4	33.6	40.9	36.8	35.1	33.6	32.1
45	Ifugao	1	24.1	24.1	23.2	22.6	21.9	21.2
46	Surigao del Norte	6	34.7	41.9	36.7	35.4	34.9	34.8
47	North Cotabato	2	34.2	38.5	34.2	30.9	28.8	27.4
48	Mt. Province	5	26.7	35.7	33.8	29.6	28.6	26.7
49	Leyte	2	45.9	51.2	45.9	43.2	41.5	39.7
50	Antique	1	52.9	48.1	45.7	45.1	42.2	40.6
51	Sorsogon	1	39.5	35.6	34.0	32.2	31.0	29.8
52	Occidental Mindoro	4	39.3	43.9	41.5	39.3	37.5	36.1
53	Marinduque	1	37.8	37.8	34.7	32.3	31.3	29.2
54	Camarines Norte	1	60.0	55.7	52.4	50.3	47.7	46.4
55	Western Samar	1	53.0	48.7	47.0	45.2	43.7	42.7
56	Palawan	3	35.3	40.0	37.1	35.3	31.8	30.4
57	Agusan del Sur	3	34.6	39.3	35.7	34.6	32.6	31.0
58	Quezon	1	48.1	40.9	38.4	36.4	35.0	34.2
59	Catanduanes	3	42.7	72.3	61.0	42.7	34.9	33.1
60	Surigao del Sur	4	30.4	37.1	34.9	32.3	30.4	28.9
61	Oriental Mindoro	1	34.4	34.4	32.6	30.9	29.4	27.9
62	Sultan Kudarat	2	33.7	35.7	33.7	32.9	32.6	31.4
63	Negros Oriental	2	55.0	55.0	50.5	47.3	45.6	44.2
64	Apayao	10	20.7	27.9	27.9	26.3	25.0	24.0
65	Kalinga	10	24.2	35.7	32.7	31.2	30.0	28.2
66	Davao Oriental	5	33.4	38.9	36.0	36.0	34.4	33.4
67	Northern Samar	10	40.0	56.5	56.5	53.4	50.8	49.6
68	Romblon	2	27.3	37.7	27.3	27.3	26.6	25.3
69	Zamboanga del Norte	4	45.7	53.4	48.8	47.6	45.7	44.1
70	Eastern Samar	6	43.9	57.4	56.6	50.8	49.8	47.3
71	Sarangani	2	33.5	36.2	33.5	31.7	30.5	28.7
72	Masbate	2	45.4	54.5	45.4	40.5	38.6	36.4
73	Lanao del Sur	1	32.5	29.5	28.3	27.3	26.4	25.6
74	Basilan	5	27.4	75.0	34.3	30.3	27.8	26.4
75	Maguindanao	1	34.8	37.1	34.3	32.4	29.3	28.4
76	Tawi-Tawi	7	21.4	29.2	29.1	28.9	26.2	25.3
77	Sulu	1	16.4	16.4	15.9	14.3	13.5	12.8

Philippines

PER CAPITA INCOME (NCR 1997 PESOS) 2006 PER SCENARIO

STANDARD ERRORS PER SCENARIO

non-uniform trim	1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed	1% trimmed	2% trimmed	3% trimmed	4% trimmed	5% trimmed	2003 CV (1% trimmed)
24,005	25,766	24,881	24,511	24,005	30,212	1,488	1,340	1,289	1,222	1,146	41.3
19,337	18,907	18,560	18,433	18,205	19,665	1,161	1,111	1,086	1,056	1,005	45.1
20,639	21,450	20,941	20,639	20,237	12,788	859	801	756	712	691	27.1
21,405	21,405	20,662	20,801	20,694	22,129	1,459	1,338	1,324	1,310	1,221	45.2
16,701	17,572	17,196	16,957	16,701	24,285	545	483	456	432	411	33.6
25,002	25,002	24,615	24,206	24,055	24,565	1,468	1,392	1,335	1,298	1,266	25.7
19,175	20,170	19,447	19,096	19,059	31,594	1,185	1,006	956	947	949	32.8
20,366	21,021	20,366	19,910	19,524	26,878	811	701	622	572	540	33.2
21,963	24,730	23,938	22,901	22,546	29,495	2,305	2,115	1,796	1,708	1,562	26.4
20,067	20,868	20,067	19,540	19,133	20,679	801	695	640	604	571	45.0
20,383	19,751	19,425	19,500	18,785	19,197	1,352	1,272	1,270	1,148	1,088	62.2
14,858	14,515	14,215	13,924	13,708	26,849	615	577	538	511	487	40.3
21,264	22,453	21,867	21,264	20,901	25,395	1,478	1,368	1,265	1,193	1,140	39.6
17,762	17,762	17,177	16,841	16,601	15,478	1,401	1,246	1,147	1,095	993	40.2
20,704	20,343	19,414	18,857	18,550	16,050	1,581	1,426	1,333	1,260	1,201	63.8
21,440	20,618	20,267	19,683	19,409	20,206	1,205	1,148	1,075	1,033	992	55.1
20,434	21,198	20,596	20,434	19,742	34,746	899	814	774	677	643	34.4
21,122	21,865	21,347	21,122	20,561	29,752	1,118	997	960	887	836	34.3
16,827	16,291	15,975	15,767	15,614	13,483	509	470	443	425	413	43.2
17,750	20,663	19,161	17,750	17,473	26,586	3,182	2,493	1,621	1,325	1,233	41.7
18,216	19,477	19,151	18,654	18,216	30,647	1,002	932	845	781	732	29.9
17,433	17,433	17,076	16,769	16,521	22,102	689	642	600	565	532	34.4
17,892	18,124	17,892	17,617	17,503	21,012	808	760	732	721	690	34.2
20,933	20,933	20,345	19,857	19,498	15,215	1,048	942	865	822	790	53.0
19,220	22,485	22,485	21,458	20,773	16,547	1,923	1,923	1,739	1,609	1,503	16.6
20,214	24,816	23,588	22,867	22,504	21,963	2,075	1,822	1,687	1,607	1,504	23.8
17,715	18,809	18,002	18,002	17,763	29,229	1,075	957	957	909	888	33.1
17,700	20,944	20,944	20,716	20,053	14,647	1,581	1,581	1,495	1,381	1,324	37.3
15,186	16,162	15,186	15,186	14,922	19,097	1,135	777	777	747	702	27.9
15,156	16,558	15,719	15,489	15,156	17,884	932	813	785	741	699	45.8
15,811	18,213	18,449	17,125	16,852	20,216	1,596	1,607	1,345	1,300	1,208	43.6
15,801	16,175	15,801	15,576	15,481	17,261	815	738	692	665	616	33.4
13,624	14,351	13,624	13,186	13,052	19,006	867	689	598	567	527	46.0
14,281	13,986	13,802	13,655	13,534	6,800	482	458	440	424	409	37.0
12,206	14,814	12,815	12,421	12,206	23,504	1,888	757	651	591	551	27.1
15,681	16,513	16,162	15,806	15,340	7,363	601	548	506	449	434	35.8
6,664	6,990	7,014	7,049	6,868	22,121	326	327	328	291	279	23.8
7,594	7,594	7,583	7,466	7,406	14,739	163	158	140	132	126	18.3
24,727	25,376	24,797	24,373	24,023	23,676	127	117	110	106	101	

ADDENDUM to the 2008/2009 PHDR

1. Page 21, Box Table 4, Title of the 2nd column should read: **“NO. OF PASSERS (% OUT OF TOTAL EXAMINEES WITH SCORES 50% AND ABOVE)”**
2. Page 23, last paragraph, 2nd and 3rd sentences should read: **“... bringing the number of incumbents to 222 when only 163 are actually prescribed. THE EXCESS FROM THE 13 DEPARTMENTS WAS 81, OR 58 PERCENT OF THEIR 139 INCUMBENTS.”**

An endnote to the 4th sentence should be added to read: **The P722, 000/year is a simple average of P786, 000/year for an undersecretary (or P31, 765/month in salaries for 13 months, P17, 000/month in rata/pera/aca for 12 months, and P14, 167/month in discretionary funds for 12 months) and P657, 000 a year for an assistant secretary (or P27, 866/month for salary for 13 months, P115, 400 in rata/pera/aca for 12 months, and P9, 167/month in discretionary funds for 12 months).**

3. Page 26, 2nd paragraph. All references to “CESO eligibles” should read **CESOs/CES eligibles**.
4. Page 41, Box Table 10. The decimal point for all amounts, except for the TOTAL amount, should be moved two places to the left.
5. Page 138, Statistical Annex 1. Life expectancy at birth 2006 for the province of Basilan is **69.1**