



NGO Submission

**SUBMITTED TO THE COMMITTEE ON ECONOMIC,
SOCIAL AND CULTURAL RIGHTS (CESCR)**

**For the 77th Session of the CESCR Committee
and the 7th periodic report on the Philippines**

Submitted by:

IBON Foundation (IBON)

13 January 2025

1. IBON Foundation was established in 1978 and has been operating for over 45 years. It is the country’s first and oldest non-government think tank doing research, education and advocacy work for social movements. Its advocacy work includes: lobbying for social and economic reforms; public information through media communications and organizing forums, lectures and seminars; and campaigns with membership-based basic sector organizations. IBON also produces teaching materials and gives trainings to formal schools, including indigenous Lumad community schools in Mindanao.

A. General information

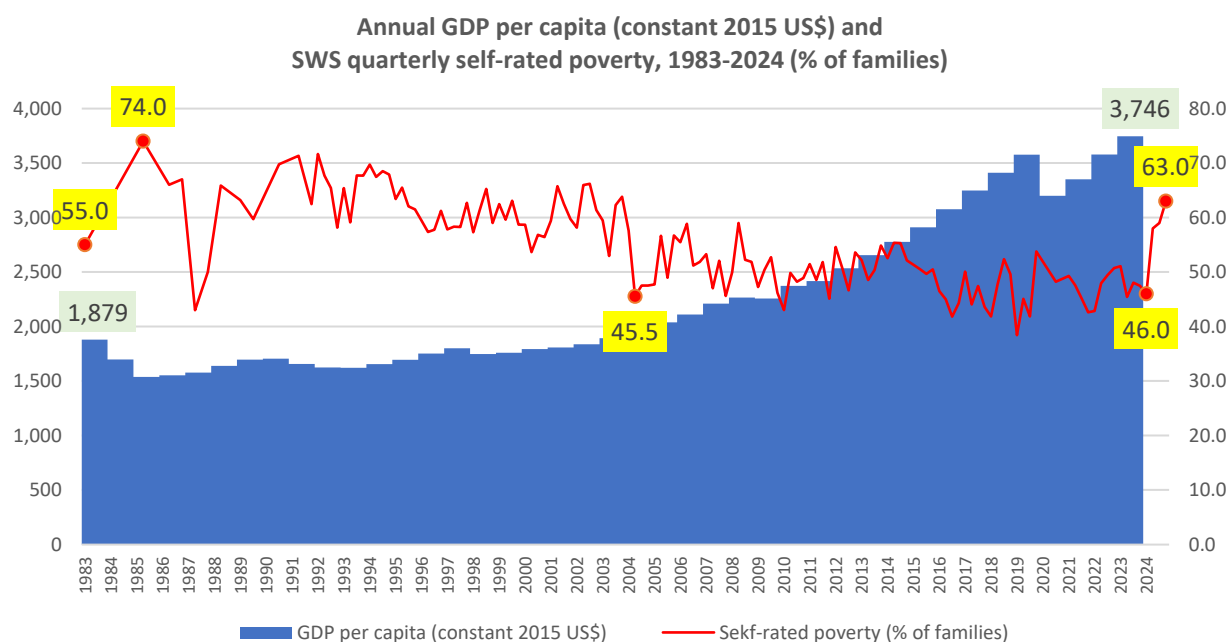
2. *On paragraph 2 of the List of Issues (hereinafter “para. 2”)* – We acknowledge the many positive provisions in the 1987 Constitution which, taken cumulatively, are potentially considerable legal basis for upholding economic, social and cultural rights (ESCR). Unfortunately, many of these provisions are not self-executory nor justiciable and, on the contrary, there is a Supreme Court ruling that the Executive and Legislative branches enjoy a presumption of regularity and constitutionality in economic matters and that the courts will generally defer to the judgement of these political branches on such matters.¹ This discourages judicial activism-driven reforms on policies or agglomerations of policies such as trade and investment liberalization, privatization of utilities and social services, and deregulation that have far-reaching ESCR impact. For instance, job creation and poverty eradication presumably requires policies for agricultural development and national industrialization – yet there is little room to argue for structural economic reforms to uphold ESCR. At the same time, micro efforts or small-scale projects may become inadvertently portrayed as meaningful solutions even if their actual quantitative impact falls far short of the magnitude of the ESCR problems at hand.
3. Numerous legislation has been filed and refiled in Congress to more aggressively respect, protect and fulfill human rights but most do not even reach the first substantive step in the lawmaking process of being taken up at the Committee level, while others do not progress any further. This includes such measures as the expansive People’s Green New Deal² first filed in November 2021, which was the first of its kind in Southeast Asia and from the Global South. Other notable legislation that have languished for years include the People’s Mining Bill (first filed in 2011), Genuine Agrarian Reform Bill (first filed in 2007), Anti-Privatization of Health Services Bill (first filed in 2013). On the other hand, various laws that undermine ESCR are passed into law and implemented with adverse consequences, with some examples taken up in more detail below.
4. *On para. 4* – The budget of the Commission on Human Rights (CHR) is less than needed to fulfill its mandate to protect and promote the human rights of all people in the country and, if anything, has even been falling in real terms since 2021³. This gives them scant resources to address chronic civil and political rights violations as it is, much less more aggressively take up ESCR matters.

<i>Php million</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024
CHR budget (total new appropriations)	439.7	724.9	666.9	799.5	888.8	883.1	921.2	959.0	937.3
CHR budget (real terms, 2018=100)	476.0	762.9	666.9	781.0	847.8	810.6	799.0	784.9	743.3

¹ Tañada v. Angara" (G.R. No. 118295, May 2, 1997)
² House Resolution 2362, “Resolution for the Adoption of a People’s Green New Deal for a Just and Green Economic Recovery,” filed November 17, 2021 during the 18th Congress and refiled as House Resolution 0008 on June 30, 2022 during the current 19th Congress
³ IBON computations on budget data from 2016-2024 General Appropriations Acts (GAA) and consumer price index data (CPI) from Philippine Statistics Authority; CHR budget data excludes budget for Human Rights Violations Victims' Memorial Commission

B. Issues relating to the general provisions of the Covenant (arts. 1-5)

5. *On para. 9(a)* – The Philippine Statistics Authority (PSA) reports official poverty incidence decreasing since the last review of the Philippines: 17.9% family poverty/23.5% population poverty (2015), 12.1%/16.7% (2018), 13.2%/18.1% (2021) and 10.9%/15.5% (2023). These are however computed according to an unreasonably low poverty threshold of, for instance in 2023, Php91 per person per day (US\$1.64 at prevailing exchange rate for the year). Official poverty statistics only started in 1985 and were collected infrequently only every three years, shortened to two years just in 2023.
6. Official poverty statistics can be taken as indicating improvement but only at the low-end of income levels around the poverty threshold. Other indicators at, in effect, relatively higher income levels show adverse trends. The Bangko Sentral ng Pilipinas' (BSP, central bank) quarterly consumer expectations survey (CES) reports the percentage of households without savings in any form growing from an annual average of 68.8% in 2015 to 70.1% in 2024. The private survey firm Social Weather Stations (SWS) produces the longest and most high-frequency poverty-related data in the country with self-rated poverty surveys since 1983 and now conducted quarterly – self-rated poverty incidence among families has grown from an annual average of 50.5% in 2015 to 56.5% in 2024. Self-rated hunger has also spiked to reach 7.2 million families or 26% of total families as of the fourth quarter of 2024, also according to SWS.
7. Plotting gross domestic product (GDP) per capita against SWS self-rated poverty since 1983 shows an interesting result indicating exclusionary growth and confirming failed trickle-down economics. Slowly rising GDP per capita from the mid-1980s to the mid-2000s was accompanied by a steady decline in self-rated poverty. However, the much more rapid increase in GDP per capita since the mid-2000s was instead accompanied by a general flattening of self-rated poverty, with even a marked quarter-to-quarter increase to 63% in the last quarter of 2024.



Source: World Bank Open Data, Social Weather Stations

8. This is a concerning trend because budgets for regular and emergency assistance programs have even been increasing – Php139.8 billion (2019), Php436 billion (2020), Php221.1 billion (2021), Php272.2 billion (2022), Php277.6 billion (2023), and Php355.9 billion (2024).⁴ The overly long and harsh pandemic lockdowns have certainly generated additional pressure. Nonetheless, it is worth highlighting that even pre-pandemic self-rated poverty trends were problematic despite very large continuing increases in the annual budgets for conditional cash transfers, for instance: Php10 billion for 382,832 beneficiary households (2010), Php62.3 billion for 4.38 million beneficiaries (2015), Php108.8 billion for 4.25 million beneficiaries (2020) and Php106.3 billion for 4.34 million beneficiaries (2024).⁵
9. *On para. 9(b)* – The PSA reports the Gini coefficient decreasing from 0.4438 (2015) to 0.3909 (2023p). The ratio between the total income of the richest decile of the population and the poorest five deciles falling only marginally from 1.02 (2015) to 0.85 (2023).⁶ These aggregate survey-based figures however fail to capture increasing disparities between the general population and the extremely rich.
10. The three richest Filipinos today increased their combined net worth from Php91.5 billion (equivalent to 0.7% of GDP) in 2015 to Php1.5 trillion (5.6% of GDP) in 2024. These three richest billionaires Enrique Razon, Manuel Villar, and Ramon Ang are the main backers of the three consistently largest political parties in the country – National Unity Party (NUP), Nacionalista Party (NP) and Nationalist People’s Coalition (NPC), respectively. They currently account for 38% of seats in the Senate, 40% of seats in the House of Representatives (HOR), and 38% of provincial governorships which is presumed to translate to significant influence and control over national economic policymaking and local government implementation.
11. Amid chronic and apparently worsening poverty, financial firm Credit Suisse’s Global Wealth Reports meanwhile estimated that the number of high net worth Filipinos – or those with net worth of US\$1 million or more – increased from 35,037 in 2015 to 69,804 in 2022.
12. *On para. 9(c) and (f)* – There is a narrative that COVID-19-related spending was the main driver of government deficits and debt since the pandemic. The government borrowed Php5.32 trillion in 2020 and 2021, increasing national government debt stock to Php11.73 trillion by end-2021.⁷ Actual COVID-19-related disbursements in 2020 and 2021 from both regular funds and the Bayanihan 1 and 2 Laws only amounted to Php616.02 billion.⁸ In contrast, interest payments and principal amortization on NG domestic and foreign debt amounted to Php2.17 trillion over 2020-2021.⁹ Public infrastructure outlays were similarly large at Php1.89 trillion in 2020-2021.¹⁰ The government’s implementing overly long and harsh lockdowns over those two years was the biggest factor driving debt because the record economic contraction also caused government revenues to fall drastically.

⁴ IBON computations on data from 2019-2024 GAAs. “Regular and emergency assistance” refers to programs of the social welfare, labor, education, health, agriculture, transport, and trade and industry departments with a social assistance character.

⁵ Annual budgets in GAAs for the Pantawid Pamilyang Pilipino Program (4Ps).

⁶ IBON computations on data from the PSA’s Family Income and Expenditure Surveys

⁷ Data from Bureau of the Treasury (BTr)

⁸ Data from the Department of Budget and Management (DBM) “SARO/NCA Releases for Coronavirus Disease 2019 (COVID-19) – OVERALL, As of December 31, 2021”

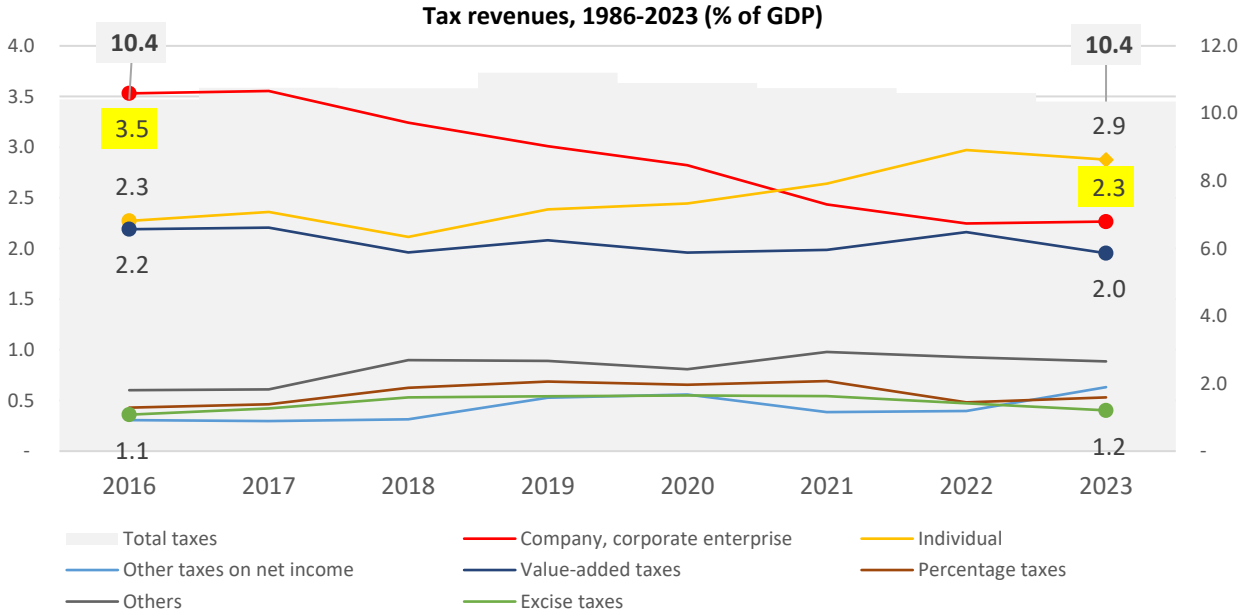
⁹ Data from Bureau of the Treasury (BTr)

¹⁰ Data from DBM’s 2023 Budget of Expenditures and Sources of Financing (BESF)

13. *On para. 9(d)* – The country’s fiscal system is becoming increasingly regressive. On the revenue side, a series tax laws have been passed in recent years decreasing direct income taxes while increasing indirect consumption taxes:

- a. The Tax Reform for Acceleration and Inclusion (TRAIN) Law of 2018 cut personal income taxes (PIT) which only benefitted the roughly 7.5 million income taxpayers mostly found in the highest income 20-30% brackets; the poorest 70-80% of families are in the informal sector and not really income taxpayers. Estate and donor’s tax were also reduced. At the same time, the TRAIN law raised or expanded the scope of consumption taxes on oil products, sugar-sweetened beverages, tobacco, and VAT, among others.
- b. The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law of 2021, among other measures, cut the corporate income tax (CIT) from 30% to 25% for large corporations and 20% for smaller firms.
- c. The Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) of 2024 further reduced the CIT to 20% even for large corporations. This is aside from other fiscal and non-fiscal incentives.

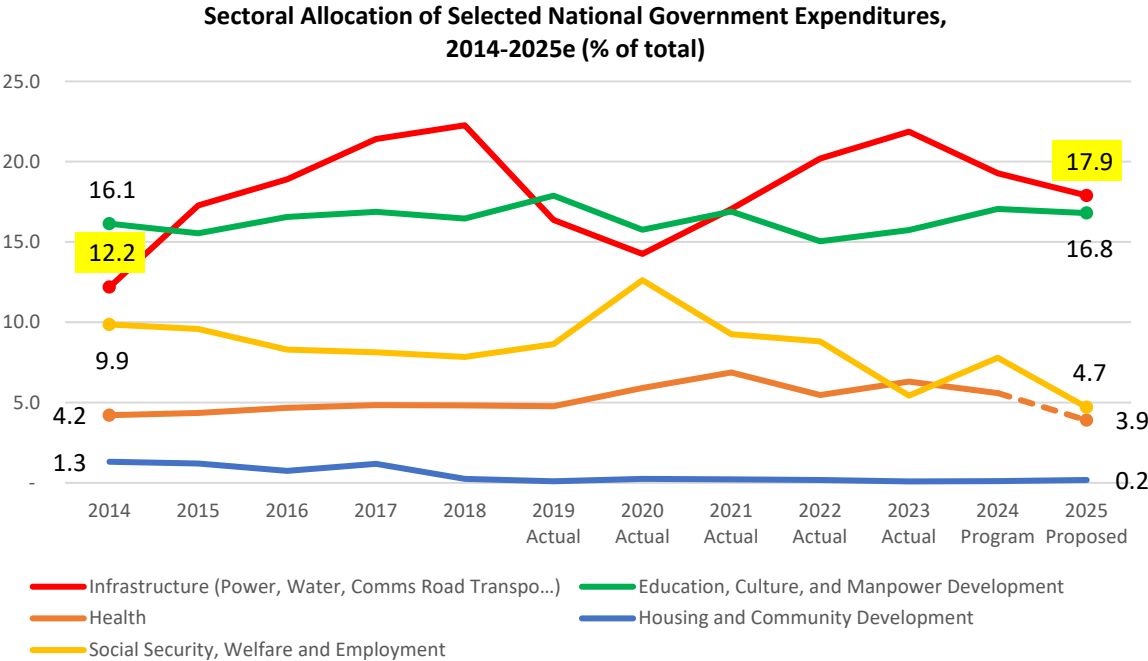
14. The net income of the country’s Top 1000 corporations has increased from Php1.24 trillion in 2016 to 2.04 trillion in 2023.¹¹ Meanwhile, the net income of the country’s approximately 250,000 formal establishments increased from Php2.28 trillion in 2016 to Php3.06 trillion in 2022.¹² Measured as a share of GDP, however, collections from corporate income taxes fell from 3.5% in 2016 to 2.3% in 2023. The increase in individual income taxes was largely accounted for by withholding taxes on wages, which rose from 2.3% to 2.9% of GDP. VAT collections have fallen slightly from 2.2% to 2%, with a slight increase in excise taxes from 1.1% to 1.2 percent – which below-target collections the BIR attributes to a number of transitional factors. Total tax revenues remained more or less constant at 10.4% of GDP.



Source: IBON computations on data from Bureau of Internal Revenue (BIR) and PSA

¹¹ Data from BusinessWorld Top 1000 Corporations
¹² IBON computations on data from the PSA’s Annual Survey of Philippine Business and Industry (ASPBI), the latest being from 2022

15. *On para. 9(e)* – There is also worsening regressiveness on the expenditure side especially as so-called fiscal consolidation takes effect to accommodate growing debt service and disproportionately prioritized infrastructure spending. Measured as a share of total national government spending, the share going to education increases slightly from 16.1% in 2014 to 16.8% in the proposed budget for 2025. The share of social security, welfare and employment however falls substantially from 9.9% to 4.7%, of housing and community development from 1.3% to 0.2%, and of health from 4.2% to 3.9% over that same period.¹³ On the other hand, the share going to infrastructure increases substantially from 12.2% to 17.9% (albeit lower than a peak of 22.3% in 2018).¹⁴ These declines are even more marked in real per capita terms taking population growth and inflation into consideration.



Source: IBON computations on data from DBM

16. It is worth noting that infrastructure spending, so defined, is over three-and-a-half times spending on health, and actually even larger than on education which arguably breaches the Constitutional provision for education to be given the highest priority in the national budget. This deprioritization of education, social welfare, housing and health occurs amid controversially poor learning outcomes, worsening poverty and hunger, and stubbornly high health out-of-pocket (OOP) expenses.

17. Health OOP accounts for 44.4% of current health expenditure which is barely changed from the 47.2% share in 1994 before the National Health Insurance Act (NHIA) was passed in 1995; Philippine OOP spending is the third highest in Southeast Asia (after Myanmar’s 70.3% and Cambodia’s 54.9%) and higher than the world average (17%), higher than the averages for low (40.9%), middle (34%) and high income (13%) countries respectively, and higher than the average for East Asia and the Pacific (25.5%).¹⁵ Two recent developments regarding declining health spending are

¹³ The budget for health presented already considers the Php74.4 billion last-minute cut in the final approved GAA to PhilHealth, the government’s social insurance program, as indicated by the dashed line. Other expenditure items are only as proposed because recomputations of sectoral allocations in the final GAA are not yet available.

¹⁴ Combined sectoral allocations for Power and Energy, Water Resources Development and Flood Control, Communications, Roads and Other Transportation are taken as a proxy for infrastructure spending.

¹⁵ Data from PSA’s Philippine National Health Accounts (PHNA) and World Bank online database

worth stressing: i) the government started transferring Php89.9 billion in PhilHealth reserve funds to the National Treasury to spend as general funds instead of using these to expand benefits or reduce member contributions (currently contested in the Supreme Court); and ii) the proposed Php74.4 billion government subsidy for PhilHealth for indigents was not approved resulting in zero subsidy for 2025.

18. *On para. 9(g)* – The share of defense in the national budget averaged 6.2% in 1986-1990 and 6.2% in 1991-2000, falling to 5.2% in 2001-2010, and further to 4.4% in 2011-2020 but then rising to 4.9% in 2021-2024 with an apparent spike to 6.6% in 2025 which will be the largest in nearly three decades since the 7.4% share in 1996.¹⁶ Measured as a share of GDP, defense spending equivalent to 1.1% of GDP in 2024 is more or less at the historical average of 1% over the 1986-2023 period.¹⁷

C. Issues relating to the specific provisions of the Covenant (arts. 6–15)

Right to just and favorable conditions of work (art. 7)

19. *On para. 15* – The PSA’s Labor Force Survey (LFS) does not yet provide official definitions or estimates of formal and informal employment. The LFS unfortunately also does not provide official estimates of incomes or earnings according to sector, class of worker, and occupation (including providing relevant cross-tabulations and regional granularity). Having data on incomes/earnings from wage and salary, self-employment and other work may help explain the apparent disconnect between seemingly favorable employment figures and worsening poverty, hunger and household savings.
20. Related to this is, on the contrary, persistent inclusion of the category “Worked with pay in own-family operated farm or business” (aka “unpaid family worker”) as among those considered “employed” – this category has accounted for an average of almost 8% of total employment since 2016, albeit falling slightly to 6-7% in 2023 and 2024.¹⁸
21. Analysis of historical trends has been hampered by a change in the definition of [un]employment in April 2005 which added as criteria to be considered employed: i) availability of work; and ii) a six-month cut-off period for job search. Regardless of the logic for adding such criteria, adding them has resulted in millions of discouraged or unavailable workers no longer counted as unemployed but rather as Not in The Labor Force (NILF). This has had the effect of reducing the number of unemployed by some 1.5-3 million and the unemployment rate by some 3-6 percentage points compared to using the previous definition.
22. *On para. 16(a)* – Tentative approximations of informality are still possible using the LFS (assuming that its employment figures capture both formal and informal work) and the PSA’s annual Survey of Philippine Business and Industry (ASPBI, latest data is for 2022) as the measure of formal establishment employment.¹⁹ IBON estimates that informal employment has increased from 31.4 million or 76.6% of total employment in 2016 to 35.3 million or 77% of total employment in 2022

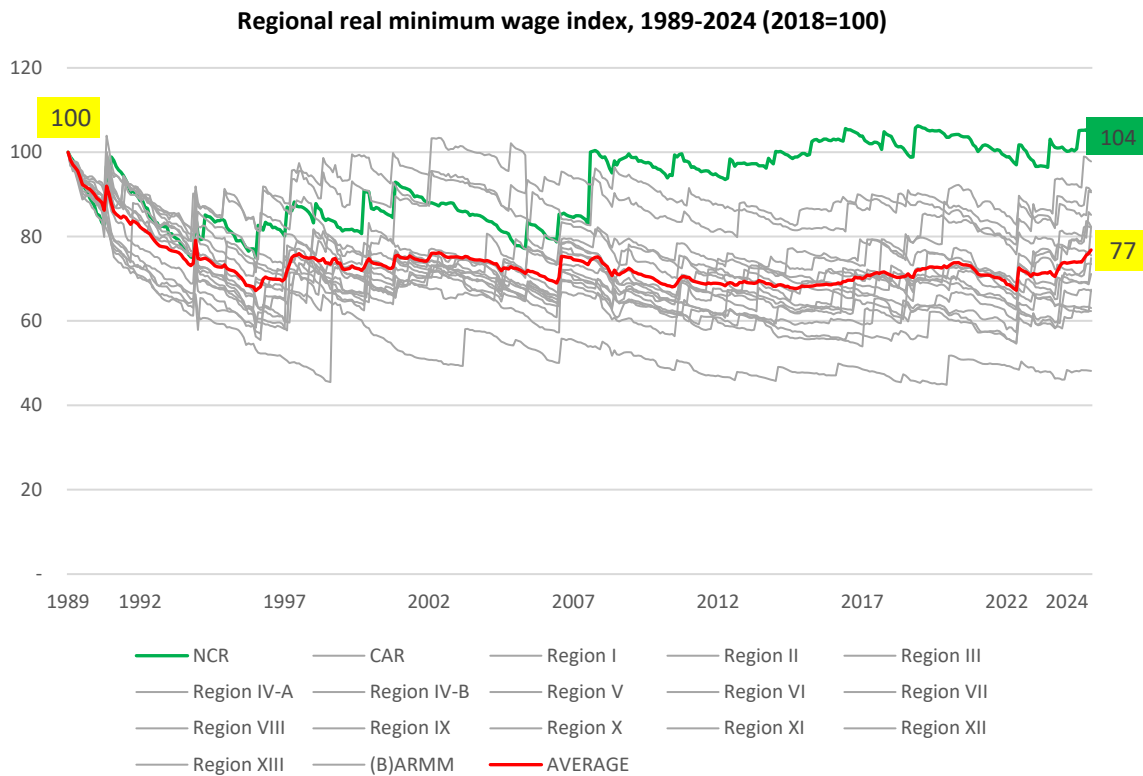
¹⁶ IBON computations on data from DBM and PSA

¹⁷ Ibid.

¹⁸ IBON computations on data from PSA

¹⁹ For purposes of initial estimation, it can be assumed that formal work covers: i) wage & salary work in private establishments according to the ASPBI; and ii) wage & salary work in government & government corporations. Informal work can be assumed to cover: i) wage & salary work in private households; ii) the balance of wage & salary workers in private establishments not counted by the ASPBI; and iii) all the self-employed (i.e., Worked with pay in own-family operated farm or business, Worked without pay in own family-operated farm or business (Unpaid family worker), Employer in own family-operated farm or business, and Self-employed without any paid employee)

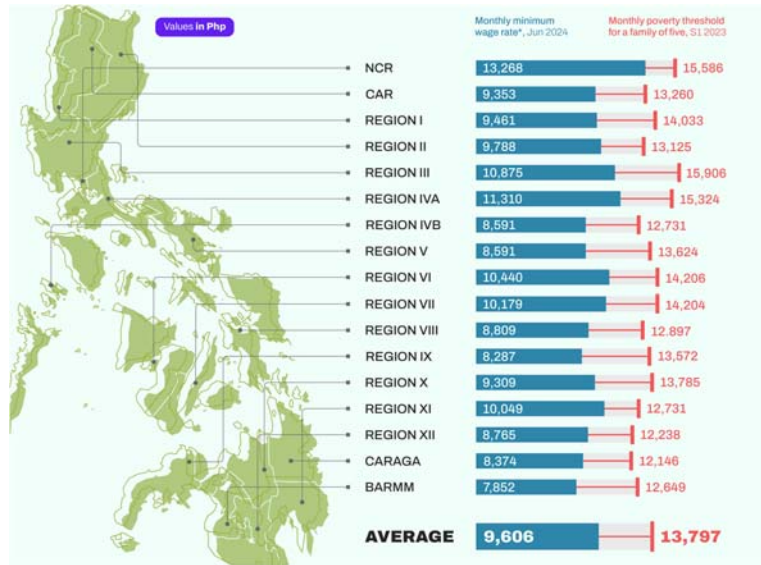
23. *On para. 16(b) and (e)* – Positive laws, policies and regulations will stumble and remain hypothetical or tokenistic without sufficient enforcement. The labor department’s capacity to conduct inspections for administration and enforcement has improved slightly but remains very weak. It was able to inspect 60,376 or 6.6% of the 915,726 total number of establishments recorded in 2016, increasing slightly to 81,314 or 7.3% of establishments in 2022.²⁰
24. *On para. 16(c)* – Various laws strengthening the right to security of tenure and against labor contractualization have languished for years, to take just a recent few: House Bill 1024 (first filed in 2004), HB 5110 (first filed in 2011), and HB 00556 (first filed in 2016). The first bills on security of tenure were filed as early as the 18th Congress starting in 1987 and, to date, at least 78 bills have been filed in the Senate and House of Representatives ((HOR) on security of tenure in the private sector – all of which have just ended up as pending at the committee level.
25. *On para. 17* – IBON estimates that the average real value across all regions of the mandated minimum wage today is smaller than when regionalization of wage-setting started in 1989. Constructing an index to clarify wage trends, it can be seen that the real value of the regional wage in 16 regions has fallen in the last 35 years, with the exception of the National Capital Region (NCR) where it increased by an incremental four (4) percent. The average real value across all 17 regions is worth 22% less in 2024. This is while IBON estimates that the real value of worker productivity, measures as GDP per person employed, has increased by 88% between 1989 and 2023.



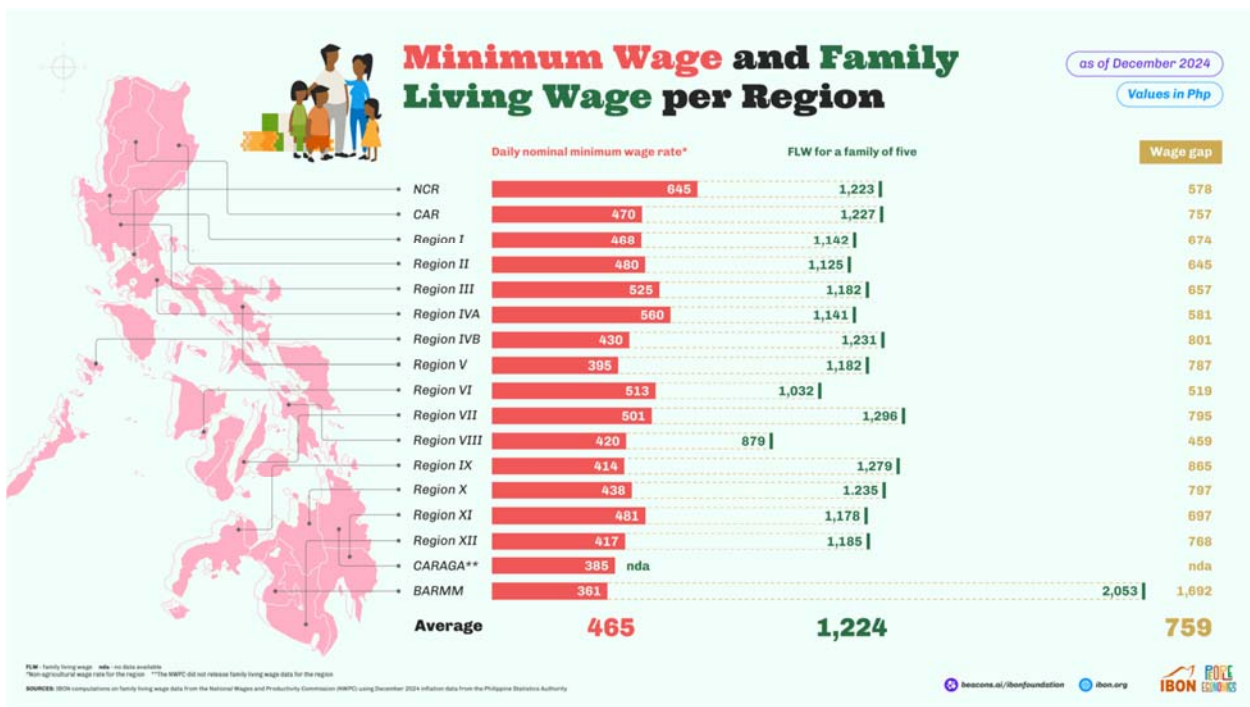
Source: IBON computations on data from National Wages and Productivity Commission (NWPC) and PSA

²⁰ IBON computations on inspection data from the Department of Labor and Employment (DOLE) and on formal/informal establishments from the PSA’s List of Establishments (LE)

26. IBON finds that the country's regional minimum wages, converted to a five-day workweek, are all lower than even the official regional poverty thresholds for a family of five (5).



27. IBON also notes that regional minimum wages are all lower than our estimates for the family living wage (FLW) per region, estimated by inflating the last official FLW estimate in September 2008 according to the monthly consumer price index (CPI) since then. There is also evidently basis for a national minimum wage inasmuch as most regional FLWs cluster in the Php1,000-1,300 range with the only two big outliers being Php879 in Region VIII and Php2,053 in BARMM.



28. Various laws legislating wage hikes or a national minimum wage have languished for years. To take just a few: House Bill 02605 legislating a wage hike (first filed in 2001), and HB 07787 legislating a national minimum wage (first filed in 2018).

Protection of the family and children (art. 10)

29. *On para. 21(b)* – According to the PSA, the number of working children 5-17 years old has declined from 1.5 million in 2016 to 1.1 million in 2023. The share of females has increased though from 35% in 2016 to 41% in 2023. The number of child laborers has increased though from 640,000 in 2019, the earliest year for which data is available, to 678,000 in 2023.²¹ Similarly, the share of females has increased from 28% in 2019 to 38% in 2023.

Right to adequate standard of living (art. 11)

30. *On para. 22(a)* – There are indications of the country's flagship social protection program (4Ps) subject to politically-motivated decision-making rather than according to the needs of the poorest Filipinos. The 4Ps budget was Php106.3 billion in 2024 with a proposed budget increase to Php114.2 billion for 2025. However, in the course of Congressional deliberations, the 4Ps budget was cut by Php50 billion in December 2024 to just Php64.2 billion in the approved 2025 GAA apparently to accommodate another cash assistance program, the Php26 billion Ayuda sa Kapos ang Kita Program (AKAP). This is as the social welfare department announced that the 4Ps program had over four (4) million beneficiaries aside from over 400,000 more waitlisted.²² The 4Ps program has an elaborate system of identifying, targeting and monitoring beneficiaries as opposed to AKAP which does not have such a system or list. The concern of AKAP being unduly subject to politicians' intervention is supported by how legislators are reported to have approved the 4Ps cut and AKAP replacement after "the Senate and the House of Representatives were allotted P5 billion and P21 billion, respectively."²³ The role of legislators is however to legislate and they are not supposed to be implementing projects which, according to the doctrine of separation of powers, is the function of the executive branch.

31. *On para. 22(b)* – Land distribution under the current Marcos Jr government is much slower than the historical average with an annual average of 91,818 hectares covered from July 2022 to the end of 2024 – or less than the 107,763 hectares annual average over the long period 1972-2016.²⁴ There is however a notable adverse trend in the share of total farm area owned (whether fully owned or in ownerlike possession) falling from 64.4% in 2012 to 63.2% in 2022, while tenanted areas grew from 19.6% to 21.2% over that same period.²⁵

32. *On para. 23* – The proportion of the urban population living in slum households has fallen slightly from 38.7% in 2016 to 35.9% in 2022, although the magnitude has still increased from 18.6 million to 19.4 million over that same period.²⁶

²¹ Child labor refers to working children engaged in hazardous work; children below 15 y/o working more than 20 hrs a week or more than 4 hrs at any given day or between 8pm-6am, and; children 15-17 y/o working more than 40 hrs a week or more than 8 hrs at any given day or between 10pm-6am

²² Philippine News Agency (PNA), "Over 400K validated as next DSWD 4Ps beneficiaries," November 4, 2024, downloaded Jan 12, 2025 from <https://www.pna.gov.ph/index.php/articles/1237064>

²³ OneNews, "Bicam Keeps P1.3-B Budget Cut For OVP; Unprogrammed 'Pork' Funds Hit P531.66 B" by Cecille Suerte Felipe, December 12, 2024, downloaded Jan 12, 2025 from <https://www.onenews.ph/articles/bicam-keeps-p1-3-b-budget-cut-for-ovp-unprogrammed-pork-funds-hit-p531-66-b-1>

²⁴ Data from Department of Agrarian Reform (DAR)

²⁵ Data from PSA's Census of Agriculture and Fisheries (CAF)

²⁶ A "slum household" is a household in which the inhabitants suffer one or more of the following "household deprivations": (a) lack of access to improved water services; (b) lack of access to improved sanitation facilities; (c) lack of sufficient living area; (d) lack of housing durability; and (e) lack of security of tenure (letter (e) removed in 2024 report). For these calculations, only the first four deprivations were used. Data from the United Nations Human Settlements Programme (UN-HABITAT) World Cities Report 2024.