COUNTRY DEVELOPMENT COOPERATION STRATEGY

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DEVELOPMENT CONTEXT, CHALLENGES AND OPPORTUNITIES:

Building a Partnership for Growth

As Asia’s oldest democracy, located in the world’s most economically dynamic region, and blessed with incredible human and natural resources, the Philippines should be far more stable, prosperous and well-governed than it is. Indeed, at the 20th century’s midpoint the Philippines was still “the Pearl of the Orient,” with the highest per capita GDP in Asia. But in the decades since, the country’s economic performance has lagged and per capita GDP is now among the lowest in Southeast Asia – last among the five original ASEAN (Association of Southeast Asian Nations) members (Habito 2010).

In 2011, the United States Government (USG) and the Government of the Philippines (GPH) joined in a new Partnership for Growth (PFG), a combined effort by all elements of the USG to work with the GPH to transform the country by addressing its most serious constraints to development and growth. In planning the PFG, the two countries conducted a joint analysis which concluded that the key constraints to growth in the Philippines are a lack of fiscal space (insufficient public revenues for investment and services) and weak governance, and that underlying both is pervasive corruption. The analysis also found that efforts to increase fiscal space and strengthen governance may also hinge upon broadening representation in the polity and diminishing state capture by the traditional economic elite. Poor infrastructure and inadequate human capital (people who are poorly educated and unhealthy) were also identified as serious constraints, but these are exacerbated by poor governance and related underlying issues. Other analyses indicate that a population growing faster than the economy presents additional challenges.

This Country Development Cooperation Strategy (CDCS) describes USAID’s program to support the PFG, the underlying development hypotheses that this strategy reflects, and the empirical data upon which these strategic choices were based. It articulates USAID’s goal of creating a more stable, prosperous and well-governed Philippines by accelerating and sustaining broad-based, equitable and inclusive economic growth, enhancing peace and stability in conflict-affected areas of Mindanao, and improving environmental resilience (by reducing the risks from natural disasters and improving the management of natural resources). Most importantly, through this strategy USAID energetically partners with the government and people of the Philippines to transform their country for the benefit of all Filipinos.

Development Challenges

Over the past several decades, economic growth in the Philippines has been insufficient to significantly raise real incomes or reduce poverty, and an estimated 41.5 percent of Filipinos – about 39 million people – still live on less than the international poverty level of $2 a day (World Development Indicators 2011). Growth remains constrained by ineffective governance (including a poor regulatory environment, rampant corruption, and weak rule of law), elite state capture, inadequate health and social services, decaying infrastructure, degrading environments, frequent natural disasters, and a

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1 Malaysia, Thailand, Indonesia, Singapore and the Philippines were the original ASEAN members. ASEAN now includes 5 additional countries, Brunei, Burma (Myanmar), Cambodia, Laos, and Vietnam; all but Brunei with even lower per capita incomes than the Philippines.
population growth that outpaces the rate of economic development. Trade and investment lag, the economy stagnates and job growth remains woefully insufficient.

Corruption is consistently cited as the most serious problem underlying the lack of development in the Philippines. Reducing corruption, both within and outside government, and addressing its related underlying causes, would substantially increase economic competitiveness and produce much higher levels of domestic and foreign investment. A focus on governance – reducing corruption, growing fiscal space, increasing regulatory and institutional effectiveness, enhancing the rule of law, and improving judicial effectiveness – therefore cross-cuts nearly every element of USAID’s strategy.

For economic growth to be broad-based, inclusive and sustained, the quality of education must be strengthened to create a modern, competitive workforce. Colleges and universities must place greater emphasis on science, technology and research in order to produce innovations to spur economic growth and leapfrog into the 21st century.

Inclusive and equitable economic growth also requires a healthy and productive population and, to be sustainable, a balance between economic and population growth. Health indicators in the Philippines are at best mixed. Maternal mortality is more than triple the UN Millennium Development Goal (MDG) target. While mortality rates for infants and children have improved, they have not kept up with neighboring countries. The Philippines also remains a high-burden tuberculosis (TB) country, with more than 25,000 deaths each year.

Prosperity and stability in the Philippines are further undermined by armed conflict and the threat of international terrorism. Conflict occurs throughout the country, but the most conflict and terrorism-threatened area is Mindanao – the Philippine’s largest, and potentially most productive region. While violence remains scattered and relatively low-level, its persistence discourages investment, drains government resources and poses a continuing risk of connections to international terrorism.

A more stable, prosperous and well-governed Philippines also requires a more resilient environment that responds to disturbances and disasters by resisting or minimizing damage and recovering quickly. The Philippines is one of the world’s great repositories of biodiversity, a key component in the country’s economic growth. But coastal, marine, and forest resources are poorly managed and under enormous pressure from overutilization, degradation, natural disasters, and the growing threat of global climate change. Due to its unique geography, the Philippines is also one of the world’s most disaster-prone countries, particularly vulnerable to earthquakes, volcanic eruptions, tropical cyclones and flooding. The concentration of population in urban and coastal areas greatly exacerbates the level of injury and death from natural disasters, causing estimated direct economic losses of at least several hundred million dollars annually (USAID 2011). Indeed, the total economic cost from just two typhoons that hit metro Manila in 2009 has been estimated at 2.7% of GDP. Recent research (based on data from the Philippines) suggests that such natural disasters may also be major sources of instability and conflict (Hsiang et al. 2012).

To summarize:

- The USG and the GPH are partners pursuing the shared goal of a more stable, prosperous and well-governed Philippines.
• USAID’s program will contribute to the achievement of this goal by accelerating broad-based, and inclusive economic growth, increasing peace and stability in Mindanao, and improving environment resilience.

• The key constraints impeding broad-based and inclusive economic growth in the Philippines are weak governance and a lack of fiscal space, both of which reflect pervasive underlying corruption and elite state capture. A focus on improving governance by reducing corruption, strengthening the rule of law, and improving the regulatory and institutional environment therefore cuts across USAID’s entire program.

• Broad-based, equitable and inclusive growth will be accelerated by increasing domestic and foreign investment, enhancing economic competitiveness and improving human capital (strengthening education and improving health).

• The persistence of armed conflict in Mindanao undercuts the creation of a more stable, prosperous and well governed Philippines and directly affects the spread of international terrorism.

• Amore stable, prosperous and well governed Philippines also requires a more resilient environment that is better able to resist perturbations and recover from damage because of improved natural resource management and reduced risk from natural (particularly climate-related) disasters.

Development Opportunities

The Philippines has long had most of the resources – natural and human – needed to become a more stable, prosperous and well governed country. What the Philippines has lacked are institutions of honest governance and the political will to implement them. But times have changed and a confluence of opportunities has opened: the regional economy has become the world’s most dynamic, potential public and private partners abound, the entire USG is meaningfully engaged, and the problems of weak governance and corruption are finally being seriously addressed. More specifically:

1. The Philippine administration is fully committed to reducing corruption, stimulating broad-based and inclusive growth, enhancing peace and stability in Mindanao, and increasing environmental resilience.

President Aquino has announced plans to undertake broad reforms to fight corruption, foster fiscal responsibility, promote public-private partnerships, lower the cost of doing business, and revamp institutional and governance frameworks. The Aquino Administration has also pledged to reduce poverty, which is linked to inadequate access to health care and family planning services and high maternal mortality rates, and to enhance social safety nets and basic social services, including education. In December 2012, President Aquino courageously signed into law a controversial Reproductive Health Bill, overcoming strong protests from the Catholic Church and demonstrating his commitment to promoting improved health and inclusive growth. Earlier that fall, President Aquino also signed a framework peace agreement between the GPH and the MILF (Moro Islamic Liberation Front), signaling his commitment to finally achieving peace in Mindanao after five decades of conflict.
2. **The new GPH Development Plan clearly reflects both President Aquino’s and USAID’s priorities.**

The 2011-2016 Philippines Development Plan (PDP) sets forth three broad strategies to achieve inclusive growth that are fully consistent with USAID’s objectives:

- High and Sustained Economic Growth
- Equal Access to Development Opportunities
- Effective and Responsive Social Safety Nets

These strategies encompass other outcomes desired by USAID, including creating more dynamic and resilient financial systems; strengthening governance and rule of law; enhancing social development (including strengthened health, education and other social services); increasing conservation, protection, and rehabilitation of the environment and natural resources; increasing the resilience of natural and human systems; and enhancing peace and security.

3. **A new Partnership for Growth (PFG) has been established between the USG and the Philippines**

In 2011, the USG selected the Philippines as one of four PFG countries around the world. Established by President Obama, the PFG is a “whole of Government” effort that puts into practice the principles of the recently developed Presidential Policy Directive on Global Development. As a PFG country, and a key pivot in the USG’s strategic rebalancing to Asia and the Pacific, the bulk of USAID’s development programming in the Philippines supports economic growth nation-wide, with strong support from approximately 15 USG departments and agencies and other partners such as AusAID, ADB and the World Bank. USAID/Philippines was also selected to be a Tier I Performance Management Focus Mission (PMFM) – one of only 11 such Missions worldwide (and the only one in East Asia). This signifies that the Mission represents the Agency’s highest strategic priorities and that it will be held to higher performance standards. At the same time, it also indicates the Agency places special emphasis on the Mission’s work and that it will receive preference for human and financial resources.

4. **USAID/Philippines’ commitment to USAID Forward and other key policy and reform initiatives**

As one of only four PFG countries, the Philippines is a high-profile Mission that is also aggressively implementing USAID Forward reforms, including Implementation and Procurement Reform (IPR); Monitoring and Evaluation (M&E); and Science and Technology and Innovation (STI). The Mission is, for example, a Local Capacity Development Pilot under IPR and currently has 13 awards with local partners, including two with the Philippine Government. The Mission has targeted channeling at least 40 percent of program funding through local procurements by 2015. As part of this CDCS, the Mission has outlined an ambitious five-year evaluation plan and targeted three “High Quality” evaluations for completion by January 2013 (a more detailed discussion of the Mission’s monitoring, evaluation and learning program is provided later). Under this CDCS, the Mission will also spur STI in the Philippines, engaging with local universities and colleges to strengthen science and technology programs and supporting innovations, such as the delivery of critical life-saving health messages and services through mobile technology.

USAID/Philippines is part of three technically focused worldwide USAID initiatives addressing Education, Global Health (GHI) and Global Climate Change (GCC). GHI and GCC are Presidential Initiatives, and require multi-year country strategies that reflect Agency-wide sector policies. The USAID Education
Strategy focuses on improving reading skills in primary grades (essential to further learning and future employment) and improving the capability of higher education programs. The USG’s GHI Strategy integrates core principles (including a focus on women and girls and gender equality; country ownership; strategic coordination and integration; strengthening health systems; and promoting innovation) into current and future health programs. Reflecting this, USAID’s health strategy for the Philippines emphasizes a “whole of Government” approach to strengthening national and local health capabilities and services, with particular focus on activities related to maternal and child health, family planning and tuberculosis that are most relevant to economic growth. Mirroring the Agency’s GCC Policy, the Mission’s strategy focuses on accelerating low emissions development through investments in clean energy and sustainable landscapes and by increasing environmental resilience through investments in adaptation. Both the GHI and GCC plans, completed in FY 2011, include specific performance targets and indicators fully consistent with and where appropriate incorporated in this CDCS.

5. The strong historical ties between the U.S. and the Philippines and among the Philippines and other U.S. allies.

The Philippines enjoys strong relations with the United States, which has a large Filipino community. The U.S. is the Philippines’ largest export market and source of investment, while the Philippines in turn is the 9th largest importer of U.S. food and beverage products. The Philippines is also an important U.S. partner in regional and global initiatives, including ASEAN (Association of Southeast Asian Nations) and APEC (Asia-Pacific Economic Cooperation), where the Philippines plays a lead role in reinvigorating U.S. engagement with Southeast Asia. The Philippines has served as President for the 2010 Nonproliferation Treaty Review Conferences, is a member of the Global Initiatives to Combat Nuclear Terrorism, a founding member of the Open Government Partnership and the Better than Cash Alliance, participated in the Nuclear Security Summit, and (as a member of the International Atomic Energy Agency Board of Governors) facilitated international efforts to compel Iran and North Korea to meet their nuclear obligations. The Philippines participates actively in U.N. Global Peacekeeping Operations, contributing personnel to nine UN peacekeeping missions, and cooperates with U.S. and UN efforts to prosecute pirates. The USG supports the Philippines’ increasingly energetic role in regional and global issues, consistent with our shared values in promoting human rights, good governance, open trade, democratic reform, non-proliferation, humanitarian assistance and environmental protection.

6. Our shared commitment to gender equity and female empowerment

The Philippines, on the whole, has performed remarkably well in empowering women and responding to gender concerns. Filipino women are among the world’s most active participants in political and economic decision-making. The country’s female literacy rate of about 96 percent is exceeded in Asia only by that of Japan (World Bank 2008). More Filipino females are enrolled in higher education than men. According to the 2011 World Economic Forum’s Global Gender Gap Report, the Philippines ranks eighth of 135 countries worldwide on gender parity, higher than any other country in Asia. Indeed, the Philippines ranks first for gender parity in both education and health, and is the only country in Asia (and one of only eight in the world) to have closed the gender gap in these areas.

That said, gender-related issues remain critically important to development in the Philippines. While Filipino women are better educated and better represented in professional and technical jobs than most of their Asian sisters, the Philippines still ranks relatively low in terms of income equality at 63 percent for men versus 37 percent for women and labor force participation at 78 percent for men versus 49
percent for women (2011 Human Development Report, Gender Inequality Index). Gender assessments conducted by USAID/Philippines and other donors have identified other persistent gender concerns. In conflict-affected areas of Mindanao, for example, the participation of women, particularly Muslim and indigenous women, in economic and political decision-making is low. Women and children in conflict-affected areas of Mindanao are also more vulnerable to physical and sexual abuse. Gender issues in health include the limited involvement of men in family planning and continued gender inequality in household and family decision-making. In the justice arena, there is clear and persistent gender bias in the treatment of female lawyers, judges, litigants and gender-crime witnesses (although the Chief Justice of the Supreme Court and the Secretary of Justice are both women). There is also little participation of women in infrastructure project planning and, as a result, much community infrastructure remains poorly or inappropriately designed to meet women’s needs. In education, gender issues are more double-edged. While males are generally more disadvantaged – and have far higher elementary school drop-out rates than women – women face problems too, particularly in the Autonomous Region of Muslim Mindanao, which has the country’s highest rate of female illiteracy (USAID/Philippines, Gender Action Plans).

USAID/Philippines recognizes that a more stable, prosperous and well-governed Philippines cannot be achieved without mainstreaming gender (and also sexual orientation and disability status, where relevant) in all phases of the development process and has sought to integrate gender across our entire strategy, as cited throughout this CDCS. The Mission also seeks new and more effective ways to address gender concerns. This CDCS reflects the findings of the 2008 Philippines Joint Country Gender Assessment conducted by the Asian Development Bank and the 2010 Gender Mainstreaming Strategy for the Philippines prepared by the World Bank. USAID also collected data on women’s empowerment and gender-based violence through the 2008 National Demographic and Health Survey and a special gender analysis of USAID projects in Mindanao, with a focus on issues affecting youth. USAID is planning to conduct another Gender Assessment in Mindanao in 2013.

To complement these efforts and ensure continuing attention to gender concerns, USAID/Philippines has, since 2009, organized an annual Gender and Development Workshop among USAID contractors and grantees. This workshop conducts a broad gender analysis of the Mission’s activities, plans and programs using the Harmonized Gender and Development Guidelines (HGDG), a gender scoring tool developed by the local donor community, including USAID, the Philippine Commission on Women, and the National Economic and Development Authority (NEDA). The findings of the annual gender analysis provide the basis for updating Gender Action Plans (GAPs) for each of the Mission’s projects. The findings are also shared with NEDA, USAID’s primary GPH partner, whose last two annual reports have rated USAID as one of the most gender-responsive development programs of all the donors in the Philippines (see Annex 3 on Gender and Development in the Philippines for more details). USAID/Philippines will seek guidance from vulnerable population experts on how to better integrate sexual orientation and disability in our programming.

7. The collegial environment among donors collaborating on a range of complementary programs.

Although official development assistance (ODA) accounts for less than one per cent of GNI over the last decade (Canlas et al 2011), it represents about one-fourth of the government’s capital outlays and the GPH is very receptive to the donor community’s views and recommendations on development priorities and policies. NEDA is responsible for harmonizing the initiatives of all multilateral and bilateral donors,
including those of USAID. In keeping with the principles of Aid Effectiveness,\(^2\) USAID/Philippines has consulted actively with NEDA and other GPH counterparts, as well as with a wide range of other donors, in developing this CDCS.

While USAID has been the largest grant donor in the Philippines,\(^3\) the largest loan donors are the Japan Bank for International Cooperation (JBIC), the World Bank (WB) and the Asian Development Bank (ADB), which focus primarily on sector assistance and infrastructure programs. China has also begun providing substantial levels of concessional lending for infrastructure development. USAID collaborates with the WB and ADB on interventions in many areas, including fiscal policy, rule of law, health, environment, energy, infrastructure, and education. Our collaboration with Japan is primarily in the areas of water, infrastructure development, and renewable energy. Australia, Canada, the European Commission, and various European Union (EU) member states focus on Mindanao, particularly in the areas of corruption, and governance, with programs that complement USAID and USG priorities. Australia (AUSAID) also has a large program in basic education, as does the World Bank, which usefully complements USAID’s more focused emphasis on reading skills and higher education.

USAID actively participates in the Philippines Development Forum (PDF), a donor-Government consultative group that is jointly chaired by the GPH and the World Bank, and that also includes private sector and non-governmental organization (NGO) stakeholders. USAID, for example, chairs the Working Group on the Rule of Law (ROL), chairs sub-working groups on water supply and sanitation and on local investment reforms, and participates actively in numerous other formal and informal multi-donor efforts. The newly created Steering Committee for the PFG, co-chaired by the USAID Director and the Under Secretary of Finance, is expected to be one of the most important forums for future cooperation. This Steering Committee includes GPH representatives from the Department of Finance, the National Economic and Development Authority, the Department of Trade and Industry, the Department of Budget and Management and the Department of Justice and USG representatives from USAID, the Millennium Challenge Corporation, the Department of State and the Department of Justice.

USAID works closely with other USG initiatives in the Philippines, including, very prominently, the Millennium Challenge Corporation (MCC). In 2011, the MCC approved a five-year, $434-million compact with the Philippines that includes three components:

- A Department of Finance/Bureau of Internal Revenue project to expand fiscal space through more effective and less corrupt tax collection (effectively complementing USAID’s support for better management and utilization of public resources, described below);

- A Community-Driven Development project (locally known as the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services or Kalahi-CIDSS Project) jointly funded with GPH and the World Bank that implements small, community-led development and infrastructure projects in the country’s poorest regions (which complements USAID’s efforts to enhance community engagement in conflict-affected areas of Mindanao and to increase economic growth throughout the country);

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\(^2\) As articulated in *The Paris Declaration on Aid Effectiveness*, 2005 and the *Accra Agenda for Action*, OECD, 2008.

\(^3\) Historically one of the largest and most influential donors in the Philippines, USAID provided nearly $103 million to the Philippines in 2011, bringing total USAID grant assistance since 1946 to $6.3 billion (and total assistance, including loans, to $7.7 billion). (Source – U.S. Overseas Loan and Grants for 1946-2010)
• A Samar Island Roads project that is rebuilding a cross-island highway crucial to communications and commerce in Samar.

USAID also participates very actively on the Embassy’s Mindanao Working Group (MWG), which includes all USG agencies working in Mindanao and is the focal point for USG efforts in the region.

**DEVELOPMENT HYPOTHESIS**

USAID’s Country Development Cooperation Strategy does not address all of the problems facing the Philippines, but rather focuses more narrowly on the most critical challenges that must be met for the Philippines to become a more stable, prosperous and well governed nation. These challenges correspond closely to the key constraints to economic growth identified in the PFG Strategy and its Joint Country Action Plan (JCAP), while also encompassing related concerns about peace and stability and environment resilience that would undermine growth if left unresolved. In addressing these challenges, USAID’s program focuses further by concentrating on activities that reflect the Agency’s comparative advantage and historical involvement, that complement the activities of the GPH and other donors, and that are targeted at priority geographic regions.

USAID’s goal for the Philippines, pursued in partnership with the GPH, and in concert with other USG agencies, donors and actors, is a **More Stable, Prosperous and Well-Governed Nation**. This goal can be significantly advanced through the achievement of three key development objectives (DOs):

- **DO1** Broad-Based and Inclusive Growth Accelerated and Sustained
- **DO2** Peace and Stability in Conflict-Affected Areas in Mindanao Improved
- **DO3** Environmental Resilience Improved

These three objectives are linked to better address the interconnected development challenges facing the Philippines and to increase the country’s prospects for long-term stability and prosperity.

The overall development hypothesis is that if USAID improves economic competitiveness (by strengthening weak governance and expanding fiscal space) and strengthens human capital (through improved health and education), USAID’s strategy will contribute substantially to accelerating and sustaining broad-based and inclusive growth in the Philippines. Such growth, combined with enhanced peace and stability in conflict-affected areas of Mindanao and improved environmental resilience, will together contribute to the creation of a more stable, prosperous and well governed nation.

The Partnership for Growth (PFG) Strategy and accompanying Joint Country Action Plan (JCAP), which USAID and the GPH developed in close collaboration, focus specifically on the issues of weak governance and lack of fiscal space, which the PFG Constraints Analysis identified as key constraints to broad-based and inclusive growth. Our efforts to strengthen rule of law and improve the effectiveness of the courts, for example, are crucial to improving the enforcement of contracts and, therefore, increasing investment and competitiveness. But such broad-based and inclusive growth will be accelerated not only by the Mission’s direct efforts to enhance economic competiveness, but also through our efforts to strengthen human capital (also identified as key in the PFG Constraints Analysis).
These various objectives are closely linked. Improved health outcomes, for example, facilitate the achievement of improved reading skills and likely also increase youth leadership and engagement. Since underlying corruption is pervasive, a focus on reducing corruption and improving governance cross-cuts USAID’s entire Philippine program. Strengthening local governance (including community-driven development), increasing civic engagement, and accelerating and sustaining broad-based and inclusive growth will also contribute to enhanced peace and stability in Mindanao. And, strengthening environmental resilience – by reducing the risks from disasters and improving the management of natural resources – spurs accelerated economic growth in turn.

**Strategic Focus**

While the Mission’s efforts to focus and concentrate are largely geographic, the Mission has also focused on the most critical sectoral challenges facing the Philippines, and chose NOT to pursue other important, but less crucial activities. For example:

- The Mission’s previous, large Mindanao program (nearly 60% of the budget) emphasized investments in economic infrastructure, agricultural development, education, and direct service provision covering the entire island. The much smaller Mindanao program (DO2) in the new strategy represents only about 10% of the Mission’s budget and concentrates on strengthening local governance and civic engagement to reduce conflict and violence in just six areas that pose the greatest risk of international terrorism.

- The CDCS concentrates on policy, regulatory and institutional changes (such as improving administrative efficiencies, strengthening governance and reducing corruption) that are key to enhancing economic competitiveness. However, because government in the Philippines is decentralized, investments in key local economic initiatives are crucial to achieving nation-wide economic growth. The Mission will therefore be providing support for specific retail investments in economic infrastructure; enterprise development; lending to small, medium enterprises, business start-ups and incubators; and streamlining of business processes.

- While agriculture remains an important part of the Philippine economy, the Mission will not be investing directly in agricultural production (by providing inputs, supporting extension services, promoting non-traditional crops, and so on). However, the Mission’s support for improved natural resource management and disaster risk reduction should substantially enhance the productivity of the agricultural sector.

- The Mission’s previous education activities provided broad support for educational services, but now focus sharply on improving reading skills at the primary school level and strengthening higher education to significantly enhance economic competitiveness.

- The Mission will no longer have activities in nutrition or HIV/AIDS. Rather, the Mission’s health activities focus on those aspects of maternal health, tuberculosis and family planning that are most likely to strengthen human capital and productivity.

- The Mission’s environmental resilience activities emphasize investments in adaptation and disaster risk reduction as most appropriate in the country setting, with investments in
biodiversity and greenhouse gas mitigation contributing to environmental resilience as a co-benefit.

- The Mission will focus only very selectively on human rights issues (such as trafficking in persons) and will provide political party support only in years immediately prior to elections.

**Expected Achievements**

By the end of the strategy period, USAID expects that the Philippines will have:

- A more competitive economy (measured by improvements in competitiveness and rule of law indices and increased trade and investment), a better educated workforce (with strengthened capacity in science, technology, and innovation, as well as improved literacy), and a healthier workforce (with reduced TB infections and greater contraceptive prevalence). This outcome is within USAID’s manageable interest as a direct result of our program;

- Strengthened local governance and increased civic engagement in six conflict affected areas of Mindanao (reflected in higher citizen satisfaction with local government performance, lower corruption, and greater accountability). This outcome is also within USAID’s manageable interest as a direct result of our program. Indeed, with complementary political and economic developments (such as a workable peace agreement), the successful achievement of the peace and stability in Mindanao may be within reach; and

- Strengthened natural resources and environmental management and reduced disaster risks (through reduced deforestation, increased reforestation and a growing number of Local Government Units (LGUs) with DRR plans). This outcome is also within USAID’s manageable interest as a direct result of our program.

The Results Framework narrative that follows describes in much greater detail the specific development hypotheses underlying this strategy, further articulating what results will be achieved, how they will be achieved (that is, through what activities), and why (based on what research and evaluation) this strategy and these activities were chosen.
USAID’s overall goal for the Philippines, pursued in partnership with the GPH and in concert with other donors and actors, is a **More Stable, Prosperous, and Well-Governed Nation**. 

USAID’s **Development Hypothesis** is that this goal can be significantly advanced through three key **Development Objectives (DOs)**: accelerating and sustaining broad-based and inclusive growth, improving peace and stability in conflict-affected areas of Mindanao, and improving environmental resilience.

**Development Objective 1: Broad-Based and Inclusive Growth Accelerated and Sustained**

- The overarching objective of the joint USG/GPH Partnership for Growth
- While beyond USAID’s manageable interest working alone, USAID contributes by working in concert with the GPH and other USG partners (particularly the MCC), complemented by work of the WB, the ADB, AusAid, and other donors
• Focus on governance, economic policy and human capital issues identified as key constraints in the PFG strategy and Joint Country Action Plan
• In program areas where USAID has historical experience and comparative advantage
• Ensuring that needs and capabilities of both men and women are equitably addressed, regardless of sexual orientation or disability

In order for the Philippines to become a more stable, prosperous and well-governed nation, its economy must grow more rapidly and on a sustained path. Such growth is a necessary, if not sufficient condition to create more and better jobs, raise per capita incomes, improve income distribution, and achieve greater prosperity for all Filipino men and women. Without increased wealth and the revenue that wealth produces, the country cannot expand essential social services, or equitably extend the benefits of citizenship throughout the archipelago.

USAID can contribute significantly to accelerating and sustaining broad-based and inclusive growth in the Philippines through three Intermediate Results:

1.1 Enhancing economic competitiveness
To increase trade and investment, expand economic activity, and enhance employment opportunities (by addressing weak governance and narrow fiscal space, the two binding constraints identified in the PFG Constraints Analysis)

1.2 Strengthening education
To create a more competitively educated workforce and expand opportunities in science and technology (strengthening human capital which was also identified as a key constraint in the PFG Constraints Analysis)

1.3 Improving health
To create a healthier workforce (strengthening human capital which was also identified as a key constraint in the PFG Constraints Analysis)

Intermediate Result 1.1: Economic Competitiveness Enhanced

For the Philippine economy to grow more rapidly, economic competitiveness must be enhanced and the level of trade and investment – both foreign and domestic – must increase dramatically. Such investments lag not because of an intrinsic lack of potential in the Philippines, which is richly endowed with resources and people, but rather because the Philippines is simply not a good place to do business. The main reasons for the economy’s lack of competitiveness – the main challenges to accelerating economic growth in the Philippines – are the problems of weak governance and lack of fiscal space, the pervasive corruption that underlies both, the poor regulatory environment, and the weak rule of law.

This was the clear conclusion of the constraints analysis that defines the focus of the Partnership for Growth (PFG) Strategy and Joint Country Action Plan (JCAP). Early in the planning process, a rigorous analysis by a team of U.S. and Philippine economists identified weak governance and narrow fiscal space as two of the key binding constraints to growth in the Philippines. Within these two broad areas, poor regulatory quality, weak rule of law, lack of anti-corruption enforcement, inefficient revenue administration and tax collection, and weak expenditure management emerged as critical issues for attention. This intermediate result, then, represents the principal means through which USAID
supports the Partnership for Growth and assists the Philippines in achieving the kind of sustained and inclusive growth trajectory that characterizes other high-performing emerging economies.

Partnerships with civil society organizations (CSOs) are a key feature of USAID’s efforts to improve governance and promote economic growth. USAID will work with local CSOs to advance citizen participation, increase advocacy for government transparency and anticorruption, improve oversight of public budgeting and expenditures, enhance court-watching, strengthen corporate integrity mechanisms, expand business incubator services, and improve administration of grants for partnerships with private sector and research institutions, and so on.

Given the disparity in income and workforce participation revealed by past gender analyses, particular emphasis will be placed on women’s economic participation. The aim is to ensure that female entrepreneurs have better access to credit and capital, markets and technologies, and to training, as well as increased control over the use of these resources. USAID will also continue supporting local efforts to combat trafficking in persons (TIP), which particularly affects women and is a direct result of poverty and lack of economic opportunities. TIP is a fundamental issue for the USG, and its prevalence in the Philippines is symptomatic of the governance, economic and social woes impeding the country’s economic growth. Lack of economic opportunity prompts Filipinos to migrate, weak enforcement allows free movement and operation of traffickers, corruption hinders prosecution, and judicial inefficiencies and a lack of victim aftercare impedes justice.

The following Sub-IRs represent the primary means through which USAID will contribute to increased economic competitiveness in the Philippines. They focus on key elements of improved governance and reduced corruption that reflect the PFG Strategy as well as USAID’s comparative advantage and historical experience, while also taking into account the activities of the GPH and other donors.

Sub-IR 1.1.1: Regulatory and Policy Environment Improved.
The Philippines’ relatively lackluster economic growth over the past two decades can largely be attributed to weak governance and narrow fiscal space, resulting in a poor business environment, lack of public and private investment, and the high cost of doing business. Indeed, the Philippines ranked 144th out of 183 countries on the World Bank’s 2010 Ease of Doing Business Index, and 85th out of 139 countries in the World Economic Forum’s 2010-2011 Global Competitiveness Report. This lackluster growth appeared to finally speed up in 2011 after the government’s efforts to combat corruption and enhance competitiveness (many associated with the PFG) were put in place. In 2012, the Philippine’s GDP increased by 6.6 per cent relative to 2011’s 3.9%, the second highest in the region next to China. Rankings on the World Economic Forum Competitiveness Index improved by 10 places for the second consecutive year to 65 (out of 144) in 2012, putting the Philippines in the top half globally for the first time in decades. Although recent improvements are encouraging, the Philippines has not yet adequately addressed key issues that undermine the country’s economic competitiveness (such as the need to create a business climate more conducive to domestic and foreign investment). USAID will help the Philippines sustainably enhance its economic competitiveness and resilience by helping to improve governance at the national and local levels, expand fiscal space and strengthen human capacity.

To improve the economic policy environment, USAID will support both national and local measures to facilitate trade, improve investment flows, and ensure that GPH import regulations are consistent with international standards. This assistance will reduce transaction costs, ease restrictions on market entry and promote competition. USAID’s efforts will facilitate economic integration, help the Philippines meet its commitments under the ASEAN Economic Community Blueprint, support reforms to improve the
Philippines’ readiness to enter the Trans-Pacific Partnership agreement, and improve compliance with WTO rules and disciplines. USAID will also support policy reform and financing initiatives in infrastructure development, including the energy and water sectors, to promote investment, increase access to services and make them more affordable.

One other reason cited for the Philippines’ lagging growth is the low productivity in key sectors of the local economy, particularly among small and medium enterprises (SME). The chronic problems of unemployment, poverty, and low investment are reflections of weak productivity. In addition, SMEs continue to face problems with access to financing despite the fact that the domestic financial system is awash with liquidity. While banks in the Philippines are required by law to allocate eight percent of their loan portfolios to SMEs, anecdotal evidence suggests that much of the funds do not actually go to SMEs but to larger enterprises. USAID will support SME development and spur enterprise development in priority growth sectors, such as tourism, agribusiness and manufacturing, supporting economic growth hubs and clusters. A grant-making mechanism will support private enterprises and organizations with innovative ideas, promote enterprise development and entrepreneurship, and enhance governance.

In an effort to localize and incentivize market-driven dispersion of economic opportunities, USAID will support economic growth interventions through the Cities Development Initiative (CDI). The CDI will strengthen the development of secondary cities as engines of growth and areas of improved quality of life. This initiative will foster increased economic opportunities and productive employment outside of Metro Manila, i.e., in secondary cites and the rural areas surround these cities. A recent study by the World Bank (2005b) provided empirical evidence to show that the growth of secondary cities stimulated the growth of surrounding rural areas by providing a market for rural goods as well as through urban-rural remittances. The CDI program will stimulate local economic development through better infrastructure, increased productivity in key growth sectors, improved human capital development, and increased access to credit for SMEs (in partnership with the Development Credit Authority). USAID and partner cities are expected to mobilize a wide range of assistance instruments to increase impact, including using assistance to leverage private capital, partnering with the private sector to improve the investment climate, and more fully engaging academia and civil society in development programs.

Given the importance of tourism to economic growth in the Philippines, the Mission will also support the development of selected infrastructure (including water and sanitation, flood control, roads, docks, power generation, etc.) in targeted tourist areas, particularly through the mobilization of public-private partnerships, streamlined regulation and improved planning.

Sub-IR 1.1.2 Judicial Efficiency Improved.

Delays in resolving cases, the high cost of litigation, the long and arduous legal process, and inconsistent judicial decisions have diminished public trust in the justice system. The Philippines has a backlog of approximately 550,000 cases and it takes five to six years on average for cases to be adjudicated. This not only demonstrates the GPH’s inability to adequately enforce laws and administer justice, but also undermines investor confidence. USAID will support the GPH in identifying priority areas for court decongestion implementing a comprehensive docket cleansing effort. USAID will strengthen the capability of justice institutions to resolve commercial disputes and financial crimes, assist the GPH in improving contract enforcement, enhance alternative dispute resolution mechanisms, and improve accountability in the justice sector. USAID will also help the GPH address the clear and persistent biases (identified through past gender analyses) in the treatment of female lawyers, judges and litigants.
Sub-IR 1.1.3 Level of Corruption Reduced.
Corruption undermines Filipinos’ faith in their government and reduces the government’s ability to deliver services, improve welfare, and protect rights. Agencies responsible for accountability and oversight in the Philippines typically have limited resources, lack legal tools to detect corruption, grapple with interminable court delays, and operate under outdated legal frameworks. It is therefore not surprising that the Philippines is widely viewed as one of the most corrupt countries in Asia, ranking 129th of 183 in Transparency International’s 2011 Corruption Perceptions Index.

USAID’s anticorruption activities focus sharply on those aspects of corruption that most greatly reduce economic competitiveness. USAID will, for example, support efforts by business associations and regulatory offices (such as the Securities and Exchange Commission) to strengthen corporate governance and reduce tolerance for bribery, tax evasion, and smuggling. USAID will establish dedicated channels for corruption reporting. And, because poor infrastructure is such a serious constraint to growth, USAID will strengthen third-party monitoring in infrastructure contracting and expand civil society budget oversight to ensure resources are channeled to expenditure priorities.

The Mission will also emphasize anticorruption initiatives that widen fiscal space, enhance national revenue administration and improve expenditure management. This includes, for example, efforts to strengthen prosecutions for tax evasion, smuggling, and money laundering, and to improve external audits of public corporations. USAID will also seek to strengthen private sector integrity, particularly in business interactions with the government, such as tax compliance and procurement.

The Mission recognizes the magnitude of elite capture in the Philippines that is manifest in both the political and economic systems. The Mission believes that it has a relative comparative advantage in breaking the elite stranglehold of the economy, where we have made substantial progress in expanding intra-elite competition in key sectors, most notably telecommunications and air and maritime transport. Thus, USAID’s primary focus will be in addressing economic elite capture. In line with the Philippine Development Plan, we will scale up this approach over the next five years with the objective of obtaining a higher and more sustainable growth trajectory. Dividends from such growth have been invested in programs that permit greater inclusion. At the same time, the Mission will continue working on political reform, particularly campaign finance enforcement, since this is the most direct route through which elites influence the political system.

The experience of the Philippines during the 2010 Presidential elections demonstrated that peaceful and credible transitions through open and honest elections strengthen political stability, build investor confidence, and provide leaders with legitimate authority to institute needed reforms. Political instability, on the other hand, weakens the business climate, fosters uncertainty and deters investment. Support for free and fair elections and for broadening political representation has therefore long been an important part of USAID’s efforts to promote good governance and reduce corruption in the Philippines. USAID will continue to provide technical assistance to the Commission on Elections (COMELEC) and other civil society organizations to strengthen election administration including improving the enforcement of campaign finance regulations, strengthening civil society oversight of electoral processes, improving voter education, and broadening access of vulnerable groups (including persons with disabilities) to their right of suffrage.

Sub-IR 1.1.4 Fiscal Performance and Transparency Improved.
Poor tax administration and a small revenue base limit GPH’s ability to fund crucial spending priorities. Infrastructure investment in the Philippines represents only 2.4 percent of GDP compared to 8.6 percent
in Vietnam and 5.3 percent in Malaysia. Tax exemptions, fiscal incentives, and other revenue-eroding measures further reduce fiscal space. Moreover, tax evasion, smuggling, and corruption create wide revenue leakages, undermining efforts to improve the country’s fiscal position. Deficiencies in budget and expenditure management contribute to fiscal crises, while weak fiscal transparency increases the risk of corruption. In coordination with the MCC, USAID’s program will help address insufficient revenue generation, reduce tax leakages, and improve expenditure management of GPH agencies. USAID will support the GPH in undertaking fiscal policy reforms to broaden the tax base and expand tax collection, and support measures to improve the allocation and utilization of the budget. In addition, USAID will channel funds to non-governmental institutions to strengthen fiscal transparency and third-party oversight of the national budget.

**Intermediate Result 1.2: Education Strengthened**

Accelerating broad-based and inclusive economic growth not only requires a more competitive economy but also more competitive human capital, which was also identified as a key factor in the PFG Constraints Analysis. In particular, for women and men to take advantage of growth opportunities—for growth to be truly broad based and inclusive—they must have the necessary knowledge, skills and abilities to compete in the modern workplace. Sadly, education in the Philippines still largely fails in this regard.

There is strong evidence that cognitive skills such as reading—rather than mere school attainment—are powerfully related to individual earnings, income distribution and economic growth (Hanushek and Woessmann 2007). Indeed, “a country’s performance on international learning assessments accounts for 64% of the variation in economic growth trend over decades...[and a] 10% increase in the share of students reaching basic literacy translates into a 0.3 percentage point higher annual growth rate of that country” (Gove and Cvelich 2011). It is crystal clear that improved quality of education “contributes to higher lifetime earnings and robust national economic growth” and that better education also helps individuals “make more informed choices about fertility and other matters important to their welfare” (UNESCO 2005). Some studies have estimated that every year of additional schooling results in average increased income per worker of 8.3 percent. In particular, children who fail to become literate “are on a lifetime trajectory of limited education progress and therefore limited economic and developmental opportunity” (USAID 2011). The evidence clearly shows “the significant implications of literacy achievement not only for individuals over their lifetimes but also for societies” (Heckman 2002).

Despite policy, curricular and programmatic changes and increased access to education in the Philippines over the past decade, key indicators of basic education quality have either stagnated or declined. Many studies point to significant underinvestment and poor governance (particularly limited public participation) as contributing to the problems. A 2011 sector assessment of education in the Philippines, for example, identified about six million out-of-school youth, an annual dropout rate at the elementary grades of six percent, and a National Achievement Test mean percentage score of only 69 percent. While the number of illiterate adults fell dramatically across East Asia between 2000 and 2007, the number of illiterates in the Philippines actually grew by over 1.4 million. Of particular concern are reading skills—the foundation for other learning and a major determinant of learning outcomes, retention rates, and future income employment.

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4 In other words, the average of all test takers is significantly below the mastery level of 75% as defined by DepEd.
USAID’s education sector assessment also revealed the great challenges facing higher education in the Philippines. Graduates of Philippine institutions of higher education show a very poor quality of learning, with passing rates on licensing exams averaging only 36 percent in all disciplines. This shouldn’t be surprising, given the lack of student preparation and poor quality of university instruction (with fewer than half of the faculty holding more than a Bachelor’s degree). The scale, scope and quality of programs in science and technology – so critical to modern economic growth – are particularly weak.

Countries have long invested in science, technology and innovation as a key strategy for long-term economic growth. According to the 2010 UNESCO Science Report, “those developing countries that have progressed fastest in recent years are the ones that have adopted policies to promote science, technology and innovations” and that “many governments are putting innovation at the center of their growth strategies” to serve as a key driver of development (Benavente, Dutta & Wunsch-Vincent, 2011; Griffiths, n.d.)

The United States is a prime example of an economy driven by science, technology and innovation, with critical technologies such as transistors, semi-conductors, software, and biological engineering spurring growth for more than five decades. The Asian “tigers” of South Korea, Taiwan and Singapore have followed a similar path, with China hard on their heels. Indeed, the World Bank (2012) asserts that higher education in low- and middle-income East Asian countries has the potential to dramatically lift productivity and competitiveness by providing the high-level skills and research necessary for innovation and growth.

Education, and particularly higher education, creates the necessary conditions for economic growth by increasing the productivity of labor and the innovative capacity of the economy – particularly with regard to the production, diffusion and transmission of knowledge of the new technologies, products and processes that promote growth (Hanushek & Woessmann, 2008). Conversely, a lack of higher education helps to explain why some countries fail to adopt “best-practice technology.” Countries with inadequate education seem “doomed to produce inefficiently” (Stevens & Weale, 2003), limited to activities such as piracy (copying), while countries with higher levels of education can produce on the technological frontier, reaping the economic benefits of innovation.

In response to these problems, the Philippine Development Plan emphasizes improving the quality of education as a key to equitable, inclusive and broad-based growth. While other donors (particularly AusAID and the World Bank) provide broad-based support for educational service delivery, USAID focuses on more innovative interventions in selected areas such as early grade literacy and science and technology, and is the only donor providing significant support for higher education in the Philippines. The Mission will work closely with the GPH on three, carefully selected sub-IRs that are particularly critical to economic growth.

**Sub-IR 1.2.1 Education Governance Improved.**

Improving the quality of education will require widespread public support and genuine community participation. USAID will engage government agencies, the private sector, civil society organizations, parent-teacher groups and education advocacy groups to leverage quality improvements in early grade reading, higher education efficiency, science and technology, and research capacity. Parent and community engagement is a vital force in improving education quality, and parents and community members should have access to data concerning the education outcomes of their children. Civil society organizations and the private sector also have a role to play, particularly in developing new technologies and learning materials, providing accountability, strengthening policy advocacy, and leveraging scarce
education resources. Work under this Sub-IR will include mobilizing local governance to contribute to early grade reading improvement, improving data capacity for better policy implementation, and strengthening the quality of host government regulations to improve higher education.

**Sub-IR 1.2.2 Higher Education Institutions Strengthened.**

One of the keys to achieving long-term, inclusive growth lies in increasing the productivity of the economy through progress in science and technology. Yet, according to a recent World Bank publication (World Bank 2012), the Philippines is decades away from acquiring the technological capabilities of industrial nations and needs to invest far more in developing its technical and scientific capabilities. In collaboration with the Commission on Higher Education (CHEd), USAID will strengthen the research capacity and develop the faculty of selected local universities identified as Centers of Excellence and/or Centers of Development through partnerships with U.S. universities and scholarships. A special focus will be given to the development of science and technology to increase innovative capacity in high-growth and high value-added sectors. To address the growing gap between market demand and skills, USAID/Philippines will also support the establishment and strengthening of linkages between academe and industry to ensure the workforce is competitively trained to provide the necessary “human capital” for economic growth. The Mission will also continue working closely with the E3 Bureau and the IDEA Office to ensure that the higher education program is fully aligned with inclusive growth principles.

**Sub-IR 1.2.3 Reading Skills At The Primary Levels Improved.**

An early grade reading assessment of 9,000 children revealed that 75 percent were not reading with comprehension. A parallel survey revealed that a quarter of their teachers had comprehension levels in English (the language of instruction) below grade 5, and that nearly half scored below basic reader level in oral fluency. To improve primary grade reading, consistent with USAID’s Basic Education Policy, the Mission will support the GPH’s “Every Child a Reader Program.” USAID’s assistance will focus specifically on teacher and administrator training; development and implementation of classroom assessments (such as the Early Grade Reading Assessment); and development of gender-sensitive learning materials in English, Filipino and selected other mother tongue languages – activities that complement related programs being implemented by AusAID, the World Bank, the ADB and DepEd. Through these programs, USAID will also address gender disparities in basic education, such as the high dropout rate of boys revealed through previous gender analyses and the education sector assessment. In addition, all curriculum and training materials that are developed will be age and gender-appropriate.

**Intermediate Result 1.3: Health Improved**

To take advantage of a more competitive economy, “human capital” must not only be better educated, but also healthier to be productive. Improved family health is critical to broad-based and inclusive economic growth. First and foremost, people must be healthy to work, and an unhealthy population is an unproductive workforce. Just as important, the cost of illness – both immediate financial costs and longer-term loss of productivity – can be catastrophic. Once people are forced to leave the workforce because of illness, few ever return. Illness, indeed, is one of the major reasons that people fall into poverty in the first place. The economic loss due to premature mortality and morbidity from tuberculosis, for example, amounts to approximately $145 million annually and the cost of treating all expected TB cases amounts to $8-29 million per year (Peabody et al. 2005).

Similarly, large unmet need for family planning contributes to high maternal and newborn mortality and morbidity and reduces women’s participation in gainful employment making broad-based and inclusive growth difficult to achieve. Reducing maternal and child illness and deaths as well as TB prevalence also
reduces family (and government) health expenditures, creating a window of opportunity to capitalize on saved resources for economic growth and development. A recent study in The Lancet rigorously documented the economic benefits of reproductive health and family planning:

"Evidence from Asia and Africa suggests that access to family planning can have substantial effects on fertility. The resulting reduced fertility and improved birth spacing directly benefit maternal and child health and children's physical and cognitive development, educational outcomes, and adult productivity.

Fertility declines lead to a boost in income per head caused by decreased youth dependency rates, and also change the social and economic position of women, reducing gender inequality and allowing women more opportunity to enter formal employment than before the fertility decline. In addition to these immediate economic benefits, fertility decline will have long-term effects on economic growth when the next generation of healthier and better educated children enters the labour force." (Canning and Schultz 2012)

The GPH’s main challenges in strengthening family health are reflected in its efforts to achieve Millennium Development Goals (MDGs) of reducing morbidity and mortality of mothers, newborns and children; reducing unmet need for family planning (FP), and controlling tuberculosis (TB). While the Philippines is on target to reach most of its MDGs by 2015, it lags in achieving the targeted maternal mortality ratio (MMR), and the decline in neonatal mortality has also been very slow. In terms of family planning, the current population growth rate remains high and the actual fertility rate indicates that women, on average, are having one more child than they want. Moreover, the biggest difference between actual and desired family size is found among women with lower education and income. The country’s modern contraceptive prevalence rate increased at best only slightly in the last decade, remaining at 34 percent since 2003 on the most recent National Demographic Health Survey (2008), while increasing a nominal 1 percent from 2006 (within the margin of error) on the most recent Family Health Survey (2011). Although the WHO global target for TB case detection in the Philippines has been met, the disease burden remains high, with the country’s composite TB burden still the ninth highest worldwide (WHO, Global STOP TB Report). And, the incidence of multiple drug resistant (MDR) TB, which costs roughly 260 times more to treat than regular TB, is increasing.

USAID’s goals in improving health in the Philippines reflect the principles of the USG’s Global Health Initiative and align well with the priorities of the newly elected Aquino Administration and the Philippines Department of Health’s Universal Health Care (UHC) Initiative. UHC aims to ensure accessibility and quality of health care to improve the lives of all Filipinos, both women and men, and especially the poor. In support of GPH’s UHC initiative, USAID will strengthen the capacity of the national Department of Health (DOH), local government units, and the private sector to plan, implement and sustain the programs and services Filipinos need in the areas of family planning, maternal and child health, and tuberculosis detection and treatment. A more detailed description of the activities and development hypotheses underlying USAID’s strategy are provided below.

Sub-IR 1.3.1: Supply of Integrated Family Health Services Improved.

To increase the use of health services and improve health outcomes, those services must be available, accessible and of high quality. Over five million women have unmet need for family planning in the Philippines (NDHS 2008). Millions of young adults lack access to reproductive health information and services. Four out of every ten births in the country are delivered at home and three out of ten
deliveries continue to be assisted by non-skilled birth attendants (2011 FHS). Large residual TB disease burden remains and the incidence of multi-drug resistant (MDR) TB continues to rise.

USAID will work to increase the availability and accessibility of quality health services by helping the public sector become more efficient and effective, particularly by increasing transparency and improving the governance of public health services. This will include developing and upgrading appropriate skills, strengthening supportive supervision, integrating related services, and expanding networks of service facilities. At the same time, USAID will continue seeking opportunities to strengthen the quality of private sector providers and draw them into an expanded primary care role. USAID will also focus on strategic integration of family planning with maternal and child health services; scaling up of internationally accepted best practices; and helping the DOH better address needs in key underserved areas. With regard to TB treatment, USAID will scale up access to quality Directly Observed Therapy (DOTS) services in both the public and private sectors while improving referrals between private practitioners, pharmacies and the public health providers to strengthen participation in TB management and control. USAID will ensure continuous capacity-building of frontline health workers on the DOTS protocol, intensify case-finding and adopt special interventions to increase uptake of TB services, support the formulation of sustainable TB drug financing and procurement at the national and local levels, and strengthen PhilHealth accreditation for DOTS services. Geographically, USAID will focus on areas with high unmet need for FP and MCH services and a high burden of tuberculosis.

**Sub-IR 1.3.2: Demand for Essential Health Services Strengthened.**
While economic and financial constraints (such as the cost of transportation, family planning commodities, medical supplies and other incidentals) remain key deterrents to the increased use of health services by the poor, people also need access to good basic health information to make appropriate health decisions. Rising income from expanding economic activity (under IR 1.1) will certainly increase health services demand, but the persistence of unfounded myths and misconceptions about family planning, as well as the continuing stigma surrounding TB, diminishes that demand more directly. Many adolescent boys and girls have a limited understanding of the risks of early and unplanned pregnancy. Service providers and community volunteers do not include family planning as a matter of course in their dealings with patients. The strong bias of some against artificial contraceptives remains. Poor health-seeking behavior by mothers and care-givers results in the relatively low use of some basic child care services despite the fact that such services are available for free in public health facilities year round. There is a pressing need both to improve the quality of health service information and to expand the reach of health communications.

To address these issues, USAID will support social and behavior change communication initiatives to increase the demand for and utilization of quality services for family planning, maternal and child health and TB. Innovative approaches to promote healthy behavior will be utilized, including social and mass media; electronic, digital and mobile phone technologies; and more effective interpersonal communication and counseling. USAID will support community mobilization activities to make health information and services more accessible to families and advocacy initiatives to ensure policy and program support to health programs. USAID will also focus on increasing the awareness, involvement and support of men in family planning decision-making and on addressing the unmet need of the youth for family health information services.

**Sub-IR 1.3.3: Health Policies and Systems Improved.**
Sound and appropriate health policies and systems are also essential to increase the supply, demand and use of health services. Thankfully, political commitment for attaining the Health MDGs has never
been higher than under the current GPH administration and strong policies on maternal, neonatal, child health and nutrition are in place, as well as a government strategy and action plan to address tuberculosis. The government health budget has more than tripled in the past five years. But policies (and services) must also be effectively implemented to achieve results. To facilitate this, USAID will ensure that operating systems and guidelines to implement these health policies are developed with appropriate local input and disseminated at the local level. USAID will also continue working to eliminate remaining policy barriers to the supply and demand of family health services. Much of the Mission’s policy change work will focus on strengthening governance and reducing corruption by securing long-term, sustainable local financing for the health sector and by building the capacity of local governments for health planning, financing, monitoring and evaluation.

**Development Objective 2: Peace and Stability in Conflict-Affected Areas in Mindanao Improved**

- Part of a USG-wide effort that puts into practice the principles of USAID’s new Policy on *The Development Response to Violent Extremism and Insurgency*
- Focus on six conflict-affected areas that are the most hospitable to terrorists
- Because Mindanao has enormous human and natural potential
- Because achieving peace and stability in Mindanao will also contribute substantially to the creation of a more prosperous, stable and well governed nation
- Because Mindanao presents links to international terrorism

The southern island of Mindanao and the Sulu archipelago contain nearly 35 percent of the Philippine’s landmass and approximately 25 percent of the country’s 92 million people. Mindanao already produces the bulk of the Philippines’ agriculture and, with enormous natural resources, has the potential for much greater growth. But the region also has the country’s highest levels of poverty, due largely to its high levels of corruption, insurrection, armed conflict, lawlessness and criminality. Internal conflicts have displaced thousands of people and imposed enormous economic costs – the World Bank estimates the direct losses from conflicts in Mindanao from 1970 to 2001 at two to three billion dollars (2005).

USAID has long supported economic growth in Mindanao and will continue its efforts to accelerate broad-based and inclusive growth in Mindanao through country-wide Development Objective 1. Indeed, under DO1 and the PFG, Cagayan de Oro in Mindanao is one of three Philippine cities targeted as an economic growth hub.

Development Objective 2, however, focuses not on economic growth, but rather on improving governance and civic engagement as part of a carefully crafted strategy to improve peace and stability in six conflict-affected areas of Mindanao that pose a particular risk for international terrorism. The strategy puts into practice the principles of USAID’s new policy on *The Development Response to Violent Extremism and Insurgency* (September 2011) and reflects a rigorous and intensive analysis by the USG-wide Mindanao Working Group\(^5\) (MWG) of the drivers of violent extremism in Mindanao and the role of development assistance in addressing them. It is part of a fully coordinated approach that includes

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critical activities by a range of other USG actors as well as strong collaboration with and commitment by the GPH.

Development Objective 2 focuses selectively on just six conflict-affected areas (Northern Basilan/Isabela City, Southern Basilan, Sulu, Zamboanga City, Marawi City and Cotabato City) that were identified by the MWG as hotspots that pose a particular risk for international terrorism. These regions in Mindanao are not just the poorest of the poor, but also have the lowest literacy rates and worst health indicators in the Philippines. Weak governance – often the lack of any effective governance at all – remains the primary problem. Corruption, poor accountability, lack of transparency, large expanses of ungoverned space, inadequate social services and limited economic opportunity are all manifestations of weak governance and all contribute to conflict and instability, providing fertile ground for terrorist organizations.

Other USG members of the MWG are also mounting programs in these six conflict-affected areas. The Department of Justice is building the capacity of police to provide citizen security. The Department of Defense, through the Joint Special Operations Task Force – Philippines (JSOTF-P), is strengthening the ability of the Philippine military to combat terrorists. But, as shown through MWG assessments, these six areas continue to be safe havens for terrorists largely because local governance is ineffective and corrupt and is viewed as such by its citizens. Local governments are unable to effectively deliver services or protect their citizens who have little sense of civic responsibility or community loyalty in return.

To improve peace and stability in these six conflict-affected areas of Mindanao, USAID will focus on strengthening local governance and its capacity to deliver services. It will also seek to increase civic engagement and promote civic mindedness, with a particular focus on youth and on improving the capacity of the next generation of leaders. Through the combination of these interventions, USAID will improve local governance, increase the legitimacy of elected officials, enhance political stability and reduce conflict, while also strengthening citizens’ sense of community responsibility. In so doing, USAID will also support the implementation of the Philippine National Action Plan on Women, Peace and Security, which seeks to protect women’s lives in conflict situations and empower women to participate more fully in peace and development efforts.

Late in 2012 a “framework peace agreement” was announced between the GPH and the MILF (Moro Islamic Liberation Front) with the aim of completing a full peace agreement in 2016. Many questions and structures are currently being negotiated by working groups and technical teams and many steps remain, including passage of relevant legislation, formation of an interim council, holding of a plebiscite, and formation of the final governing structures, before a peace agreement can be finalized. While tailored activities supporting demobilization and reintegration might be called for after 2016 if the agreement is finalized, the Mission’s strategy as embodied in DO2 remains particularly relevant to the current peace process.

**Intermediate Result 2.1: Local Governance Strengthened**

The Local Government Code of 1991 delegated authorities, functions, resources, and regulatory responsibilities for a variety of basic services to local governments, but more than 20 years after the Code’s passage, local governance in many parts of the Philippines (and especially in Mindanao) remains remarkably ineffective. MWG assessments during the summer of 2011 revealed a widespread lack of effective local governance in the six conflict-affected areas, a preponderance of warlords and private armies, high levels of political violence, a lack of transparency and accountability, endemic corruption,
and the physical absence of many local elected officials from their communities. These conditions – the existence of large expanses of essentially ungoverned space – enhance the appeal of terrorist and insurgent groups, undermining the effectiveness of development programs and people’s faith in the legitimacy of the political system.

USAID’s engagement, in concert with programs of other U.S. Government agencies, will enhance the legitimacy of local governments and officials in the target areas by increasing transparency and accountability, by enabling more judicious use of limited local government resources for the delivery of basic public services, and by reinforcing the democratic pillars that underpin these institutions (such as free and fair elections and public participation). A commitment to selected good governance practices will be a pre-requisite to establishing USAID partnerships with local institutions. The aim is to increase peoples’ confidence in local governments, to enhance the legitimacy of local governments, and to strengthen local institutions that provide security, justice, services and jobs for citizens.

Sub-IR 2.1.1: Transparency and Accountability of Local Governments enhanced. USAID will support efforts by local governments in the six conflict-affected areas to enhance transparency and accountability and reduce opportunities for corruption. With limited financial resources, local governments must exercise prudence in assuring that available resources are well-managed and that development projects respond to the needs of citizens. Among other activities, USAID will provide technical assistance to local governments and civil society organizations in implementing participatory budgeting and planning that will enhance the relevance and sustainability of local services. Through this process, local governments and their constituents will jointly identify, prioritize and allocate budgets for development activities, improving the local government’s ability to deliver services to its citizens. Throughout, USAID will pay close attention to increasing the participation of both women and men in local governance processes. As a result, citizens will have better access to budget and fiscal information and better means to hold local government accountable for accomplishing objectives and judiciously using funds.

Sub-IR 2.1.2: Service Delivery by Local Governments Improved. USAID will work with local governments in the six conflict-affected areas to improve services to citizens in primary health, basic education, water and sanitation, and energy. Improving the delivery of basic services, and the role of local governments in that service delivery, strengthens the social contract between local governments and their citizens. As local governments become more effective in delivering services, they will be vested with increased legitimacy in representing the community.

Health Services:
Health indicators in the conflict-affected areas have historically been among the weakest in the Philippines, standing today at roughly 30-50 percent of national levels (NDHS, 2008). In 2009, a USAID-commissioned health sector assessment in the Autonomous Region of Muslim Mindanao (ARMM) recommended concentrating assistance on service delivery in order to expand the coverage and enhance the quality of health care. USAID will work directly with local governments to improve the quality and effectiveness of their health service delivery, while also mobilizing community health teams (composed primarily of women) to identify and address community health needs and promote health outreach. USAID will also work with local government units and health providers in implementing youth and male-friendly health services. In addition, USAID will work with the private sector and NGOs to enhance their role in the health service delivery system.
USAID’s health activities in the conflict-affected areas will also bring health services closer to clients through a satellite service delivery system that will strengthen the capabilities of local health centers to provide safe delivery, basic emergency obstetric and newborn care, promote breastfeeding, and provide improved methods of family planning. TB control initiatives will also be implemented that take into consideration the circumstance of complex emergencies, the lack of peace and order, and the weak health systems and infrastructure that severely hamper the detection and treatment of TB patients.

Water and Energy Services:
According to the Annual Poverty Indicators Survey of the National Statistics Office (2004), the Autonomous Region of Muslim Mindanao (ARMM) has nearly the worst access to water in the Philippines, with only 23 percent of the population receiving water services. According to the Philippine Department of Energy more than half of the population lacks access to basic electricity services. Other recent Mindanao assessments show that the absence of basic services, particularly water and electricity, exacerbates pre-existing tension, leading to higher conflict vulnerability.

USAID will work closely with local governments to improve water and energy services in the conflict-affected areas of Mindanao. This will include mobilizing both men and women in selected communities to identify and implement targeted activities to improve access to water and modern energy services. In addition to enhancing the legitimacy of local governments, improved access to clean water will, of course, also have important health benefits, reducing mortality and morbidity rates from water-borne diseases. Similarly, aside from strengthening local governance, USAID’s efforts to increase access to energy services and to develop productive and income generating uses for off-grid and renewable energy, will have important economic and environmental outcomes. Community ownership of these projects will also help ensure their maintenance.

Education Services:
Mindanao, especially the ARMM, has the worst human development indicators in the Philippines. Inadequate investment and intermittent conflict through the decades have stunted socio-economic services and growth. In education, the problems are particularly glaring. ARMM is home to the largest illiterate cohort—22 percent of the population (compared to only seven percent nationwide) and there are estimated to be as many out-of-school youth (OSY) as children in-school. The large numbers of adult illiterates and OSY reflect very high annual dropout rates (17 percent in the ARMM compared to six percent nationally), mainly because of poverty, lack of access and instability. Adult illiterates and OSY typically belong to the most marginalized groups, lacking access to information or opportunities to participate in mainstream society. This extreme marginalization, lack of opportunity and lack of hope also makes them prime recruiting target for terrorists.

USAID will address these issues in the six conflict-affected areas by strengthening local education governance and by providing community-driven approaches to education for both men and women in non-formal settings. More specifically, this will include working with government and indigenous civil society organizations to provide adult literacy training (using various mother tongues) as well as numeracy training in the conflict-affected areas. USAID will also work with local groups to provide life skills, workforce readiness, and other basic education to the OSY. In addition, USAID will support efforts of the Government of the Philippines to improve access, relevance and quality of workforce development programs. These activities will make local governance more accountable for education outcomes and provide both youth and adults with the opportunity to develop the cognitive skills necessary to rejoin the education system and become more productive members of society.
Sub-IR 2.1.3 Mechanisms that facilitate public participation in governance expanded.
The Local Government Code expressly supports public participation in governance. USAID will provide
technical assistance to local governments to support the participation of non-government organizations
(business and civil society organizations) in local special bodies such as the planning and development
councils, peace and order councils, local health boards and local school boards as mandated by the
Code. Conversely, the capacity of civil society organizations to participate actively in these local special
bodies will also be strengthened. USAID may also support the training of government and civil society
representatives, including both men and women, on participatory governance and develop citizens’
feedback mechanisms such as the use of governance scorecards and the conduct of performance
satisfaction surveys.

The Local Government Code also specifically mandates the establishment of peace and order councils in
every municipality, city and province. These councils include local government officials, security and law
enforcement agencies, and representatives of key government agencies (such as the Department of
Interior and Local Government and Department of Energy), as well as representatives of the private
sector and civil society. The councils perform periodic assessments of peace and order in their area;
identify measures to improve peace, order and public safety; and monitor the implementation of these
measures.

USAID will support local governments and the private sector in establishing and strengthening peace
and order councils, including both men and women, in the conflict-affected areas. USAID will also
explore the possibility of tapping these councils in providing an array of services to survivors of gender-
based violence, which has been noted as an issue in the region. USAID’s assistance will strengthen the
social contract between community members and their government, motivating citizens to report
criminal and terrorist acts to authorities because they will have a greater expectation that government
will respond appropriately.

USAID will engage various stakeholders, including local school boards, parents-teachers-community
associations, local NGO’s and other private sector partners, in strengthening service delivery and
improving the quality of education in their communities. Mobilizing various stakeholders, including both
men and women, will help make education service delivery more effective; and, as local governments
become more accountable to citizens, citizens will also become more involved in education issues. This
greater accountability will enhance locally-driven service delivery, improve the sustainability of
education programs, and further reinforce the social contract between the individual and his or her
community.

Intermediate Result 2.2: Civic Engagement for Peace and Development Increased

The same conflict-affected areas that suffer from weak governance are also racked by lawlessness and
retaliatory violence between and within clans and ethnic groups, creating conditions conducive to the
growth of criminal, insurgent and terrorist groups. Research, however, has shown that communities
(and voluntary organizations within them) can play an important role in advocating peace and mitigating
conflict (Torres 2007). This hypothesis is what drives USAID’s new emphasis on strengthening civic
engagement by inculcating ethical behavior; increasing peoples’ sense of responsibility for community
welfare; and expanding the capacity of community members (male and female) and their organizations
to peacefully resolve conflicts, advocate change, improve service delivery, and enhance their overall
quality of life. USAID will focus, in particular, on preparing the next generation of young leaders by
helping them develop a social consciousness that demands more accountable governance. USAID’s will
strengthen civic knowledge, skills and attitudes to make people more responsible and ethical members of their community and to better engage them in addressing community issues. This will empower community members, including women, to be real players in peace and development, strengthening the social contract between individuals, the community and the larger society.

**Sub-IR 2.2.1 Civil Society Strengthened.**
This sub-intermediate result complements efforts to strengthen local governments by helping local civil society organizations (CSOs) become more engaged with issues of governance. USAID will help CSOs work more capably with local governments on technical issues by providing advocacy training on health, education, environment, free and fair elections, peace and security, human rights, and gender issues. With special funding from Washington, the Mission will also promote a more active role for women in peace promotion and conflict resolution and provide focused support to mitigate and reduce trafficking in persons (TIP).

**Sub-IR 2.2.2 Civic Education Enhanced.**
Echoing findings from international research and results from the recent Mindanao Working Group Assessment and JSOTF-P Stakeholder Survey, USAID’s Global Education Strategy highlights the link between education service delivery, community engagement, peace education, and violence mitigation in conflict-affected areas such as Mindanao. It shows, further, that such violence can be attributed at least in part to socio-economic marginalization. USAID will address marginalization directly through civic education programs that help citizens feel empowered about their role in their communities, thrive amidst a diversity of world views, and collectively develop goals that lead to peace and development. USAID will also support activities that help participants build a stake in peace, making them more aware of the active role they can play in developing their communities, rather than just remaining passive recipients of government and donor programs. By improving civic knowledge, attitudes, and skills among both men and women in conflict-affected areas of Mindanao, USAID will reduce perceptions of marginalization and strengthen social contracts between citizens, their communities and their government. USAID will increase the number of women and men receiving civic education to strengthen citizens’ understanding of their rights, duties, and responsibilities and how these shape their social identities and their relationship to the larger community.

**Sub-IR 2.2.3 Youth Leadership and Engagement Increased.**
Under this Sub-IR, USAID will identify future leaders (both male and female); provide them with intensive training on active citizenship, leadership, and political participation; and give them extensive exposure to civic engagement activities. Specific activities, designed collaboratively with youth and other stakeholders, will provide training and hands-on experience to equip future leaders with information and experiences needed to understand and become more engaged in addressing important social and political issues.

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6 Research on education in conflict-affected areas consistently finds that the lack of delivery of social services is directly correlated with conflict and negatively affects the reinforcement of the “social contract,” the foundation of governance that was explored by theorists as far back as Hobbes, Rousseau and Locke. For specific examples, see Collier and Hoeffler (2004) who note that a 10 percent increase in enrollment rates in secondary schools can reduce the average risk of conflict by three percentage points and that male secondary school enrollment rates are negatively related to the duration of conflict. Thyne (2006) also finds strong evidence that a state’s failure to provide access to education creates grievance that can lead to conflict.
USAID will also support activities and groups focused specifically on youth and adolescent health. Given high teenage pregnancy rates in the conflict-affected areas (2008 NDHS), it is particularly important to help the young (including adolescents) learn about reproductive and other health aspects of the maturation process. USAID will assist local governments and civil society organizations in implementing and enhancing the Department of Health’s materials and tools for preventing teenage pregnancy. This will be a participatory process, where youth leaders will be tapped as peer educators in the community.

**Sub IR 2.2.4 Community Driven Socio-Economic Development Strengthened.**

While the sources of conflict and terrorism in the Philippines are myriad and complex, social and economic marginalization are certainly factors. By strengthening community-driven socio-economic development targeting the poor, USAID expects to increase citizen and community participation in providing the social and economic services and other investments that spur growth. USAID will promote participatory planning and encourage greater transparency and accountability, while also developing avenues for collective actions that will enable local governments and communities to work together on specific projects to improve service delivery, enhance infrastructure, promote community participation, and increase livelihood opportunities. Throughout, USAID will also help communities strengthen gender equality in access to social, economic and political opportunities.

Specific economic development investments and services that demonstrate the potential of public/community partnerships and provide visible expressions of local government capacity, responsiveness to needs, and openness to joint undertakings with the people will be supported. Small-scale infrastructure development, for example, will be used as a catalyst to encourage local governments to be more consultative, transparent, and financially accountable and to engage the wider community in project identification, implementation and monitoring. Through such activities, USAID will help local governments understand and institutionalize the process of identifying practical, realistic development interventions or small-scale community projects on their own, and give them experience in accessing needed technical information and resources in key development sectors. Similarly, USAID will strive to increase community engagement in the planning and implementation of health, education and other quality of life activities, both to increase ownership and enhance sustainability.

**Development Objective 3: Environmental Resilience Improved**

- Coordinated with USAID’s Office of Foreign Disaster Assistance (OFDA) and other donors
- Consistent with USAID’s Global Climate Change program and policy
- Because a more resilient environment that resists damage and recovers quickly from perturbation is essential to economic growth in the Philippines’ natural resource oriented economy
- Because the Philippines is one of the most disaster-prone countries in the world, incurring enormous human and economic costs from volcanic eruptions, earthquakes, tsunamis, typhoons and floods each and every year
- Because the Philippines lack of resilience in adapting to climate change and reducing the risk of disasters undermines prosperity and stability
- Because thousands upon thousands of lives and livelihoods will be saved

For the Philippines to become a more stable, prosperous and well governed nation, the country must become more environmentally resilient, better able to cope with the impact of natural disasters and to recover quickly. Natural resources still play an important part in the Philippines’ economy. While
agriculture, fisheries and forestry represented about 9% of GDP in 2012, they accounted for nearly one-third (32.2%) of total employment (NSO 2012). Just as importantly, the country’s enormous “natural capital” provides energy, water, flood control, storm mitigation and other “environmental services” that benefit the entire country, including the cities and major population areas. However, the 2011 Philippines Biodiversity and Tropical Forestry Analysis (USAID 2011) showed that these same biodiversity and natural resources and the environmental services they provide are highly threatened and degraded due to weak governance and poor valuation of their contribution to the national and local economy. Also, as one of the most disaster-prone countries in the world, natural disasters cost the Philippines an average of one to two percent of GDP annually and sometimes much higher – for example, the losses from just two typhoons that hit Metro Manila in 2009 (Typhoons Ondoy and Pepeng) were estimated at 2.7 percent of GDP. Recent research has suggested that such natural disasters are also major sources of instability and conflict (Hsiang et al. 2012).

USAID hypothesizes that environmental resilience can be substantially improved by reducing the risks of disaster and strengthening the management of natural resources and the environment. This, of course, includes addressing cross-cutting issues of governance, corruption and accountability that undermine the management of natural resources for the public good. On the one hand, reducing disaster risks through improved planning, preparedness and mitigation measures will reduce the impact of such disasters on communities and economic infrastructure. On the other hand, healthier and better managed ecosystems will foster more robust and sustainable resources-based industries, including forest, fisheries, energy, and water services. Intact ecosystems will also be more resilient to the impact of climate change and better able to ameliorate the effects of natural disasters. The Mission’s program supports USAID’s Global Climate Change and Biodiversity objectives, and is consistent with the programs and policies of both. USAID’s activities are also closely coordinated with other donors through GPH-led donor coordination, including the PDF working groups on water, infrastructure, sustainable rural development and climate change. Additionally, disaster risk reduction measures will be coordinated closely with USAID/Office of U.S. Foreign Disaster Assistance (OFDA) and other donors.

**Intermediate Result 3.1: Disaster Risks Reduced**

Due to its location, the Philippines is particularly prone to typhoons, earthquakes and volcanic eruptions. In 2011, the World Risk Index ranked the Philippines third among 173 countries in vulnerability to natural disasters (*World Risk Report*, 2011), while the Global Climate Risk index (German Watch 2011) ranked the Philippines seventh worldwide in losses from weather-related events, such as storms and floods. On average, 20 typhoons enter the Philippine Area of Responsibility each year. Of the 19 typhoons that struck in 2011, 10 were considered “destructive,” resulting in more than $574 million in damages. The World Bank and the U.S. Geological Survey calculate that for every $1 spent on disaster preparedness, $7 is saved in disaster response (World Bank 2004).

Climate change increases the Philippines’ vulnerability to water and weather hazards. According to the Philippines Climate Change Commission, the country’s mean temperature increased by 0.648°C over the past 60 years, with more hot days and warm nights and fewer cold days and cool nights. This temperature increase is associated with increased frequency of extreme weather and climate events, such as intense rains.

The Government of the Philippines (GPH) is fully committed to reducing the risk of disasters and addressing the threat of climate change. As a signatory to the *Hyogo Framework for Action* (the global DRR blueprint), the GPH has agreed to make DRR a national and local priority; to enhance early warning
systems; to reduce underlying risks; and to make DRR an integral part of policies and plans for land-use, natural resources management and climate change adaptation (CCA). The GPH is also one of the 50 Asian and Pacific signatories to the Incheon REMAP, a five-year regional roadmap for establishing climate-resilient disaster risk management systems.

Two recently passed Philippine laws, the *Disaster Risk Reduction and Management Act of 2010* and the *Climate Change Act of 2009*, mandate the development of comprehensive, countrywide DRR and climate change plans. The GPH recognizes the linkages between disaster risk reduction and climate change and the value of an integrated approach since many of the same interventions address both problems. This includes (i) strengthening institutional capacities of national and local government for CCA and DRR; (ii) enhancing the resilience of natural systems; (iii) improving the adaptive capacities of communities; and (iv) improving environmental governance.

To support these GPH priorities, USAID will pursue an integrated, synergistic approach to reducing disaster vulnerabilities, focusing on selected target geographies, including areas prioritized under DO1 and DO2. Under DO1, for example, the PFG’s *Cities Development Initiative* will identify priority cities as potential engines for growth, but most are showing signs of vulnerability to typhoons, flooding and water stress. Consistent with the GPH emphasis on public-private partnerships, USAID programs will broaden the awareness by the business sector in these cities of the economic costs of disasters and the benefits of disaster preparedness. USAID assistance will also focus on enhancing risk management and contingency planning through partnerships with leading organizations in the private sector.

USAID’s DRR efforts will focus on climate-related disaster risk mitigation and prevention. This will involve building the capacity of stakeholders to deal with disasters through governance, environment and climate change programs. Assistance in disaster risk reduction will improve the capability of local government to institute mitigation measures to reduce the adverse impact of climate-related disasters. These investments in disaster risk reduction are generally very cost effective. Better capacities to ensure that disaster risks are reduced and that clean water is available (both before and after disasters) are among the immediate needs of LGUs in the priority geographic areas. In the near term, the Mission will support the conduct of vulnerability assessments to identify which areas are most subject to climate risks (e.g., drought, flooding and landslides) and which critical sectors (e.g., agriculture, infrastructure, etc.) will most likely suffer. Potential activities to strengthen long-term climate resilience include:

- Building local capacity to collect and utilize meteorological data for planning and policy-making in the areas of watershed management, disaster risk reduction and management (DRRM), and water supply services;
- Strengthening LGU capacities in preparing DRRM, water security, and watershed management plans;
- Strengthening local capability for disaster preparedness;
- Conducting information, education and communication campaigns to raise public awareness of disaster risks and promote positive environmental behaviors;
- Providing technical assistance for forestry and agroforestry to reduce flooding; and
- Strengthening flood forecasting and warning systems.

The Mission’s DRR program builds on and complements DRR assistance provided by USAID/OFDA in the Philippines. OFDA’s DRR program focuses particularly on four Philippine provinces that are particularly
vulnerable to natural hazards. Both the Mission and OFDA’s DRR programs contribute to the DO3 IRs, highlighting efforts to decrease disaster risks by increasing the capacity of local governments and communities to plan and invest for DRR more effectively.

**Sub-IR 3.1.1 Disaster Preparedness Increased.**
OFDA’s DRR assistance in the Philippines amounted to more than five million in FY 2011 and 2012 primarily aimed at increasing the capacity of the National Disaster Risk Reduction Management Council (NDRRMC), local governments, and communities to prepare for and mitigate adverse impacts of disasters. The capacity-building program has four components: (i) institutionalizing the Incident Command System (ICS) as a disaster response approach at the NDRRMC and local government levels; (ii) mainstreaming DRR in secondary education by piloting of teaching exemplars and training teachers and student leaders; (iii) strengthening the capabilities of the Philippine Red Cross, particularly in the area of financial management; and (iv) improving the capacity of local governments to prepare DRR plans and identify and implement small-scale disaster mitigation initiatives.

For the next two years, OFDA will concentrate on components (i) and (ii), focusing on the four provinces (Benguet, Cagayan, Sorsogon and Laguna) that are most vulnerable to natural hazards (particularly typhoons, flooding due to river and lake overflows and storm surge, volcanic eruptions, and landslides or wet mass movements). OFDA further contributes to the DO3 IRs by: 1) Strengthening the capacity of Municipal- and Village-level Disaster Risk Reduction Committees (DRRMCs) to prepare Disaster Contingency Plans and to use Calamity Funds for emergency relief and other DRR initiatives; 2) Building the capacity of municipal and barangay disaster and emergency first-responders; 3) Institutionalizing ICS in the four provinces; 4) Building the capacity of Municipal DRRMC to advocate changes in local government land use plans; 5) Building the capacity of Municipal DRRMC to implement disaster mitigation measures; and 6) Providing small grants to State universities to identify and pilot innovative and/or indigenous solutions to disaster mitigation.

USAID Philippines will support activities to improve the capacity of selected communities in flood-prone areas on instituting early warning systems that coordinate rainfall data collection, information development, modes of dissemination and/or action-triggering mechanisms. Activities geared towards increasing disaster preparedness capacity will be implemented through measures that reduce the adverse impacts from climate related disasters. These measures will include ensuring water security in water-stressed areas that are highly vulnerable to the anticipated changes in rainfall, as well as selected investments in water and sanitation and other disaster-related infrastructure.

USAID will also explore implementing small scale disaster mitigation initiatives and investments in regions not currently covered by OFDA, but that have become more prone to disasters because of shifting weather patterns resulting from climate change (e.g., rapid increases in the incidence of deadly and damaging typhoons in Mindanao). Activities could include improving public awareness of disaster mitigation measures, improving reforestation and slope stabilization, improving weather forecasting, strengthening disaster warning systems, reducing costs and damages from disasters for utilities, improving hazard mapping, improving flood control and flood warning systems, improving building standards and codes, implementing small scale structural measures to reduce hazards, and rehabilitating degraded environmental systems and related infrastructure to reduce the impact of natural disasters.
Sub IR-3.1.2 Disaster Prevention Enhanced.
The new DRR Law in the Philippines requires that local governments take a more proactive approach to disaster risk management. In addition to providing emergency relief, the law requires local governments to plan and implement activities that can prevent and mitigate disasters and improve the level of preparedness of the community and its citizens. USAID will support the integration of climate change adaptation and DRR into local development plans as a critical step in disaster risk reduction. USAID’s program will also improve the budget transparency of local governments enabling citizens to better assess investments and participate in decision related to disaster risk reduction and relief. USAID’s assistance will streamline institutional governance arrangements that affect DRR financing and increase awareness of DRR issues. This will also include efforts to include disaster preparedness as part of urban planning under DO1’s PFG initiative.

Many key concerns of local government (such as property taxes, business and building permits, waste management, urban development, housing, and environmental protection) are closely related to land use. Local governments must be able to manage land for development and commercial purposes and to stimulate economic growth. This requires a land information system that delineates ownership and other rights, tax payments and obligations, and other information needed for governance. An effective land management system helps local governments generate tax revenue for crucial public services, while also facilitating private sector investment and employment by creating bankable titles that enable access to credit. Land management in the Philippines has been evolving with the enactment of laws such as the Urban Development and Housing Act, the Solid Waste Management Act, the Climate Change Act, and the Residential Free Patent Act. The effective implementation and enforcement of these laws will not only contribute to economic growth under DO1, but also integrate disaster readiness into urban and local planning under DO3.

In the six conflict-affected areas in Mindanao prioritized under DO2, USAID will focus on increasing transparency, reducing corruption and expanding public participation in the allocation and management of Disaster Risk Reduction (DRR) funds by local governments. Under the DRR Law of 2010, these funds are not just to provide relief assistance to persons directly affected by disasters, but also to reduce the risk from disasters by preparing for and mitigating the effects of disasters yet to come. USAID’s assistance will raise awareness of these provisions of the new DRR law and facilitate the inclusion of risk reduction activities in community planning.

USAID will also support the implementation of the National Climate Change Action Plan (NCCAP) at sub-national scales by engaging appropriate stakeholders in the development and implementation of local climate change action plans (LCCAP) and by promoting awareness of the LCCAP process.

Sub-IR 3.1.3 Disaster Mitigation Measures Implemented.

While environmental degradation has contributed significantly to the frequency of flooding, flashfloods and landslides in the Philippines and the amount of damage they produce, climate change greatly exacerbates the risks arising from environmental degradation. In 2011’s Typhoon Sendong (international name, “Washi”), illegal logging and deforestation contributed substantially to flash floods that killed more than 900 people in Cagayan de Oro. In Typhoon Pedring (“Nesat”), casualties along the Philippines’ coastal areas resulted from storm surges that were greatly aggravated by degradation of the natural buffers along the coastline.
USAID will focus on risk identification and mitigation interventions both to reduce risks from natural
disasters and long-term impacts of climate change. Risk identification will take advantage of available
hazard maps for each of the Philippines’ provinces that identify locations prone to flooding, landslide,
earthquakes and mudslides from soil liquefaction. These hazard maps pinpoint areas prone to natural
hazards at the regional level, but do not provide a sufficient, in-depth understanding of vulnerabilities to
natural hazards and climate change at the municipal or community level. USAID will help local
governments and communities conduct their own climate change and disaster vulnerability
assessments. Such disaster mitigation measures will also be included as part of urban planning under DO1.

USAID will work with academic, research and government agencies in collecting basic climate and
weather data for weather-disaster risk reduction portals. The portals will assist public and private sector
organizations in planning operations to reduce risks based on climate or weather models. This effort will
encompass international and local collaboration to enhance the creation, dissemination and application
of science-based climate forecasting products. Sharing these products will improve the capabilities of
public and private organizations to reduce risks and minimize potential impacts of meteorological,
hydrological and climatological hazards.

Risk mitigation will involve the conduct of training and the application of science and technology tools
and products to broaden understanding of perceived and actual risks and vulnerabilities while
emphasizing the role of the community in risk management. Further, USAID will support local efforts to
integrate risk identification information and risk reduction options in local planning, management
dialogues and decisions. These bottom-up initiatives will be met with top-down efforts to support
national agencies in analyzing climate and water data and to promote sharing of information among
regional users.

The 2011 Philippines Biodiversity and Tropical Forestry Analysis (USAID, 2011) determined that the top
causes of degradation of coastal and forest resources relate to land conversion and illegal logging, which
are primarily driven by governance (e.g., corruption, defects in laws, lack of capacity), economic (e.g.,
undervaluation of resources), and socio-cultural issues (e.g., limited awareness, lack of incentives).
These drivers are being addressed by the Aquino administration via policy instruments and other
interventions, including a logging moratorium in natural forests (Executive Order #23, February 2011)
and a massive reforestation program (the “National Greening Program”) that aims to plant 1.5 billion
trees on 1.5 million hectares by 2016 (Executive Order 26, February 2011). While timber demand
remains relatively strong, as evidence by timber production of 0.8 million cubic meters in 2009, it has
declined sharply since 1974, when 11.1 million cubic meters of timber were produced. Also, most
logging in the 1990s was from natural forests, whereas by 2005 planation forests accounted for about
88% of production.

USAID will also support reforestation in key watersheds as well as rehabilitation of degraded
forestlands, riverbanks and mangrove areas that in turn contribute to biodiversity and provide other
socioeconomic co-benefits. Reversing degradation of forest lands will also reduce adverse impacts from
flooding and run off. Similarly, USAID’s slope stabilization measures in key watersheds will help reduce
risk of flooding and siltation of coastal areas. Coastal wetlands will also be rehabilitated, conserving and
restoring critical coastal and marine habitats such as mangrove forests that serve as buffers during
storm surges. USAID will address the drivers of deforestation through activities that seek to conserve
biodiversity in forest areas; reduce forest degradation in targeted priority watersheds; build capacity to
conserve biodiversity, manage forests, and support low emissions development; and contribute to
disaster risk reduction at the subnational level. The Mission will also continue to support improved capacity to enforce recently created Wildlife Codes and Judicial Procedures to prosecute crimes that threaten natural resources in the Philippines.

**Intermediate Result 3.2: Natural and Environmental Resource Management Improved**

The quality of natural and environmental resource management strongly and directly affects the resilience of the environment. Human activities that diminish biodiversity, over-exploit resources, increase pollution, misuse land, or augment climate change substantially reduce the capacity of the environment to resist damage and recover from stress. But managing natural resources in a way that builds ecological resilience can contribute substantially to the goal of a more stable, prosperous and well-governed Philippines.

During the past year, USAID conducted a series of participatory assessments aimed at understanding why negative environmental trends have persisted, assessing the implications of climate change, and developing innovative and transformative interventions. Based on those studies, USAID will work with the GPH through an integrated strategy that addresses key cross-cutting issues in forest, marine, water, and energy resource management. USAID’s activities complement and support the implementation of the environmental policies and programs articulated in the Philippine Development Plan (2011-2016), National Greening Program (NGP), National Biodiversity Strategy and Action Plan (NBSAP), National Climate Change Action Plan (NCCAP), Philippine National REDD-Plus Strategy (PNRPS), as well as the Mindanao Development Authorities Nurturing Our Waters Program (MindaNOW).

The shared objectives of GPH and USAID are to strengthen environmental resilience and sustain inclusive economic growth by improving the conservation and management of natural resources, increasing water supply and sanitation services, and enhancing climate change adaptation and mitigation. USAID’s package of technical assistance contributes to the GPH’s vision of “an environment that is healthy, ecologically balanced, sustainably productive, climate change resilient, and one that provides for present and future generations of Filipinos,” articulated in the *2011-2016 Philippine Development Plan* (PDP).

Technical assistance under this IR will: 1) address the continuing degradation of biodiversity and natural resources, while also more deeply integrating climate change considerations into long-term planning; 2) expand related key water and energy services and make them more affordable; 3) strengthen weak governance of natural resources, energy and water; 4) expand the benefits from sustainable natural resources management, while confronting issues of overexploitation and undervaluation that reduce benefits in the long term; 5) strengthen the resilience of key energy and water infrastructure, environmental services and already fragile ecosystems to buffer the risks posed by natural disasters and climate change impacts; and 6) help the GPH develop a long-term plan to manage its greenhouse gas (GHG) emissions in the face of population and economic growth. The development of institutional capacity at national and sub-national levels will be a key component of the technical assistance under this program.

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The Mission plans to work in the forestry and energy sectors because of their importance both for emissions and sequestration, and because they are the largest source and sink of emissions. GHG net emissions for base year 1994 were 100,740 Gg CO2e. About half of the emissions come from the energy sector. The land use sector served as a sink, removing 126.5 Gg CO2e. In 1997-98, the land use sector was found to have removed about 107,000 Gg CO2e (Lasco & Pulhin, 2003). Forest cover from 1988 to 2004 increased from 6.5 million ha to 7.7 million ha (USAID, 2011), although forests were found in only five of the 17 administrative regions of the country. However, over the longer time period since American occupation at the turn of the 20th century, forest cover decreased from 15.6 million ha (Goode, 1912). The peak rate of deforestation was reached during the post-independence period from 1946 to the 1970s, when demand for timber was at its highest and logging concessions were awarded as part of patronage politics (Pulhin, 2002).

Overall, it should be noted that the Philippines lacks both an authoritative National Forest Inventory and a credible GHG inventory; both need to be substantially improved. This would assist the government in its low emissions development planning. Land cover mapping efforts by the National Mapping Agency are expected to deliver better statistics with regard to the country’s forest cover. The government’s National Greening Programing, which aims at planting 1.5 billion trees over the next five year, is expected to accelerate reforestation efforts to contribute to the national economy and local livelihoods, increase the environment’s resilience, and reduce disaster risks.

**Sub-IR 3.2.1 Biodiversity Conservation and Natural Resource Management Strengthened**

Degradation of biodiversity and natural resources continues mainly because of weak governance and poor management at the national and local level. Conflicting laws, lack of capacity, and weak enforcement have stalled conservation and natural resource management efforts and hindered the sustainable use of natural resources. Under this Sub-IR, USAID will strengthen the capacity of different levels of government to improve the management of forests, protected areas and coastal zones. USAID will advance legal and policy frameworks to support good governance, biodiversity conservation and natural resource management. At all levels, USAID will work to assure that women as well as men are fully involved in the management of coastal, water, forest and energy resources.

Activities in the forestry and marine sector will focus on particular watershed and coastal areas that are high priorities for biodiversity conservation, have significant potential to reduce GHG emissions and/or increase climate change resilience, and complement PFG focal areas to the extent possible. Strengthening forest and coastal ecosystems through improved management is expected to reduce their vulnerability to climate change, enhancing the value and ensuring the supply of ecosystem goods and services.

**Forest Conservation and Management**

Watersheds are one of the Philippines’ key sources of natural capital, providing livelihoods for more than 20 million people living in the uplands. Forests support agriculture, timber and non-timber forest production; nature-based tourism; and the generation of hydro and geothermal power that supplies 35 percent of the nation’s energy needs. With biodiversity and watershed resources undervalued, the country’s natural forests and biodiversity are degrading at an alarming rate. Forest cover, for example, has decreased from 36 percent of the total land area in 1969 to just 24 percent in 2003, mainly due to timber extraction and agricultural expansion.

Considered one of the 18 “mega-diversity countries” in the world, the Philippines is also among the most highly threatened, driven largely by illegal wildlife trade and habitat destruction. Weak
governance is the underlying reason for the continued over-utilization and destruction of these natural resources and habitats. This is exacerbated by a lack of expertise and operational capacity in natural resource management, driven by insufficient investment in qualified human capital, with decisions made with little field data or supporting information and with little understanding of their socioeconomic and environmental impacts. Biodiversity and forest resources are also typically undervalued, leading to environmental apathy and inaction which, in turn, exacerbates biodiversity and forest loss. Climate change now looms as another significant global threat to biodiversity, possibly even surpassing habitat (primarily forest) destruction.

The GPH’s National Greening Program (NGP) and National REDD-Plus Strategy offer opportunities to respond to these challenges. Assistance under this sub IR will support GPH programs by addressing continuing degradation of forests and watersheds in order to improve ecosystem resilience, conserve biodiversity and secure supply of key environmental services such as water and carbon sequestration. USAID will strengthen forest governance and increase the technical capacity of relevant national and local government institutions, expanding the benefits from sustainable forest management, while confronting issues of overexploitation and undervaluation that reduce benefits in the long term.

Coastal and Marine Conservation and Management

Coastal and marine resources (and fisheries in particular) provide an important stream of goods that benefit nearly all Filipinos. Yet these environments exhibit numerous, highly apparent signs of degradation, such as dramatic declines in fish catches. On an annual basis, the Philippines lose about $120 million from degradation of coastal and marine resources, with nearly half caused by unsustainable fishing. Overfishing and habitat loss threaten the productivity and value of the country’s rich tropical marine environment, which has the highest biodiversity in the world.

To address these problems, coastal and marine management needs to focus on conserving coastal biodiversity, restoring ecosystem productivity, and instituting governance reforms to promote sustainable economic growth, particularly in those communities most dependent on marine resources and most vulnerable to climate change. As outlined in the PDP, essential measures to enhance marine resources include integrated coastal management, protection of mangroves and coral reefs, and more effective fisheries management to restore profitability and conserve ecosystem health. More specifically, USAID will work to strengthen national, provincial and local platforms to catalyze an ecosystem approach to fisheries management; to improve ecosystem science, research and management (through increased support from State Universities and Colleges and NGOs); and to expand incentives and advocacy for conservation (including increased private sector involvement) to sustainably manage and conserve coastal and marine resources.

Sub-IR 3.2.2: Water Supply and Security Improved

Water of sufficient quantity and quality is an essential input to economic growth, human health, food security, and the maintenance of critical ecosystem services. The Philippines faces longstanding challenges in maintaining the quality and quantity of its water resources. In addition, other issues related to access, demand, and the increasing threat of climate change must also be addressed. Despite relatively good water access overall, more than 6.5 million Filipinos, particularly in poor and remote areas, still lack access to safe drinking water. Where water services do exist, the quality of service is often low, supply intermittent, and water health standards unmet. The problem of water scarcity is particularly acute in regions where both the economy and population are expected to grow.
A host of governance issues make improving long-term water security difficult. These include: fragmented governance and regulatory frameworks; weak local capacity for water management and service delivery; lack of financing for water supply investments; and water data that is poorly collected, analyzed and shared. Climate change greatly exacerbates water security challenges, producing longer and drier El Niño summers, more extreme rainfalls, increasing temperatures, growing saltwater intrusion, and shifting cyclone paths that alter the quantity and quality of water resources.

USAID’s water security activities seek both to increase WASH (water, sanitation and hygiene) coverage where there is none and to improve water supply and waste water services in targeted geographic areas where access already exists. Activities will focus on strengthening the institutional structure, governance, management, regulation and operation of water service providers to catalyze financial flows that make services viable and sustainable, but may also include building new facilities or directly delivering services in selected settings. This might include, for example, sites with tourism potential that are also particularly relevant to the Mission’s economic growth objective (DO1). Project monitoring will distinguish service improvements from new service delivery.

More specifically, USAID will continue past efforts to (a) strengthen the enabling environment (policy and governance) for sustainable water supply and waste water treatment; (b) strengthen capacity of water supply and wastewater treatment service providers for sustainable service delivery; (c) mobilize financing; (d) strengthen water and climate data collection, analysis and communication; (e) reduce hydrological risks; and (f) improve capacity for long-term water security. This will include building the capacity of service providers to adapt to climate change in the detailed planning, financing, design, siting and management of water supply infrastructure and services, from source water to distribution.

Integrated Water Resources Management (IWRM), a holistic, multi-sector approach that seeks to maximize economic and social benefits in an equitable manner without compromising ecosystem sustainability while recognizing the importance of public participation in effective water quality management and protection, will be emphasized. Assistance will also be aligned with the objectives presented in the Philippine Water Supply Sector Roadmap (PWSSR), Philippine Sustainable Sanitation Roadmap (PSSR), and National Sewerage and Septage Management Program. These programs provide the framework through which the GPH addresses water supply challenges, ensures long-term availability of and accessibility to potable water, and achieves sustainable wastewater management.

**Sub-IR 3.2.3 Climate Change Resilience and Mitigation Improved**

Due to its geographic circumstance, the Philippines is prone to natural disasters, with typhoons, landslides and floods most common. On the average, the Philippines is hit by 19 typhoons every year, of which seven are usually highly destructive causing injury, loss of life, and economic devastation. Climate change amplifies the problem, with studies predicting an increasing number of hot days and warm nights, a decreasing number of cold days and cool nights, shifting rainfall patterns, and an increasing frequency of extreme weather events such as typhoons. As an archipelago, the Philippines is also vulnerable to sea-level rise. Climate change in the Philippines will likely reduce agricultural yields, increase habitat and species loss, diminish water security, increase flooding and erosion, inundate coastal areas, increase the prevalence of water-borne diseases and increase the number and severity of climate-related disasters.

Given its vulnerability, the Philippines’ prioritizes climate change adaptation, increasing climate resilience, and reducing disaster risk. While the country’s greenhouse gas (GHG) emissions are increasing, the country is still a relatively low-emitter. It will pursue opportunities for climate change
mitigation primarily through adaptation, as reflected in the National Framework Strategy on Climate Change (NFSCC) and the National Climate Change Action Plan (NCCAP). The government is also committed to green growth and has formulated a roadmap for the country’s nationally appropriate mitigation actions (NAMAs). This provides opportunity for pursuing low emission development strategies (LEDS) in partnership.

Convergent planning across resource sectors will be important, since the Mission’s strategic priorities are defined primarily along thematic rather than technical lines. Actions to increase climate resilience and reduce disaster risks through adaptation will be an integral component of USAID’s assistance in the forest, coastal and marine, and water and sanitation sectors. USAID will also support government efforts to implement the country’s national adaptation plan. In the mitigation sphere, USAID will support the Philippine government in its pursuit of green growth and low emission development strategies, with a focus on building capacities for GHG inventory, strengthening analytical capacity for economic decision-making, and implementing programs in energy and forestry. Throughout, the Mission will pay special attention to cross-cutting issues of governance, corruption and accountability that can substantially reduce the effectiveness of natural resources management.

**Critical Assumptions**

Critical assumptions affecting USAID’s overall country strategy and the CDCS goal of a More Stable, Prosperous and Well-Governed Nation include:

1. Continued strong GPH support for key development objectives
2. Continued GPH commitment to good governance and anti-corruption reforms
3. Absence of overwhelming natural disasters (on the scale of the Japanese Tsunami or the Haiti Earthquake)
4. Continued political stability
5. USAID budget levels sustained

Critical assumptions affecting DO1, Broad-Based and Inclusive Growth Accelerated and Sustained include:

1. Effective implementation of economic policy and anti-corruption reforms
2. Stable macro-economic environment

Critical assumptions affecting DO2, Peace and Stability in Conflict-Affected Areas of Mindanao Improved include:

1. Continued presence and support from JSOTF-P
2. Overall level of conflict remains stable or declines

Critical assumptions affecting DO3, Environment Resilience Improved include:

1. Availability of sufficient funding for NRM and DRR activities
2. Continued implementation of complementary disaster risk reduction activities in the Philippines by OFDA
3. Continued commitment by local governments to manage natural resources more effectively and to reduce disaster risk
4. Effective enforcement of laws against environmental crimes that impede natural resource management and aggravate the disaster vulnerability of local communities

**MONITORING, EVALUATION AND LEARNING**

Consistent with the Agency’s new Evaluation Policy and USAID Forward reforms, the Philippines Mission is committed to making programming and investment decisions based on the best available empirical evidence. The Mission will take full advantage of the opportunities afforded by project implementation to generate knowledge that both improves program management and informs the broader development community. To institutionalize this evidence-based approach to monitoring, evaluation and learning, USAID/Philippines recently issued a new Mission Order on Performance Management that integrates Agency guidance from the revised ADS 200 series, the new Evaluation Policy, and the Mission’s own best practices and lessons learned.

This section of our CDCS describes in broad brush the key components of the Mission’s monitoring and evaluation system. It identifies an initial set of indicators at the levels of the Strategy Goal, Development Objective, Intermediate Result and Sub-Intermediate Result, and the schedule for preparing more detailed Performance Management Plans. It identifies high priority evaluation questions and at least one opportunity for possible impact evaluation under each development objective. It articulates the Mission’s initial schedule for conducting evaluations during the strategy period and describes our plans to institutionalize collaboration and learning in planning and decision-making throughout the program cycle.

**Performance Monitoring**

Based on the CDCS results framework, USAID/Philippines’ monitoring and evaluation system is closely aligned with the logical structure and key hypotheses of each Development Objective, using indicators to track results. A detailed strategic level Performance Management Plan (PMP) including indicator definitions, data sources, methods of data collection and analysis, data quality assessments, baselines and targets, and related information will be prepared within six months of CDCS approval. Similar Performance Management Plans will also be prepared for specific projects and activities after they are approved. All people-level indicators will be disaggregated to take into account for gender differences, gender identity, sexual orientation, age and disabilities, as appropriate.

An illustrative list of key performance indicators for our strategy at the Goal, Development Objective, Intermediate Result and Sub-Intermediate Result level is provided as Annex 2.

**Evaluation**

As articulated in USAID’s Policy, “evaluation is the systematic collection and analysis of information about the characteristics and outcomes of programs and projects as a basis for judgments, to improve effectiveness, and/or to inform decisions about current and future programming.” While effective monitoring describes what we are doing and how things are changing, rigorous evaluation helps us understand why programs are working (or why not). As the policy further notes, “evaluation is the means through which [we] obtain systematic, meaningful feedback about the successes and shortcoming of [our] endeavors.” Through evaluation we determine whether our development
hypotheses are valid, whether results are attributable to our efforts, and whether our programs and projects can be improved.

A robust evaluation program is central to USAID/Philippines’ commitment to learning from experience and managing for results. Under USAID’s new Evaluation Policy, primary responsibility for evaluations that assess the overall performance and results from a program or project rests with USAID. While implementing partners will often provide supporting data and analysis, such evaluations will be designed, implemented and independently contracted by the Mission to assure objectivity and rigor. Implementing partners do remain responsible for ongoing monitoring and evaluation (typically formative and midterm evaluations) that inform management decisions by assessing whether projects and activities are being implemented as planned, reaching targeted groups, and achieving expected outputs and outcomes. All of these evaluations – both internal and external – will be transparently shared with stakeholders, partners and other colleagues throughout the development community.

High-Priority Evaluation Questions:

High-priority evaluation questions assess the validity of key development hypotheses underlying the Mission’s strategy. Such questions typically focus on the effectiveness of programs and projects in achieving planned development objectives and key intermediate (and sub-intermediate) results. They may also examine key assumptions, estimate program impacts, assess sector specific policies, and analyze the cost efficiency of particular interventions. Some of the high-priority evaluation questions the Mission may address follow:

**DO1: Broad-Based and Inclusive Growth Accelerated and Sustained**

- Are USAID supported policy changes aimed at increasing economic competitiveness being effectively implemented? Is the investment climate in the Philippines improving as a result?
- Have USAID’s activities improved judicial efficiency and effectiveness? Has this resulted in increased use of the courts to adjudicate commercial disputes?
- Have USAID’s activities improved the GPH’s willingness and capacity to investigate and prosecute corrupt practices? Has this reduced corruption?
- Has USAID’s focus on supporting secondary cities as engines of growth resulted in increased growth in rural as well as urban areas?
- Does integrating family planning counseling and services in the delivery of selected MCH services (immunization, ante-natal, post-partum) increase contraceptive use?
- Has USAID helped Philippine science and technology institutions partner effectively with U.S. counterparts?
- Has reading performance improved as a result of USAID’s interventions? In particular, has “mother-tongue” instruction been effective in improving reading performance?

**DO2: Peace and Stability in Conflict-Affected Areas in Mindanao Improved**

- Have local governments in the six conflict-affected areas become more accountable and transparent as a result of USAID’s efforts?
- Are local Peace Councils in the six conflict-affected areas being used effectively to resolve conflicts?
• Have USAID’s efforts to strengthen civic education in the six conflict-affected areas resulted in greater civic participation? Are community members more willing to contribute to community improvement as a result of USAID activities? Are youth more fully and meaningfully engaged?
• Are local governments in the six conflict-affected areas providing basic services (health, education, water, sanitation and energy) more efficiently and effectively as a result of USAID activities?
• Has the level violence and the threat of terrorism diminished in the six conflict-affected areas as a result of USAID’s actions?

**DO3: Environment Resilience Improved**

• Has “disaster preparedness’ become a larger and more significant element in local development planning as the result of USAID’s activities?
• Are improvements in natural resource management being implemented (e.g., in deforestation, coastal resource use, etc.) as a result of USAID’s activities?
• Are more effective disaster prevention initiatives being undertaken by governments, private sector organizations and individuals as a result of USAID activities?
• Is climate change more fully encompassed in local planning as a result of USAID activities?
• Has there been a reduction in economic losses from disasters due to USAID’s interventions?

**Impact Evaluations:**

Impact evaluations measure changes in development outcomes that are attributable to a particular intervention, using credible counterfactuals, or comparison groups, to control for factors other than the intervention that might account for the observed change. Impact evaluations often focus on the effectiveness of very specific interventions, particularly innovative program elements that are being considered for possible scale-up. Although impact evaluations are expected to constitute only a relatively small proportion of the Mission’s evaluation agenda (PPL/LER estimates that impact evaluations will account for no more than 10% of evaluations Agency-wide), opportunities for at least one possible impact evaluation have been identified for each DO below:

**DO1: Broad- Based and Inclusive Growth Accelerated and Sustained**

• Has contraceptive demand and use increased as a result of USAID-supported communication and outreach activities? How much of the change in contraceptive demand and use is accounted for by USAID-supported activities? Have these activities been cost-effective? Should they be expanded or curtailed?
• Is “mother tongue” instruction more effective at improving reading than traditional instruction? Should pilot “mother tongue” instruction programs be scaled up nationwide?
• Have USAID’s activities increased court efficiency and effectiveness and (in turn) increased the use of the courts in resolving commercial dispute? Have USAID’s interventions been cost effective? Should they be expanded to a broader range of courts nationwide?
• Have USAID’s pilot efforts to deliver banking and financial services through mobile technology increased access to these services by the poor? At what cost and to what effect in terms of income and equity? Should these efforts be scaled up and expanded?
**DO2: Peace and Stability in Conflict-Affected Areas in Mindanao Improved**

- Has USAID’s support for improved governance and greater transparency increased confidence in local governments in the six conflict-affected areas?
- Has USAID’s support for Peace and Order Councils reduced the level of violence in the six conflict affected areas?
- Have USAID’s investments in civic education increased civic participation in the six conflict-affected areas? Has it increased involvement and participation by the young? Should support be continued and expanded?

**DO3: Environment Resilience Improved**

- Has USAID’s support for improved disaster preparedness reduced the harm and cost of disasters that occur?
- Have USAID’s investments in improved natural resource management resulted in economic benefits? What has been the rate of return from these NRM improvements? Are they sustainable? Are forests and marine areas being better managed and are they in better condition?

**Evaluation Plan**

An initial plan for evaluations to be conducted during the CDCS period is provided in Annex 2. A more detailed evaluation plan will be prepared as part of the Mission’s strategic level Performance Management Plan within six months of CDCS approval. This plan will be updated annually and will include an inventory of completed and planned evaluations, planned evaluation training, and learning and dissemination strategies for knowledge exchange. In collaboration with the GPH, USAID is also committed to conducting midterm (2015) and final (2017) evaluations of the joint Partnership for Growth program.

**Learning**

No one can fully predict what will work and what will not in particular development settings. However, development strategies generally yield more positive results to the extent that they are coordinated, with information, knowledge, and lessons shared among stakeholders as a basis for better planning and implementation. USAID/Philippines is committed to working collaboratively with our development partners to share knowledge and experience, test promising new approaches, build on what works and eliminate what does not. Our strategic level Performance Management Plan, to be completed within six months of CDCS approval, will provide a detailed description of how the Mission will collaborate, learn and adapt as part of its core business practices. In addition to the cited monitoring and evaluation activities this will include:

- Engaging partners and other stakeholders in periodic, candid discussions of USAID’s program to validate strategy and implementation and to jointly identify problems, opportunities and improvements on the pathway forward
- Transparently disseminating monitoring and evaluation findings
- Strengthening the evidence basis on which decisions about development assistance are made and ensuring that experience and observations inform program choices
• Identifying critical knowledge gaps under each DO and developing plans to fill them through evaluations, assessments, research and analysis
• Designing rigorous evaluations to test key hypotheses
• Identifying opportunities to pilot innovative approaches
• Mapping USAID’s development activities and those of key stakeholders (other USG agencies, implementing partners, GPH, other donors, civil society) and establishing a central information repository using GIS to overlay key data sets in geographic space.
• Conducting externally oriented portfolio reviews at least once a year that include a range of stakeholders and where each DO team and its partners will describe their progress in achieving development objectives and intermediate results, assess to what extent outcomes and impacts are attributable to USAID’s interventions, discuss relevant evaluation findings, identify lessons learned, and propose changes reflecting monitoring and evaluation findings.
• Implementing an ambitious program of learning, both within USAID and with key collaborators and partners, organized both by technical area and in relation to particular development objectives and projects
• Tailoring outreach events to publicize progress, share lessons learned, and/or discuss problems with selected audiences
• Creating and institutionalizing a Mission culture that is conducive to learning, in which incentives are aligned with learning objectives, and where people are rewarded for working together to analyze problems candidly and seek solutions rather than lay blame
• Encouraging Mission staff and partners to marshal data, conduct empirical research and publish or otherwise disseminate findings
REFERENCES CITED


USAID (2010). *Conserving Tropical Forest and Biodiversity for Human Development and Inclusive Growth.* Washington, DC.


World Bank (2010). *World Development Indicators.* Washington, DC.


## ANNEX 1

### Planned Evaluations: FY 2012-2016

<table>
<thead>
<tr>
<th>Sector/Projects</th>
<th>Type of Evaluation</th>
<th>Evaluation Date</th>
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<tbody>
<tr>
<td><strong>I. Education</strong></td>
<td></td>
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<tr>
<td>Literacy for Peace and Development (LIPAD)</td>
<td>Final Performance</td>
<td>April 2013</td>
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<tr>
<td><strong>II. Economic Development and Governance</strong></td>
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<tr>
<td>Growth with Equality in Mindanao (GEM-3)</td>
<td>Final Performance</td>
<td>June 2012</td>
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<tr>
<td>Microenterprise Access to Banking Services IV</td>
<td>Final Performance</td>
<td>January 2013</td>
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<tr>
<td>Scaling Up Innovations in Mobile Money (SIMM)</td>
<td>Final Performance</td>
<td>September 2013</td>
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<tr>
<td>Partnership for Growth</td>
<td>Mid-Term Performance</td>
<td>March 2015</td>
</tr>
<tr>
<td></td>
<td>Final Performance</td>
<td>September 2016</td>
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<tr>
<td>Enhancing Governance, Accountability and Engagement</td>
<td>Final Performance &amp; Impact</td>
<td>September 2016</td>
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<tr>
<td>(ENGAGE)</td>
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<td><strong>III. Energy and Environment</strong></td>
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<tr>
<td>Alliance for Mindanao Off-Grid Renewable Energy (AMORE-3)</td>
<td>Final Performance</td>
<td>May 2013</td>
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<tr>
<td>Climate Change and Clean Energy (CEnergy)</td>
<td>Final Performance</td>
<td>June 2013</td>
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<tr>
<td><strong>IV. Health</strong></td>
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<tr>
<td>TB/Infectious Diseases</td>
<td>Final Performance</td>
<td>April 2012</td>
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<tr>
<td>Family Planning and Maternal and Child Health Portfolio</td>
<td>Final Performance Evaluation</td>
<td>September 2012</td>
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<tr>
<td>Private Sector Mobilization for Family Health (PRISM-2)</td>
<td>Final Performance Evaluation</td>
<td>March 2013</td>
</tr>
<tr>
<td>Integrated Family Planning/Maternal and Child Health</td>
<td>Final Performance &amp; Impact</td>
<td>January 2017 Performance Evaluation</td>
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<tr>
<td>(FP/MCH) Regional Projects</td>
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## ANNEX 2

### Country Development Cooperation Strategy

**Illustrative Performance Indicators**

<table>
<thead>
<tr>
<th>STRATEGIC FRAMEWORK</th>
<th>SUGGESTED INDICATORS</th>
</tr>
</thead>
</table>
| **Goal: More Stable, Prosperous, Well-Governed Nation** | • Freedom House Index  
• Political Stability (WGI, WB)  
• Population Growth Rate  
• Gini Coefficient  |
| **Development Objective 1: Broad Based and Inclusive Growth Accelerated and Sustained** | • Modern Contraceptive Prevalence Rate  
(target: increase from 37% in 2010 to 43% in 2017)  
• GDP Growth Rate  
• GDP per capita  |
| **IR 1.1. Economic Competitiveness Enhanced** | • Foreign Direct Investment (% of GDP)  
• Domestic investment (gross capital formation to GDP ratio)  
• Annual Growth of Exports  
• WEF Global Competitiveness Index  |
| Sub IR-1.1.1. Regulatory and Policy Environment Improved | • Doing Business: Ease of Doing Business ranking  
• Business Start-ups  
(target: increase in key sectors: agribusiness, business process outsourcing, creative industries, infrastructure, manufacturing, logistics, mining, and tourism)  
• World Governance Indicator: Regulatory Quality ranking or WEF Global Competitiveness Index  |
| Sub-IR 1.1.2. Judicial Efficiency Improved | • Percentage change in the backlog of cases  
(target: reduce the 2010 baseline of 550,000 cases by 50% in 2016)  
• Percentage change in the duration of commercial cases  
(target: reduce the 2010 baseline of 5-6 years by at least 50% in 2016)  
• World Governance Indicator: Rule of Law ranking  |
| Sub-IR 1.1.3. Level of Corruption Reduced | • World Governance Indicator- Control of Corruption rank  
• Ratio of convictions to prosecutions for corruption-related crimes  
• Number of business firms adhering to corporate governance standards  |
| Sub-IR 1.1.4. Fiscal Performance and Transparency Increased | • Tax Effort (Tax Revenue/GDP)  
• Public Financial Position (National Government Deficit/GDP)  
• Revenue generation by the government  
• Open budget ranking  |
| IR 1.2. Education Strengthened | Transition rates  
|• Literacy Rates  
|• Number of internally peer-reviewed S&T journals |
| Sub-IR 1.2.1. Education Governance Improved | Number of laws, policies, regulations or guidelines developed or modified contributing to improvement in early grade reading and higher education  
• Number of school management committees (SMCs) leveraging quality improvements in basic and higher education. |
| Sub-IR 1.2.2. Higher Education Institutions Strengthened | Number of joint (US and Industry) applied Science and Technology research initiatives.  
• Number of higher education partnerships between US and host country higher education institutions that address regional, national, and/or local development needs.  
• Number of new industry-academe partnerships established |
| Sub-IR 1.2.3. Reading Skills at Primary Level Improved | Number of learners receiving reading interventions at the primary level  
• Number of teachers/educators who received in-service training with USG support  
• Number and proportion of primary school students who are able to read with comprehension, according to their countries’ curricular goals, by the end of primary school |
| IR 1.3 Health and Productivity Improved | Unmet need for FP (target: reduce from 21% in 2011 to 14% in 2017)  
• Deliveries assisted by skilled birth attendants in USG-assisted programs (target: increase from 62% in 2008 to 70% in 2016)  
• TB prevalence in USG-assisted sites (target: reduce from 520 per 100,000 population in 2010 to 387 per 100,000 population in 2016) |
| Sub-IR 1.3.1. Supply of Integrated Family Health Services Improved | Number of USG-assisted service delivery points providing FP services and counseling (Target: increase from 280 in 2010 to 840 in 2016)  
• Number of service providers trained in active management of the third stage of labor (AMTSL) and essential newborn care protocol (ENC) (target: Increase from 504 in 2010 to 6,500 in 2016)  
• TB cure rate in USG-assisted sites (target: Increase from 83% in 2010 to 89% in 2016) |
| Sub-IR 1.3.2. Demand for Essential Health Services Strengthened | Percentage of women in USAID-assisted sites discussing FP information with health care providers (target: increase form 30% in 2011 to 60% in 2016)  
• Percentage change of pregnant women receiving at least four antenatal consultation (ANC) in USG-assisted sites (target: Increase from 74% in 2008 to 90% in 2016)  
• TB case detection rate all forms, in USG-assisted sites (target: Increase from 73% in 2010 to 85% in 2016) |
<table>
<thead>
<tr>
<th>Development Objective 2. Peace and Stability in Conflict Affected Areas in Mindanao Improved</th>
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<tbody>
<tr>
<td><strong>Sub-IR 1.3.3. Health Policies and Systems Improved</strong></td>
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<tr>
<td>• Increased use of PhilHealth FP benefit package</td>
</tr>
<tr>
<td>• Number of Maternity Care Package-accredited health facilities in USG-assisted sites (target: increase from 259 in 2010 to 750 in 2016)</td>
</tr>
<tr>
<td>• Percentage change of DOTS-accredited public and private facilities in USG-assisted sites (target: increase from 60% in 2010 to 75% in 2016)</td>
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<tr>
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<tr>
<td><strong>Development Objective 2. Peace and Stability in Conflict Affected Areas in Mindanao Improved</strong></td>
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<tr>
<td>• Percentage change in citizen’s perception on political stability/absence of violence</td>
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<tr>
<td>• Percentage change in citizen’s perception of their integration with the community and with LGU</td>
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<tr>
<th>IR 2.1. Local Government Strengthened</th>
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<tr>
<td>• Percentage change in citizen’s perception on local government unit (LGU) addressing their priority concerns</td>
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<tr>
<td>• Percentage change in citizen’s perception that LGUs operate in a transparent manner</td>
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<tr>
<td>• Percentage change in the number of local government policies and programs developed where civil society has made direct contributions</td>
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<tr>
<th>Sub-IR 2.1.1 Transparency and Accountability of Local Governments Enhanced</th>
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<tr>
<td><strong>Sub-IR 2.1.1 Transparency and Accountability of Local Governments Enhanced</strong></td>
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<tr>
<td>• Number of local government units that practice participatory planning and budgeting</td>
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<tr>
<td>• Number of USG-supported anti-corruption measures implemented</td>
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<tr>
<th>Sub-IR 2.1.2 Service Delivery by Local Governments Improved</th>
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<tr>
<td><strong>Sub-IR 2.1.2 Service Delivery by Local Governments Improved</strong></td>
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<tr>
<td>• Delivery of targeted basic services by local government (water, sanitation, energy, education and health)</td>
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<tr>
<td>• Number of functioning community health action teams</td>
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<tr>
<td>• Number of learners with access to literacy and alternative education programs from local government as a result of USG assistance</td>
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<tr>
<td>• Number of learners enrolled in primary or secondary school (or equivalent non-school settings) with USG support</td>
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<tr>
<td>• Number of people reached by USG funded interventions providing GBV services (Mandatory gender indicator)</td>
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<tr>
<th>Sub-IR 2.1.3 Mechanisms that Facilitate Public Participation in Governance Promoted</th>
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<tr>
<td><strong>Sub-IR 2.1.3 Mechanisms that Facilitate Public Participation in Governance Promoted</strong></td>
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<tr>
<td>• Number of local governments with functioning special bodies as prescribed in the Local Government Code (i.e. Local Development Council, Local School Board, Local Health Board and Peace and Order Council)</td>
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<tr>
<td>• Number of LGUs with functional citizens’ feedback mechanisms</td>
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<tr>
<td>• Percentage change in citizen perception of the effectiveness of their Peace and Order Council</td>
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<tr>
<th>IR 2.2. Civic Engagement for Peace and Development Enhanced</th>
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<tr>
<td><strong>IR 2.2. Civic Engagement for Peace and Development Enhanced</strong></td>
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<tr>
<td>• Percent change in population engaged in political and civic duties</td>
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<tr>
<td>• Number of youth applying leadership skills in their communities</td>
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<tr>
<td>• Percent change in citizen perception of the justice sector as a legitimate means to resolve conflicts</td>
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</table>
| Sub-IR 2.2.1 Civil Society Strengthened | • Number of civil society organizations trained to effectively engage with local governments  
• Number of civil society organizations that participate in deliberations of local special bodies |
| Sub-IR 2.2.2 Civic Education Enhanced | • Number of individuals receiving voter and civic education through USG program  
• Number of consensus-building forums held with USG assistance  
• Percentage change in levels of political efficacy of participants |
| Sub-IR 2.2.3 Youth Leadership & Engagement Optimized | • Number of youth trained to enhance their leadership and political participation  
• Number of youth organizations engaged in advocacy on active citizenship |
| Sub-IR 2.2.4 Community Driven Socio-Economic Development Improved | • Number/percentage of targeted population who gained employment (or more remunerative employment) as a result of participation in USAID activities  
• Proportion of target population reporting increased agreement that males and females should have equal access to social, economic and political opportunities  
• Number of cooperatives and business support groups receiving USG training (suggested indicator) |
| Development Objective 3: Environmental Resilience Improved | • Number of LGUs with improved risk governance capacities  
• Number of stakeholders with increased capacity to adapt to the impacts of climate variability and change |
| IR 3.1 Disaster Risks Reduced | • Increased level of individual- and community disaster awareness  
• World Risk Index (WRI)  
• Improved availability and utilization of climate and weather data for disaster risk reduction |
| Sub-IR 3.1.1 Disaster Preparedness Increased | • Number of LGUs with increased government funding for DRR  
• Number of LGUs with DRR Plans |
| Sub IR 3.1.2 Disaster Prevention Enhanced | • Improved transparency in LGU budgeting process to ensure DRR forms part of the local Calamity Funds  
• Number of LGUs with risk-sensitive development and land use plans  
• Number of DRR social audits conducted to ensure LGU accountability |
| Sub-IR 3.1.3 Disaster Mitigation Measures Implemented | • Number of GCC and disaster vulnerability assessments and/or planning conducted  
• Number of flood mitigation measures implemented in key watersheds  
• Number of hectares of coastal wetlands rehabilitated to buffer storm surges and erosion  
• Number of slope stabilization initiatives implemented in key watersheds |
| IR 3.2. Natural Resources and Environmental Management Improved | • Quantity of greenhouse gas emissions (measured in metric tons of CO2) reduced or sequestered  
• Number of hectares of biological significance and natural resources under improved management (NRM) |
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<tr>
<td>Sub-IR 3.2.1 Biodiversity Conservation and Management Strengthened</td>
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</table>
| Sub-IR 3.2.2 Water Supply and Security Improved | • Number of LGUs and water service providers with increased capacity to deliver water supply and wastewater services  
• Number of households with access to improved water supply and wastewater services |
| Sub-IR 3.2.3 Climate Change Resilience and Mitigation Increased | • Number of climate mitigation and/or adaptation tools, techniques and methodologies developed, tested or adapted  
• Increased national capacity to prepare Green House Gas inventories  
• Enhanced capacity to use analytical tools for planning and decision-making on low emissions development strategies (LEDS) |
ANNEX 3  GENDER AND DEVELOPMENT IN THE PHILIPPINES

The Philippines, on the whole, has performed remarkably well in empowering women and responding to gender concerns. Filipino women are among the world’s most active participants in political and economic decision-making. The country’s female literacy rate of nearly 96 percent is exceeded in Asia only by that of Japan. More Filipino females are enrolled in higher education than Filipino males. According to the 2011 World Economic Forum’s Global Gender Gap Report, the Philippines ranks eighth of 135 countries worldwide on gender parity, higher than any other country in Asia. Indeed, the Philippines ranks first for gender parity in both education and health and is the only country in Asia (and one of only eight in the world) to have closed the gender gap in these areas.

The Philippines has vigorously implemented the action plans of the Women’s World Conferences in Nairobi (1985) and Beijing (1995) and, over the past two decades, has adopted groundbreaking legislation to ensure that women are better protected against economic, cultural and political discrimination. This includes the Anti-Rape Law, the Anti-Sexual Harassment Act, the Anti-Trafficking in Persons Act, the Magna Carta for Women, and the Anti-Violence Against Women and Children Act, which gives special attention to victims of abuse through the establishment of family courts throughout the country.9

Another notable law empowering women that is particularly relevant to USAID is The Women in Development and Nation Building Act of 1992, which promotes "the integration of women as full and equal partners of men in development and nation-building." This act grants women, regardless of marital status, full legal capacity to act and enter into contracts, to obtain loans and participate in economic production, to have equal access to membership in all social and civic clubs, and to have the right of admission into military schools. The law also requires that a substantial portion of foreign assistance funds support programs and activities for women. In support of this Act, the Philippines adopted a budget policy (GAD Budget Policy, 1995) requiring all government agencies to set aside at least five percent of their budget for achieving the objectives of their respective gender plans.

That said, gender-related issues remain critically important to development in the Philippines. While Filipino women, for example, are better educated and better represented in professional and technical jobs than most of their Asian sisters, the Philippines still ranks relatively low in terms of income equality (63 percent for men versus 37 percent for women) and labor force participation (78 percent for men versus 49 percent for women)10. The problem lies not so much in the overt exclusion of women from political power, education, and employment, but more from women’s lower earnings (especially for disadvantaged women) and their lack of access to services that can help improve their earnings and living standards. There is higher domestic unemployment among women than men and more women than men work overseas, particularly young women (aged 15-34 years). And, many more women than men are unpaid family workers.11

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8 World Bank Education Indicators, 2008


10 2011 Human Development Report, Gender Inequality Index.

11 ADB, “Women in the Philippines” 2003
Gender assessments conducted by USAID/Philippines and other donors have identified other persistent gender concerns. In conflict-affected areas of Mindanao, for example, the participation of women, particularly Muslim and indigenous women, in economic and political decision-making is low. These women are also under-represented in political and electoral processes and in disaster preparedness programs. Women and children in conflict-affected areas of Mindanao are also particularly vulnerable to physical and sexual abuse. Gender issues in health include the limited involvement of men in family planning and continued gender inequality in household and family decision-making. In the justice arena, there is clear and persistent gender bias in the treatment of female lawyers, judges, litigants and gender-crime witnesses. There is also little participation of women in infrastructure project planning and as a result much community infrastructure remains poorly or inappropriately designed to meet women’s needs. In education, gender issues are more double edged: while males having far higher elementary school drop-out rates, women in the Autonomous Region of Muslim Mindanao have the country’s highest rate of female illiteracy.  

USAID/Philippines recognizes that a more stable, prosperous and well-governed Philippines cannot be achieved without mainstreaming gender in all phases of the development process. The Mission has therefore sought to integrate gender across all our Development Objectives, Intermediate Results and activities, creating an 'opportunity environment' for greater participation of women in all aspects of our program, as cited throughout this CDCS. This includes, for example, involving women (particularly Muslim and other ethnic women) more fully in local governance by encouraging women's participation in policy-making and in building women's coalitions; including women more fully in economic development by increasing their access to resources, benefits and economic opportunities; enhancing the stake of women in peace and stability in conflict-affected areas by improving the capacity of local governments to deliver their basic social service; by promoting women's health and reproductive rights, while seeing greater male participation in family planning, and by including women more fully in the management of the environment, coastal, water, forest and energy resources.

The Mission seeks to integrate gender concerns into programs that increase incomes, provide access to health services, and enable ordinary women to participate in issues directly affecting them. Particular emphasis has been placed on women’s economic participation and to ensuring that female entrepreneurs have better access to credit and capital, to markets and technologies, and to training, as well as increased control over the use of these resources. This includes a strong focus on women’s microfinance initiatives and capacity-building for financial management as economic opportunities are expanded in several areas.

The Mission continues to seek new and more effective ways to address gender issues and to incorporate gender concerns in its development objectives, indicators and activities. As part of this effort, the Mission has established a Gender Committee with representatives from each of its technical offices. The Mission also works in close collaboration with other donors, the GPH, and implementing partners. The last gender assessment conducted solely by the Mission was completed in 2005 and its findings greatly informed earlier country strategies. Since 2004, USAID has participated actively in the multi-donor Gender and Development Network for the Philippines, which includes gender advisors from across the donor community. In developing this CDCS, USAID reflected the findings of the 2008 Joint Country Gender Assessment conducted by the Asian Development Bank and the 2010 Gender  

12 USAID/Philippines, Gender Action Plans.
Monitoring Strategy of the World Bank, which provided the donor community with recent, rigorous gender analysis. The Mission is also developing the scope of work for a special gender analysis of USAID projects in Mindanao, with particular focus on issues affecting youth.

To complement these efforts, and ensure continuing attention to gender concerns, USAID/Philippines has, since 2009, organized an annual Gender and Development Workshop among USAID contractors, cooperators and grantees. This workshop conducts a broad gender analysis of the Mission’s activities, plans and programs, using the Harmonized Gender and Development Guidelines (HGDG), a gender scoring tool developed and used by the local donor community, including USAID, the Philippine Commission on Women and the National Economic and Development Authority (NEDA). The findings of the annual gender analysis provide the basis for updating Gender Action Plans (GAPs) for each of the Mission’s projects. These GAPs describe the gender issues identified for the project and the strategies and actions being taken to address them. The findings from these gender analyses are also shared with NEDA, USAID’s primary GPH implementing partner, whose last two annual reports have rated USAID as one of the most gender-responsive development programs of all the donors in the Philippines.
ANNEX 4 GLOBAL CLIMATE CHANGE AND THE PHILIPPINES

A. GCC Challenges in the Philippines

The Philippines is ranked highest in the world in terms of vulnerability to tropical cyclone occurrence and third in terms of people exposed to such seasonal events. An average of 20 typhoons enters the country yearly, causing tremendous economic losses. Due to its geographic circumstances, the country is one of the world’s most disaster-prone countries, particularly vulnerable to earthquakes, volcanic eruptions, tropical cyclones and floods. The National Disaster Risk Reduction and Management Council (NDRRMC) reported that the estimated direct economic losses due to natural hazards average up to P15 billion per year. Climate change is projected to bring more intense typhoons.

Based on elevation and population exposure, especially in coastal population centers, the Philippines has been identified as one of the 10 countries in the world that is highly vulnerable to sea-level rise. The Philippines National Mapping and Resource Information Authority estimates land loss of 129,114 hectares of land loss from a one meter sea-level rise. Sea level rise will inundate vast portions of land, affecting coastal communities and livelihoods. Nearer-term impacts may include saltwater intrusion into groundwater sources, and more severe storm surges.

Projected climate shifts can put more stress on the country’s highly degraded natural resources i.e., water sources and the ecosystems reducing the integrity of environmental services. Climate variability increasingly includes drought during El Niño episodes and floods during La Niña. The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) climate modeling showed that significant warming will occur in the Philippines by 2050. PAGASA’s climate model also predicted that the dry season of March-May will become drier and wet season of July-August and September-November will become wetter over time in most of the Philippines, with significant reduction in rainfall in most areas in Mindanao for all seasons by 2050.

Various studies have indicated that climate change will lower agricultural yields in the Philippines, speed up the loss of habitat and species, reduce water security, increase erosion and inundation of coastal areas, and undermine public health by increasing the incidence of infectious diseases, air quality-respiratory illnesses and water-related mortality.

B. Philippine Government’s Response to Climate Change

The Philippines has been proactive on the issue of climate change and an active participant in international climate negotiations. As early as 1991, the Philippines began to address climate change issues when it created the Inter-Agency for Committee on Climate Change. Its commitment to global environmental issues was manifested by its support to the UNFCCC and by being a signatory to at least ten more international conventions. The country has passed several laws that explicitly address climate change issues, such as the Agriculture and Fisheries Modernization Act, the Philippine Clear Air Act, the Renewable Energy Act and the Biofuels Law.

The Climate Change Act of 2009 established a Climate Change Commission chaired by the President of the Philippines. The Philippines has adopted a National Framework for Climate Change and a National Adaptation Strategy as mandated by the Climate Change Act of 2009. The country has also developed a Reduced Emissions from Deforestation and Forest Degradation (REDD+) Strategy and prepared a National Climate Change Action Plan.
The Action Plan integrates both adaptation and mitigation measures and focuses on six thematic areas: food security, water sufficiency, sustainable energy, human security, ecosystem and environmental stability, climate-smart industries and services, and knowledge and capacity development (NCCAP, 2011). These plans and strategies provide important guides, but must still be effectively implemented by appropriate line agencies. Coordination among the different government agencies presents major challenges in harmonizing policies and programs, not to mention the lack of resources to carry out the Climate Change Action Plan. GIZ and AusAID actively supported the preparation of these documents including the conduct of sectoral vulnerability assessments. JICA and AusAID have also supported the improvements in the collection and analysis of hydro meteorological data and hazard mapping. The World Bank, ADB and the French Aid Agency are also actively supporting climate change-related programs.

C. Integrating GCC in USAID Strategy

Achieving climate resilience in sectors that are important to economic growth supports the Mission’s over-all goal of achieving economic prosperity for the Philippines. To do this, climate change considerations will be integrated into programs for certain key climate-sensitive sectors to help promote enhance water security, achieve ecosystems integrity to sustain the country’s economic bases and promote energy sufficiency. Similarly, preparing for and mitigating the expected impact of climate change contributes directly to reducing the risk from disasters to which climate change contributes. This will be accomplished through the following program elements:

**Climate Science, Analysis, and Information-sharing for Decision Making**
Meeting the climate challenge hinges on access to quality information about actual and potential impacts of a changing climate. Such information will help government policymakers at all levels and communities adapt to climate variability and its impacts. The Philippines faces major information gaps as concerned government agencies including academic and research institutions lack the resources, technology and capacity to generate and analyze climate change information and communicate this to better prepare the public for climate change. Investments will thus be made in building scientific capacity, improved access to climate information and predictions, and evidence-based analysis to identify vulnerable sectors and populations. Building data to enable the government to make decisions for a Low Emissions Development Strategy (LEDS) will also be a major investment area.

**Effective Governance for Enhanced Water Security, Resilient Coastal Communities and Ecosystems**
Climate change directly impacts water sources and the ecosystems upon which communities depend for water, food, livelihoods and other environmental services. Decisions and actions of LGUs to improve the management of their natural resources, in accordance with legal mandates, will give priority attention to identifying highly vulnerable water sources and ecosystems that may be impacted by climate change. Investments will be made on training LGUs to conduct vulnerability assessments that will analyze the mix of human, capital and natural assets that will be impacted by climate change, and the capacities of communities and ecosystems to adapt and cope with these impacts. Local adaptation strategies and early actions that build community resilience to climate change will be implemented based on these assessments. Universities will be tapped to undertake scientific and applied researches that will establish the links between climate variability and biodiversity and identify strategic adaptation measures. These processes will be integrated into local policy making, development planning and investment programming.
Participatory methodologies will be adopted and strengthened which will allow LGUs, local communities, national agencies and other stakeholders to work together in identifying high-risk areas, to agree on local action, to continuously monitor the biophysical and other changes that are occurring, and to implement adaptive management mechanisms. The process should develop local commitment and accountability in implementing adaptation and mitigating measures. The assessment will be based on a ridge-to-reef framework to ensure integration of various ecosystems and to highlight the particular vulnerability of marine ecosystems and coastal communities to various to disturbance events (land- and sea-based) as exacerbated by global climate change.

The predicted changes in hydrologic cycle brought by climate change will continue to put pressure on the Philippines’ finite fresh water sources. Aided with science and technology, water security plans will be developed in water-stressed areas. Such plans would estimate the requirements for meeting current and future demand, the potential impact of climate change on water supplies, and identify different sources of water and action the local government and utility can take to secure sufficient water sources to meet future needs.

At the national level, efforts will be directed at assisting DENR, DA, DILG and other national agencies in developing supportive policies and institutional arrangements to assist LGUs in responding to climate change impacts on important water sources, critical ecosystems and vulnerable coastal communities.

**Promoting Energy Sufficiency through Clean Energy and Power Sector Reforms**

During the next few decades, the direction that Asian countries take to meet their growing energy needs will have a profound effect on global climate change, energy security, local environment, human health and the world economy. Recent reports suggest that the risks associated with climate change impacts significantly outweigh the costs of reducing greenhouse gas (GHG) emissions (IPCC, 2007). While energy consumption and associated GHG emission in the Philippines is relatively small in relation to its East Asian neighbors, accounting for less than one percent of the total consumption in the region, the government of the Philippines has signaled its readiness to support global efforts in both mitigation and adaptation strategies. In the energy sector, the energy reform agenda formulated by the new administration highlights the need to ensure energy security through the further development and utilization of indigenous and clean energy. Pursuing this objective is anchored on two pieces of landmark legislation: the Biofuels Law of 2007 and the Renewable Energy (RE) Act of 2008. The RE Law provides a significant opportunity for the country to address climate change while working towards energy security. This objective is further pronounced in the soon-to-be-launched National Renewable Energy Program which presents the GPH’s target to double its renewable capacity by developing more than 11,000 MW of additional generation from renewable energy sources by 2030.

In the next five years, USAID will support the government’s program to increase the country’s energy supply by encouraging investments in indigenous and clean energy. Specifically, USAID will help establish the key mechanisms under the RE Law such as the Renewable Portfolio Standards (RPS) and guidelines on the utilization of fiscal incentives. U.S. will work with the Philippine Department of Energy (DOE) in developing the RPS rule which is the overarching policy that will mandate the electric power industry participants to source a certain amount of electricity from renewable energy resources. This provides a guaranteed market for renewable energy. To facilitate the utilization of fiscal incentives under the RE Act, USAID will assist the DOE to collaborate with related agencies such as the Board of Investments and Bureau of Internal Revenue. In addition, USAID will help to streamline business processes, provide guarantees for clean energy projects and facilitate financial closure between clean energy developers and financing institution.
Supporting Plans to Reduce Emissions from Deforestation and Forest Degradation

The core response to the twin challenges of reduce emissions from deforestation and forest Degradation (REDD+) and conserving biodiversity in the Philippines requires sound, science-based forest management with rationalized access to and utilization of forest resources. The urgent tasks at hand include support for the development of an institutional and legal framework necessary to support REDD+ and improve forest management and biodiversity conservation, and the implementation of the National Greening Policy of the government which aims to reforest 1.5 million hectares of forest and plant 1.5 billion trees over the next six years. Building the long-term capacity of the government and key stakeholders to sustainably manage forests, conserve biodiversity, and implement REDD+ at the local level is critical and will include investment in capacity building for DENR and other relevant national agencies, LGUs and communities. Another critical area of support will be building linkages to emerging markets, and developing economic incentives for the conservation and management of forest resources through mechanisms such as voluntary carbon markets, sustainable enterprise development, and payment for environmental services.

Enhancing Capacity for LEDS

A Low Emissions Development Strategy (or LEDS) is a country-level strategy that seeks to promote long-term, sustainable, economic development. At a fundamental level, a LEDS is about transformative development that is meant to help a country reduce the carbon intensity of its future economy by identifying and facilitating smart investments today. Thus, a LEDS should reduce greenhouse gas emissions trajectories from a baseline projection, but it must also promote economic growth, as well as other country-specific development objectives, and consider long-term global environmental and economic changes. To achieve this, USAID will work with the GPH to develop the building blocks for LEDS. This will be based on as assessment of the current development goals and objectives, a greenhouse gas inventory, and a summary of economic and climate stress data. The outcome of the assessment will guide USAID in engaging the GPH and the concerned stakeholders identify priority actions and policies that could increase in-country capacity to develop and implement long term (multi-decade) projections. This will include projections of where the economy and emissions might go under a “business-as-usual” (BAU) scenario; long-term projections of “low-emissions” scenarios that maintain economic growth and achieve other development objectives while reducing emissions from this BAU scenario. USAID will also provide assistance in analyzing policy and technology options that bridge the gap between the higher- and lower-emission pathways.

Climate Resilience and Disaster Risk Reduction (DRR)

Extreme climate events and variability due to climate change is expected to result in more intense tropical cyclones, changes in rainfall patterns, sea-level rise and increasing temperatures that will greatly increase the vulnerability of the Philippines to disasters. DRR is an integral part of climate change programming that increases ecosystems and community resilience to climate change and that reduces the adverse impacts from climate related disasters. Focus areas include (1) conserving and restoring critical coastal and marine habitats (such as mangrove forests that provide storm surge buffers); (2) reversing degradation of forest lands to reduce adverse impacts from flooding and run off; and (3) ensuring water security in water-stressed areas that are highly vulnerable to the anticipated changes in rainfall. Further, activities will include strengthening the capacity of local academic and research institutions with investments in climate-related research and geo-spatial analysis and ensuring that community and local government decisions for disaster risk management and adaptation are science-based.
ANNEX 5 Donor Coordination by Sector

Economic Growth

Other donors supporting activities in the area of economic growth include the International Monetary Fund (IMF), World Bank (IBRD)/International Finance Corporation (IFC), Japan International Cooperation Agency (JICA), the European Commission (EC), the Asian Development Bank (ADB), Australian Agency for International Development (AusAID), the Canadian International Development Agency (CIDA), and the German Technical Cooperation Agency (GIZ), among others. The USG maintains an active dialogue with these donors on macroeconomic, fiscal issues, trade and investment climate issues. Effective coordination with other donors and development organizations takes place primarily through the Philippine Development Forum and its various working groups.

The International Monetary Fund, the World Bank, and the Asian Development Bank extend technical advice and assistance in areas of fiscal policy, tax administration and expenditure management. The World Bank is currently implementing its National Program Support for Tax Administration Reform Project for the Philippines that is aimed at increasing the efficiency and effectiveness of the Bureau of Internal Revenue (BIR). The project’s four components are improvement of tax compliance, tax enforcement and control, human resource development and management, and change and program management, including internal control. The ADB provides assistance to enhance tax revenue collection, strengthen criminal prosecution of tax evasion, and improve the public financial management system with better budget transparency and efficiency. The Japan International Cooperation Agency (JICA) and European Commission Delegation office in Manila also assist the Bureau of Customs by providing long-term TA on risk management and post-entry examination system. The IBRD, IFC and the GIZ have been supporting activities aimed at streamlining the process of obtaining or renewing business permits and licenses. The EC, under its Trade-Related Technical Assistance (TRTA) program coordinates with the GPH's National Economic and Development Authority (NEDA) in capacity building on trade policy formulation and negotiation including for trade in services, trade facilitation, and regulatory reform focusing on standards and competition policy. AusAID is focused on increasing the quality and level of government expenditure on social services and infrastructure, enhancing the efficiency and transparency of national level budgeting and public financial management, and improving the management of roads at the provincial level.

Democracy and Governance

Judicial reform and the promotion of human rights enjoy broad donor support. The World Bank currently has a $21-million loan to the Supreme Court to help implement the court’s Action Program for Judicial Reform. Under the Governance in Justice Sector Reform Program, the ADB is making available $300 million in loans to the Government of the Philippines to improve the performance of justice sector agencies, which includes the judiciary, Department of Justice, Department of Interior and Local Government and law enforcement agencies. Other international donors like AusAID, the European Commission and the United Nations Development Program also support a variety of judicial reform and human rights programs. Coordination among these donors, including USAID, is primarily handled through the Project Management Office (PMO) of the Supreme Court. The PMO calls regular meetings to update the donors on latest developments and provide a forum for the exchange of information.
**Education**

The JSOTF/P transports educational materials and construction supplies to needy areas, and mobilizes partners in the Philippine military to build schools in areas inaccessible to USAID's implementing partners. Peace Corps brings together volunteers and teachers from Mindanao to improve English skills and conduct cross-cultural, person-to-person exchanges under a Participating Agency Program Agreement (PASA) with USAID.

The Mission works in careful unison with numerous donors active in the education arena. Among other donors, AusAID provides funding and technical support for the GPH’s Basic Education Reform Agenda. The World Bank and ADB extend substantial loans to the GPH for education and provide analytical support. Japan provides loans for school construction in Mindanao. Civil society organizations (CSOs) are very active in education and there is strong corporate engagement as well. AusAID and the ADB support vocational education and training, with some efforts targeting Mindanao and the ARMM. The Philippine Development Forum (PDF) brings together Government, development partners, CSOs, academe, the private sector, and legislative representatives through a working group on Millennium Development Goals and social progress, with a sub-working group on education, in which USAID is an active participant.

**Health**

The Centers for Disease Control provide regional technical assistance (TA) to the World Health Organization, a partner of USAID. USAID’s Office of Health (OH), the US Department of Agriculture (USDA) and USAID’s Office of Economic Growth/ Democracy and Governance (OEDG) have strong linkages on health/nutrition/agriculture activities, including feeding programs and use of bio-fortified products. OH is also proactively cooperating with the Mission’s Office of Environment, Energy and Climate Change (OEECC) to assist LGUs in upgrading and increasing access to water supply systems.

Among other donors, JICA collaborates with USAID in supporting upgrading of birthing facilities with equipment and training. AusAID coordinates with USAID on a joint UN-Department of Health (DOH) program to reduce maternal and newborn deaths. WHO and UNICEF collaborate with USAID on studies and support for the development of essential newborn care protocols and assistance to the DOH to implement and scale up the program. UNFPA provides contraceptive commodities and TA, conducts qualitative research on FP issues and performs policy advocacy. USAID collaborates with UNDP and UNAIDS on HIV/AIDS programming, and with the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM) and RIT JATA on TB control. The DOH has a Sector Development Approach for Health and convenes a health partners’ meeting quarterly, which includes the private sector, LGUs, civil society representatives, and other development partners.

Other donors provide additional help. The ADB provides equipment and supports service delivery and LGU-systems strengthening. AECID (Spain) provides equipment, civil works, and capacity-building. The EU supplies technical assistance, budget support for infrastructure, capacity building, drugs, equipment, and insurance subsidies. KfW (Germany) supports service-delivery strengthening in select areas. UNFPA supports strengthening and sustaining the delivery of integrated rural health services in select areas. IBRD provides budget support for financing commodities and systems, infrastructure, technical assistance, and systems-strengthening.
Disaster Risk Reduction

Over the past two years, USAID, the European Community Humanitarian Organization (ECHO), the Canadian International Development Agency (CIDA), AusAID, the Norwegian Refugee Council and UN Agencies (such as WFP, UNICEF, UNDP, FAO, etc.) have all provided humanitarian disaster assistance to the Philippines in the form of emergency relief, food and non-food items, and early recovery assistance. Currently, three UN and eight bilateral and multilateral development agencies provide assistance in the area of longer-term Disaster Risk Reduction and Climate Change Adaptation.

USAID/OFDA’s programs focus on building local government capacity for DRR contingency planning and small-scale mitigation measures; strengthening the regional capacity of Civil Defense Offices in adopting of the Incident Command System (ICS); and Enhancement of Emergency Response (PEER) system for medical first responders. ECHO is currently the biggest funder of DRR assistance, with a total grant program of over $9 million focusing on local government capacity building, early warning systems and small-scale mitigation measures. JICA provided the largest support to the Philippine Institute for Volcanology and Seismology (Phivolcs) for the procurement of instruments for earthquake and volcano monitoring, flood forecasting and warning systems. The World Bank is currently the biggest donor for Climate Change Adaptation, providing more than $17 million to build the capacity of national agencies, local governments, academic institutions and community organizations to be climate-resilient.

The GPH’s National Disaster Risk Reduction and Management Council (NDRRMC) is the lead agency setting priorities and coordinating activities. The NDRRMC also monitors and reports the Philippines’ accomplishments against the “Hyogo Framework,” the global DRR accord. Each year, the NDRRMC convenes private and public sector stakeholders to review the country’s accomplishments and brainstorm DRR priorities and major donors, such as USAID, AusAID, and ECHO are invited. USAID also coordinates with other donors through a variety of informal working groups.
### Annex 6 List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ARMM</td>
<td>Autonomous Region of Muslim Mindanao</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>APEC</td>
<td>Asia Pacific Economic Cooperation</td>
</tr>
<tr>
<td>AusAID</td>
<td>Australian Agency for International Development</td>
</tr>
<tr>
<td>CDCS</td>
<td>Country Development Cooperation Strategy</td>
</tr>
<tr>
<td>CHEd</td>
<td>Commission on Higher Education</td>
</tr>
<tr>
<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>COMELEC</td>
<td>Commission on Elections</td>
</tr>
<tr>
<td>CSOs</td>
<td>Civil Society Organizations</td>
</tr>
<tr>
<td>DepED</td>
<td>Department of Education (Philippines)</td>
</tr>
<tr>
<td>DO</td>
<td>Development Objective</td>
</tr>
<tr>
<td>DRR</td>
<td>Disaster Risk Reduction</td>
</tr>
<tr>
<td>DRRMC</td>
<td>Disaster Risk Reduction and Management Council</td>
</tr>
<tr>
<td>DPWH</td>
<td>Department of Public Works and Highways (Philippines)</td>
</tr>
<tr>
<td>ECHO</td>
<td>European Community Humanitarian Organization</td>
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<tr>
<td>FAO</td>
<td>UN Food and Agriculture Organization</td>
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<tr>
<td>FP</td>
<td>Family Planning</td>
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<tr>
<td>FSN</td>
<td>Foreign Service National</td>
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<tr>
<td>GAP</td>
<td>Gender Action Plan</td>
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<tr>
<td>GCC</td>
<td>Global Climate Change</td>
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<tr>
<td>GHI</td>
<td>Global Health Initiative</td>
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<tr>
<td>GINI</td>
<td>Generalized Inequality Index</td>
</tr>
<tr>
<td>GPH</td>
<td>Government of the Philippines</td>
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<tr>
<td>HGDDG</td>
<td>Harmonized Gender Development Guidelines (Philippines)</td>
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<tr>
<td>ICITAP</td>
<td>International Crime Investigative Training Assistance Program</td>
</tr>
<tr>
<td>ICS</td>
<td>Incident Command System</td>
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<tr>
<td>IPR</td>
<td>Implementation and Procurement Reform (USAID)</td>
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<tr>
<td>JBIC</td>
<td>Japan Bank for International Cooperation</td>
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<tr>
<td>JCAP</td>
<td>Joint Country Action Plan (PFG)</td>
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<tr>
<td>JSOTF-P</td>
<td>Joint Special Operations Task Force – Philippines</td>
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<tr>
<td>LGU</td>
<td>Local Government Unity</td>
</tr>
<tr>
<td>LLCAP</td>
<td>Local Climate Change Action Plan</td>
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<tr>
<td>MCC</td>
<td>Millennium Challenge Corporation</td>
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<tr>
<td>MCH</td>
<td>Maternal and Child Health</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MMR</td>
<td>Maternal Mortality Ratio</td>
</tr>
<tr>
<td>MWG</td>
<td>Mindanao Working Group (USG)</td>
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<tr>
<td>NDHS</td>
<td>National Demographic and Health Survey</td>
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<tr>
<td>NDRRMC</td>
<td>National Disaster Risk Reduction and Management Council</td>
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<tr>
<td>NEDA</td>
<td>National Economic and Development Authority (GPH)</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>NGP</td>
<td>National Greening Program (GPH)</td>
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<tr>
<td>NSO</td>
<td>National Statistics Office (GPH)</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>--------------</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OE</td>
<td>Operating Expenses (USAID)</td>
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<tr>
<td>OFDA</td>
<td>Office of Foreign Disaster Assistance (USAID)</td>
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<tr>
<td>OSY</td>
<td>Out-of-School Youth</td>
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<tr>
<td>PDF</td>
<td>Philippine Development Forum</td>
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<tr>
<td>PDP</td>
<td>Philippine Development Plan (GPH)</td>
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<tr>
<td>PF</td>
<td>Program Funds (USAID)</td>
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<tr>
<td>PFG</td>
<td>Partnership for Growth</td>
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<tr>
<td>PMDF</td>
<td>Proportions Maternal among Deaths of Females (of reproductive age)</td>
</tr>
<tr>
<td>PMFM</td>
<td>Performance Management Focus Mission (USAID)</td>
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<tr>
<td>PPP</td>
<td>Public-Private Partnership</td>
</tr>
<tr>
<td>PSC</td>
<td>Personal Services Contractor</td>
</tr>
<tr>
<td>STI</td>
<td>Science, Technology and Innovation</td>
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<tr>
<td>TB</td>
<td>Tuberculosis</td>
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<tr>
<td>TESDA</td>
<td>Technical Education and Skills Development Authority (Philippines)</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>USDH</td>
<td>U. S. Direct Hire</td>
</tr>
<tr>
<td>USG</td>
<td>U. S. Government</td>
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<tr>
<td>USAID</td>
<td>U. S. Agency for International Development</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<tr>
<td>WFP</td>
<td>World Food Program</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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