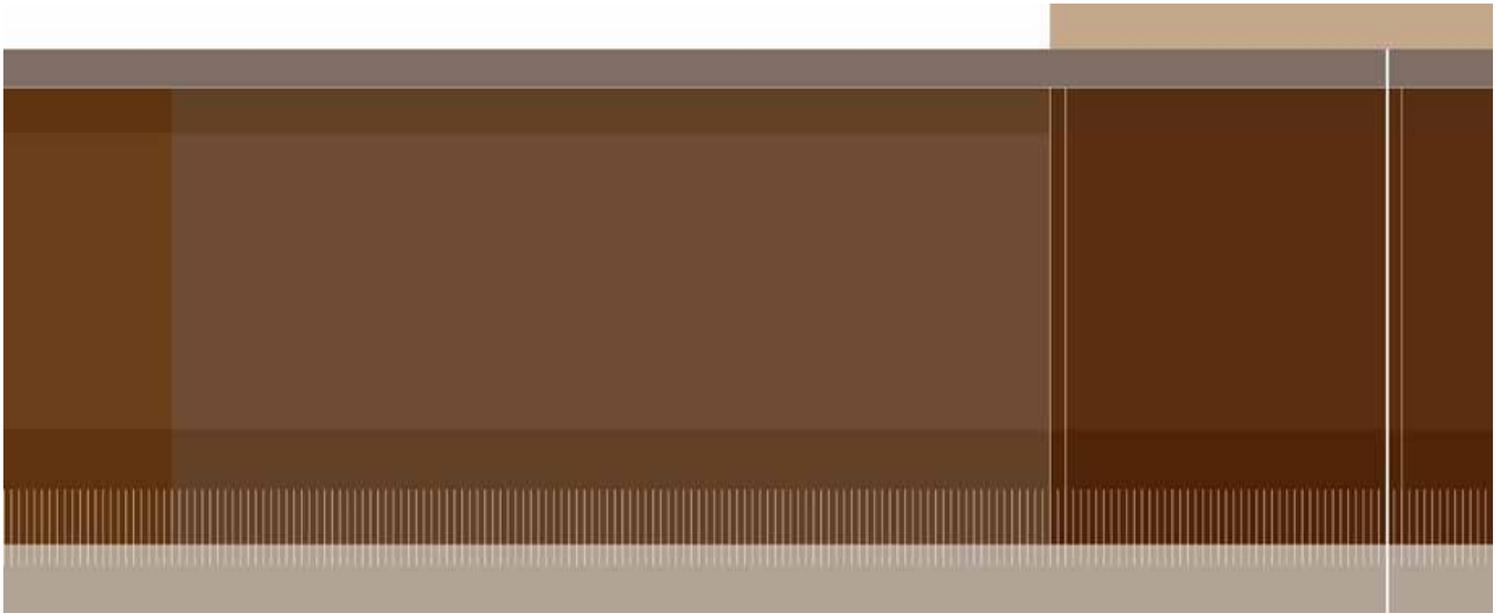

The Philippines
Annual program performance update 2006–07

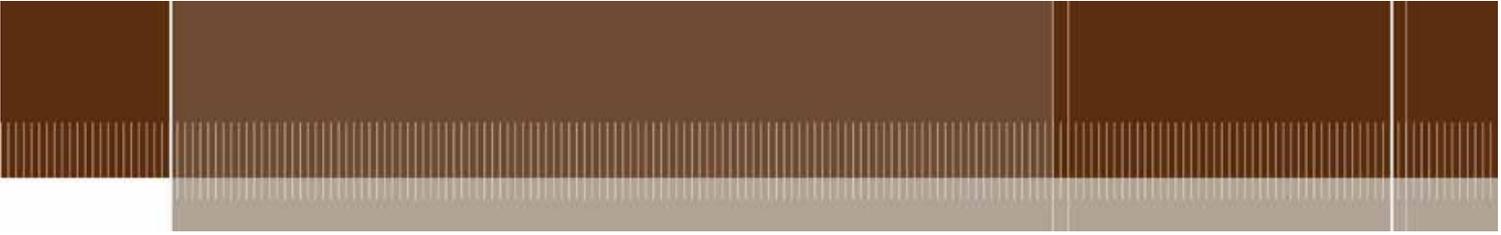


Australian Government

AusAID

Office of Development Effectiveness

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Preface

In April 2006, the AusAID policy framework identified the Philippines as a country where aid efforts would be expanded. To implement this policy, a strategy for expanded aid was developed and agreed over the next nine months, and the new Australia–Philippines Development Assistance Strategy 2007–11 became operational in April 2007. The strategy bases Australia’s aid on three pillars: economic growth, basic education, and national stability and human security. This report groups program initiatives under the three strategy pillars.

This annual program performance update captures the results of two program assessment exercises by AusAID staff. The first was a meeting in Canberra on 18 May, at which staff from Manila made presentations on the context and performance of key programs and discussed them with Canberra-based sectoral, operations and program staff. Following this, initiative managers prepared ‘quality at implementation’ reports for all major initiatives, with assistance from AusAID performance and quality experts.

The update also incorporates the findings of the October 2006 Rapid Assessment of the Philippines Country Strategy 2004–08. That assessment was undertaken by an independent team as part of the process for the new country strategy.

The preparation of this report has been a learning exercise. AusAID found that it can capture a range of program deliverables quite well, but we need to strengthen our monitoring and evaluation systems, in order to capture program outcomes and impacts. We also found that many of our programs have objectives that are not well specified, and often too broad for a meaningful discussion of impact. These weaknesses will be addressed.

Summary

Economic growth

- > Australian technical assistance was instrumental in achieving improvements in Philippines Government (GoP) budget management systems in 2006. This included supporting the GoP to produce in 2007 accurate forward estimates for all 21 departments, that were used in the budget formulation process through the Medium Term Expenditure Framework, and tabled. The 2007 Budget was also the first to be informed by a budget strategy paper.
- > Australian technical advice helped to formulate the *Philippine Minerals Reporting Code and Accreditation Guidelines for 'Competent Persons'*, which was finalised, adopted by the Philippine Stock Exchange, and launched in August 2007.
- > Australian project aid helped to operationalise the Local Government Code in Misamis Occidental (the only province to use the code) by building planning capacity in provincial, municipal, *barangay* and community organisations.
- > We helped to improve participative planning in agrarian reform communities: 318 communities completed plans, and micro-projects improved the income of 5463 households and infrastructure services to 73 per cent of communities.
- > The land administration project helped to make land titling more efficient, with 2500 titles issued in 2006.

Basic education

- > AusAID initiated a sector support program in basic education by negotiating a partnership between the Philippines Department of Education, the World Bank and AusAID.
- > In the Basic Education Assistance for Mindanao (BEAM) Project, the majority of schools implemented school improvement plans to which they allocated financial resources. In-service teacher modules are available at all levels; 75 per cent of schools in targeted regions have trained English, mathematics and science teachers; 352 Muslim teachers participated in accelerated teacher education programs; and 164 remote and disadvantaged communities now have access to community learning centres and mobile facilities.
- > Education officials from Thailand and Indonesia visited BEAM to learn more about its successful approach to education for Muslim populations.

National stability and human security

- > AusAID-supported peace-building activities assisted conflict-affected communities to plan and implement development programs and livelihoods projects; supported the participation of women in formal and informal peace processes; and supported 16 media practitioners to attend a conflict-resolution course at the University of Sydney.
- > Law and justice programs helped the Philippines meet international ship and port security commitments and maintain a training program for its security-regulated ports; provided training and equipment for intelligence gathering, forensics, case management systems and post-blast investigations; and aided the establishment of a crime assessment protocol system for information sharing among agencies.
- > Health programs resulted in 565 075 children under 6 years (94 per cent of the targeted population) being inoculated with two doses of polio vaccine; 105 000 boys and girls in target areas (90 per cent of the targeted population) receiving vitamin A capsules; and the training in the Philippines of the largest pool of skilled and certified microscopists in Asia.
- > Relief activities in response to typhoon Reming in December 2006 included the provision of housing units, evacuation centres, water and sanitation facilities and other goods.

Chapter 1: Introduction

1.1 New strategy

In April 2006, the AusAID policy framework identified the Philippines as a country where aid efforts would be expanded. To implement this policy, a strategy for expanded aid was developed and agreed over the next nine months, and a new Australia–Philippines Development Assistance Strategy 2007–11 became operational in April 2007.

As part of process, the Office of Development Effectiveness undertook a Rapid Assessment of the Philippines Country Strategy 2004–08, finalised in October 2006. The findings of the assessment were incorporated into the new strategy, which:

- > articulates realistic objectives under three pillars (*economic growth, basic education, and national stability and human security*) explicitly aligned to Philippines development objectives
- > incorporates a detailed performance assessment framework and assigns staff resources to oversight performance and quality
- > commits to a better integrated program for economic growth in poor areas
- > assigns additional staff resources to monitor and manage the coherence of all aid programs in Mindanao
- > articulates those sectors and programs where AusAID will engage at the policy level with the Philippines Government and international financial institutions.

The new strategy is committed to the delivery of aid under the three pillars of *economic growth, basic education, and national stability and human security*. The aid budget allocation between the pillars reflects the findings of the Office of Development Effectiveness report, the new strategy, and the Philippines medium-term development goals. Approximately 60 per cent of the budget is committed to economic growth initiatives, 30 per cent to basic education and 10 per cent to human security and national stability. The long-term success of this allocation will be reflected in the country strategy performance framework.

The delivery of the new strategy will focus on support for Philippines Government systems, harmonisation with other donor partners, and cooperation with multilaterals and the development banks. This approach recognises the need to support improvements in the management and efficiency of Philippines Government agencies to achieve greater development and poverty reduction.

1.2 Methodology

In this annual program performance update, all program initiatives are grouped under the three new strategy pillars.

The update was drafted in June 2007 after two meetings. At a program performance management consultation in Canberra on 18 May, AusAID staff from Manila made presentations on the context and performance of key programs and discussed them with Canberra-based sectoral, operations and program staff. Later, over one week in Manila, program initiative managers worked with AusAID's Performance and Quality Manager and Principal Adviser Operations to finalise 'quality at implementation' reports for all major initiatives.

Chapter 2: Development context

Tax and power sector reforms introduced in 2005 allowed the Philippines to improve its fiscal position significantly in 2005 and 2006. This led to a reduction in public debt and the start of a turnaround in the chronic under-funding of public resources. Tax revenues remain, however, low as a share of gross domestic product, and 2007 tax collections remain below expectations. This suggests that sustained and significant expansion of public sector spending on basic services will be difficult to achieve.

Fiscal consolidation has improved financial market confidence and has led to decisions to resume lending by the World Bank, the Asian Development Bank and Japan. Economic growth has remained above 5 per cent for three successive years and rose to 6.9 per cent in the first quarter of 2007 (the strongest growth in recent Philippines history) and projected to rise further. Growth, however, remains concentrated in a few sectors. While poverty rates have improved modestly, they remain high.

Experience in the Philippines is that government has good capacity for promulgating reform but a mixed track record in sustaining the political, institutional and budget support needed for successful implementation. There is a high risk that initiatives that have visible and immediate pay-offs could take precedence over those where impacts may take longer to be evident – and this tendency varies across the electoral cycle. Moreover, elections often lead to substantial change at the official level, which is a risk to continuity between administrations.

Complicating the political and economic context are frequent natural disasters and ongoing security threats from Muslim and communist insurgencies, regional terrorist groups, clan feuds and extrajudicial killings. Together with very serious corruption problems, these factors act as a brake on economic growth and poverty reduction.

These political and governance factors explain why most donors find the Philippines a very challenging environment for effective aid, despite the country's enormous promise. This notwithstanding, donors working under the umbrella of the Philippines Development Forum have taken a positive view of recent developments, and many are increasing their support.

Donors will continue to be challenged in gaining government agreement to deliver difficult policy, governance, budget and accountability reforms. New donors such as China are emerging with potentially less demanding policy and governance requirements, which may pose a risk to current coordinated donor efforts on policy reform.

Chapter 3: Results

3.1 Economic growth

3.1.1 Fiscal management

Objectives	<i>Philippines</i>	Improve the fiscal position of the Philippines
	<i>Australia</i>	Government agencies are better able to implement transparent and efficient budgets

AusAID support contributed to improvements in Philippines Government systems in 2006. The 2007 Budget marked the first time that accurate forward estimates for all 21 departments were available, used in the budget formulation process through the Medium Term Expenditure Framework, and tabled. The 2007 Budget was the first to be informed by a budget strategy paper. The Organisational Performance Indicator Framework was also rolled out to all government departments for the first time.

At the Philippines Development Forum 2007, the Department of Budget and Management acknowledged Australia's technical support through the Partnership for Economic Governance Reforms (PEGR) as instrumental in the achievement of these contributions to improved fiscal management.

Overall the progress of budget-related reforms was slow. However, progress improved as Philippine agencies became better positioned to be able to implement the reforms. With a track record now established, AusAID will continue working in budget management reform to help entrench new budget practices and policies in line agencies.

Another area of work in fiscal management relates to the large operating losses of government-owned and controlled corporations. Philippines Government policy is to put the corporations on a performance-based regime. Australia completed a review of operational efficiency of the National Food Authority, one of the largest government-owned loss-makers. No policy response has come from this work so far, mainly because of political sensitivities. However, the process has been useful in highlighting a key area of budget pressure and putting more focus on the broader agriculture policy questions raised by the current operations of the authority. Australia will explore opportunities to work with the World Bank and the Asian Development Bank to gain some policy and practical impact from this work.

The Rapid Assessment noted that many of Australia's most successful programs resulted from long-term engagement by AusAID. Our management of the PEGR will continue to reflect this lesson: AusAID's assistance in budget management will build on our work through the PEGR and other initiatives, so that our efforts are mutually reinforcing.

3.1.2 Infrastructure

Objectives	<i>Philippines</i>	Improve the environment for private sector investment
	<i>Australia</i>	Improved accountability, transparency and management of investments in transport infrastructure

Under the previous country strategy, Australia responded to a request for technical advice on stabilising the initial operations of the wholesale electricity spot market. This assistance made an important contribution to the establishment of a competitive electricity market in the Philippines. Australia also provided technical advice for the formulation of the *Philippine Minerals Reporting Code and Accreditation Guidelines for 'Competent Persons'*, based on the Australian model. This was finalised and adopted by the Philippine Stock Exchange, and was launched in late August 2007.

Support to the infrastructure sector is a new focus of the Australia–Philippines Development Assistance Strategy 2007–11. In 2006 AusAID developed priority areas for this support, and

considerable work remains to be done to translate this into implementable aid programs. Work in this area will be ‘high risk, high return’. Risks include the capacity of government to implement stated commitments to reform and potential for political factors to place pressure on due process for infrastructure investments. This risk may be accentuated as the administration approaches the end of its term. Key individuals in important positions will be critical to the progress of Australian programs, especially in Department of Public Works and Highways. The Investment Coordination Committee/National Economic Development Agency role in project approval and financial gate-keeping is not yet established in government regulations. Political decisions about Public Private Partnerships if placed outside legal frameworks risk undermining progress in embedding better processes.

Australia is currently in the design phase for a national infrastructure program, which will manage those risks by:

- > initiating an infrastructure donors’ group to pool experience and understanding
- > aligning much of our national-level assistance with that of the World Bank to ensure synergies and consistent policy dialogue
- > establishing institutional contacts with different levels of the Department of Public Works and Highways
- > responding in good time to opportunities that arise (for example, by introducing to infrastructure planning staff a process that allows fast-tracking of priority road projects while safeguarding the government’s investments and adhering to international standards of process and accountability)
- > balancing the focus on government institutions with technical and funding assistance for Road Watch, a government-mandated civil-society mechanism for assessing and reporting on road sector performance.

The value and success of these measures over the coming year will be an important determinant of our future contribution to national infrastructure governance.

3.1.3 Sub-national growth

Objectives	<i>Philippines</i>	Improve economic growth opportunities at sub-national levels
	<i>Australia</i>	Improved economic opportunity for rural people through increases in productivity, access to markets, better infrastructure, and growth of small–medium enterprises in targeted provinces.

Under the previous country strategy, a range of health, education, local government, community development and rural development initiatives supported a broader objective of ‘improving living standards of the rural poor’. The Rapid Assessment found that the inclusion of a range of sectors under one strategic objective made it more difficult than it should be to determine program achievements, particularly for PALS (Philippines–Australia Local Sustainability) and PACAP (Philippines–Australia Community Assistance Program). The Rapid Assessment concluded that the programs had made little apparent impact on livelihood development beyond small household-level enterprises. The May 2007 mid-term review of PALS reinforced those conclusions. It found that the project would not meet its objectives without significant change to its structure and focus, and sustainability was rated low.

Despite these limitations, Australian projects’ contributions to rural development included:

- > operationalising the Local Government Code in Misamis Occidental (the only province to use the code) by building planning capacity in provincial, municipal, *barangay* and community organisations – 193 out of 206 *barangay* development councils were reconstituted and 406 community organisations were supported
- > improving participative planning in agrarian reform communities – 318 communities from a target of 328 completed plans; formal coordination mechanisms were established in 6

provinces; micro-projects improved the income of 5463 households and infrastructure services to 73 per cent of communities

- > improving the efficiency of land titling, with 2500 titles issued in 2006 (progress in this area is slowing; 800 of the 2007 target of 14 000 titles in Leyte have been issued to date).

The 2007–11 strategy has a sharper focus on economic growth as the unifying objective for initiatives at the sub-national level. The key components of a new Rural and Private Sector Development Program will be infrastructure (road maintenance) and rural business development. Learning from current initiatives, program management and the design team have identified the need to assess and build local capacity (institutional, administrative and financial) and ownership as preconditions for program implementation. All current initiatives are being evaluated – where feasible, they will be realigned to emphasise components that have potential to contribute to the Rural and Private Sector Development Program.

Key weakness in all rural growth activities are a lack of political support at the appropriate levels, weak institutions, and inadequate government budgets (arising mainly from low tax effort by local government units). Moreover, many livelihood projects operate at the micro level, with little rigorous assessment of their potential viability or ability to contribute to local economic growth.

Management has already decided to scale back activities under the Land Administration and Management Program (LAMP), and to focus on areas where progress is more likely (for example, working with local governments to improve their land information systems). Achievement of national land reform objectives requires committed political support and leadership, which has not been forthcoming.

3.2 Basic education

Objectives	<i>Philippines</i>	Provide universal access to quality basic education Equitable delivery of quality basic education
	<i>Australia</i>	The Department of Education is better able to manage its resources to support schools and teachers Improved education opportunities for boys and girls in targeted areas

The Rapid Assessment found that basic education was the most successful element of AusAID's program. Building on this success, we devoted considerable effort in 2006–07 to initiating a sector support program in basic education. We negotiated a partnership between the Philippines Department of Education (DepED), the World Bank and AusAID, implemented through a World Bank trust fund, to provide additional resources to DepED to implement its Basic Education Sector Reform Agenda (BESRA) to get more children into school for longer and better quality education. Our support for this program builds on AusAID's position as co-chair of the Education Working Group under the Philippines Development Forum, which supported DepED to develop the BESRA.

The Basic Education Assistance for Mindanao project (BEAM) continues an involvement in basic education that started in 1999 to improve the quality of and access to basic education in targeted areas of Mindanao. The Rapid Assessment saw BEAM's successes as a reflection of the relationships, institutional linkages and successes AusAID has built over this period. The project's impact can be measured by the extent to which the government and other donors have adopted elements of its approach.

During 2006–07, BEAM achievements included the following:

- > Most schools in BEAM-assisted areas implemented school improvement plans and allocated financial resources to them.

- > Management of schools' resources in Mindanao was improved (for example, through monitoring and evaluation, planning and human resource management systems in regions and divisions).
- > Teachers' effectiveness has been improved. Twenty-one teacher education institutes implemented the extended practicum for pre-service training; in-service teacher modules are available at all levels; 75 per cent of schools in targeted regions have trained English, mathematics and science teachers; 352 Muslim teachers participated in accelerated teacher education programs to improve their qualifications to teach in public schools; and 75 per cent of schools are using new learning guides in priority subjects.
- > 164 remote and disadvantaged communities (including Muslim and Indigenous communities) now have access to community learning centres and mobile facilities, and 4224 out-of-school youth and parents participate in literacy classes.

This focus will continue under the new strategy. Much of the reform agenda of BEAM will be incorporated into the national reform program for DepED. Authorities from Thailand and Indonesia have also visited BEAM to learn more about its approach to education for Muslim populations, so it is having a regional impact as well. In the long term, the key results from BEAM will be measured by the numbers of students completing school and their achievement scores. That information will need to be captured in future project performance assessments. Strong local ownership suggests good prospects for the sustainability of BEAM's achievements in Mindanao, although this will be limited without systemic strengthening.

STRIVE (Strengthening Implementation of Visayas Education), a similar project, is approaching the end of its first phase. Like BEAM, it has focused on the reform of school-based management and support for the BESRA. In one year, STRIVE supported the training of 842 education leaders and managers to improve the quality of education delivery. Its support programs resulted in 163 dropouts returning to school and 558 students at risk remaining in school.

Education outputs of the UNICEF Country Program for Children (to which Australia is the largest contributor) are:

- > early learning and stimulation activities for 600 children in Cotabato and Northern Samar
- > 475 primary school teachers trained in effective teaching and child-friendly practices
- > learning packages for 82 primary schools with 30 000 children in disadvantaged areas.

The sector program, to start operations in July 2007, will require careful management. DepED will have World Bank loan funds and AusAID grant funds available to it. Joint planning and monitoring, including of DepED budget execution, will be important to protect the integrity of both sources of finance, and to undertake effective annual work and procurement planning. Also, the constraints on DepED's capacity to expand spending in the sector effectively are not yet clear. AusAID and the World Bank will monitor BESRA progress, help to improve change management capacity, and assist with budget management and execution and internal audit. AusAID has recruited an education sector adviser to work directly with its in-country team.

Project activities will be monitored and reoriented as necessary to provide strong support for BESRA implementation. Australia will work with UNICEF to identify appropriate future education activities, now that sector-based assistance is in place.

3.3 National stability and human security

Contributions to the national stability and human security pillar of the 2007–11 strategy will remain diverse. Australian aid addresses the basic conditions that the Philippines needs to establish if it is to achieve and sustain its development goals. Our work under this pillar will remain flexible and responsive to emerging issues and opportunities.

3.3.1 Peace building

Objectives	<i>Philippines</i>	Emergence of a peaceful, just and equitable society in Mindanao
	<i>Australia</i>	Mindanao peace processes are reinforced through more effective participation by communities and institutions Enhanced basic services and livelihoods in conflict-affected communities

The Rapid Assessment found substantial anecdotal evidence that AusAID support for the Mindanao peace process had positive results, but the lack of performance information made it difficult to attribute benefits. The assessment noted that none of AusAID's delivery mechanisms has well-developed monitoring frameworks, making it impossible to assess progress towards objectives reliably. The Rapid Assessment suggested that AusAID clarify the primary objective of activities, such as PACAP, that have overlapping peace and rural livelihood activities. This will be addressed in the mid-term review of PACAP.

Outcomes from AusAID-supported activities in conflict-affected communities have included the following:

- > Advocates, *barangay* leaders and Mindanao National Liberation Front workers in 229 'Peace and Development Communities' planned and implemented development programs and livelihoods projects
- > Relief services were delivered to 3800 families, and 3300 people participated in trust- and confidence-building activities.
- > Peace education materials were disseminated to primary and secondary schools.
- > Women are now participating in formal and informal peace processes.
- > Some 1200 youth delegates participated in a series of videoconferences that made recommendations for resolving conflicts and supported 10 peace-building projects.
- > Sixteen Mindanao-based broadcast and print media practitioners attended a conflict-resolution media course at the University of Sydney.
- > The first Mindanao Studies Consortium on Peace and Development was attended by more than 100 delegates.

AusAID has initiated expert assistance to improve program performance information and is sharing this work with the members of the Mindanao Working Group (all development partners suffer from the same weaknesses in performance measurement). Our intention is to promote the adoption of a shared monitoring and evaluation (M&E) framework to improve the effectiveness of all peace-building programs in Mindanao.

3.3.2 Law and justice

Objectives	<i>Philippines</i>	Promotion of peace, order and the rule of law
	<i>Australia</i>	Improved capability of law and justice institutions, particularly to counter threats from transnational crime, including terrorism

The challenge for Australian law and justice programs in the Philippines has been the speed with which initiatives were rolled out to address the regional security threats that emerged in 2002. In general, the Philippines administration's support is not as strong as is needed for sustainability and counterpart agencies are poorly resourced.

While there has been good progress in transferring technical skills, according to the Rapid Assessment, the lack of appropriate institutional structures and capacity limits the sustainability of capability-building outcomes. The performance information that we have suggests that Australia has helped the Philippines Government meet important international and operational

requirements. Australian agencies implementing these programs are now designing successor programs, which will focus on sustaining and building on the gains to date.

The Port Security Capacity Building Project, implemented by the Department of Transport and Regional Services, has:

- > assisted the Office of Transportation Security to develop a maritime transport security program for cargo and infrastructure around ports
- > trained over 3000 staff in the maritime industry
- > run security planning and audit skills programs for port facility security officers.

One important outcome is that the Philippines has met international ship and port security commitments and maintained a training program for its security-regulated ports.

The Law Enforcement Capacity Building Project of the Australian Federal Police:

- > provided training and equipment for intelligence gathering, forensics, case management systems and post-blast investigations
- > conducted international strategic intelligence training, and rolled the training out to other districts through Philippines National Police staff
- > helped to establish a crime assessment protocol system for information sharing among agencies (more than 160 officers have been trained in surveillance and intelligence gathering, and two senior officers are undertaking a Masters degree in Transnational Crime at Wollongong University)
- > continued to provide financial support to the Philippines National Bomb Data Centre (three officers completed secondments to the Australian Bomb Data Centre).

3.3.3 Health

Objectives	<i>Philippines</i>	Strengthen health promotion and programs to prevent and control disease
	<i>Australia</i>	Women's and children's health services more widely available in targeted regions Men and women better protected from the threat of HIV/AIDS infection

In the Philippines, UNICEF is Australia's key partner for women's and children's health, and the World Health Organization (WHO) is our key partner for anti-malaria programs. A May 2007 review of UNICEF activities found that they needed to be more focused within targeted areas to improve their impact, and that the complex M&E system needs to be improved and simplified to deliver better performance information.

Under the 2007–11 country strategy, AusAID will expand support for UNICEF and WHO programs. In preparation for this, AusAID health advisers will identify appropriate programs for our support.

The health outputs of the UNICEF Country Program for Children, to which 50 per cent of the AusAID funding for UNICEF's program is directed, have included:

- > more than 300 day-care and social workers trained to provide better services
- > 565 075 children under 6 (94 per cent of the targeted population) inoculated with two doses of polio vaccine
- > vitamin A capsules supplied for 105 000 boys and girls in target areas (90 per cent of the targeted population)
- > 38 health facilities established, with training for 38 nurses and midwives.

WHO's Mindanao Roll Back Malaria Program, for which AusAID is the primary funder, has had a strong impact:

- > Since inception, there has been a 37 per cent decline in malaria deaths and a 35 per cent decline in malaria morbidity.
- > In the past 12 months, 325 health professionals have been trained in malaria microscopy, and 17 expert microscopists have been certified under WHO standards. This is the largest pool of skilled practitioners in Asia.
- > 62 000 pregnant women have been provided with Olyset nets to avoid malaria infection.
- > Systems are in place for recording the number of malaria cases in regional areas.

Population growth remains high in the Philippines, and there is a large unmet need for family planning services. However, there is little political support for such services at the national level, although there are pockets of support in sub-national governments. AusAID funds the efforts of the United Nations Fund for Population Activities (UNFPA) to increase the dissemination of culturally appropriate reproductive health education and training. Adolescent health centres have been set up in target schools in 10 provinces with the support of the DepED. The success of the centres is yet to be evaluated. Importantly, Australia's continuing support gives UNFPA opportunities for ongoing dialogue with government – an important outcome, given that population growth is such a serious challenge to development and poverty reduction.

3.3.4 Emergencies and disasters

Objectives	<i>Philippines</i>	Effective emergency and disaster management
	<i>Australia</i>	The population is better prepared for and protected from natural disasters and an avian influenza pandemic

Australia was a major donor to Philippines Government responses after the southern Leyte mudslide in February 2006, the Guimaras oil spill in August 2006, and typhoon Reming in December 2006. Relief activities included the provision of housing units, evacuation centres, water and sanitation facilities, and other goods requested by local authorities. This support was provided through international and domestic relief agencies, including the Philippines National Red Cross, the United Nations Development Programme, the Philippines Disaster Coordinating Council and local non-government organisations. Performance information for these interventions is poor, but anecdotal feedback has been positive. A more coordinated method of capturing performance data for relief activities will be part of the program in 2007.

AusAID has also helped to build better capacity to prepare for and respond to disasters, including through the Hazards Mapping and Assessment for Effective Community-based Risk Management Program. Through an institutional linkages program, five officials of Philippines disaster management organisations visited Australia for training and familiarisation with advanced technologies. Performance information for these programs is weak; the M&E system will be improved in 2007–08.

3.4 Cross-cutting programs

The Philippines–Australia Human Resource Development Facility supports the improvement of human resource management and development in selected partner institutions. In the past 12 months, the program reviewed the needs of 41 institutions (28 public and 13 private) and conducted 47 programs of short-term training in selected institutions. Eighty Australian Development Scholarships were awarded following the reviews of partner institutions. During 2006–07 the first group of awardees returned to their institutions to use the skills developed during their studies.

This facility offers a strong mechanism for the allocation of scholarships and for training in partner institutions across all aid program initiatives. It will be reviewed in the first half of 2007–

08 to sharpen its focus on the priorities of the 2007–11 strategy. The review will also highlight the performance needs of the program and ensure that adequate information about the practical usefulness of the training is captured from returning scholarship candidates.

Chapter 4: Quality

Sustainability is a challenge in all AusAID initiatives in the Philippines. Where programs are working with government departments and relying on legislative reform and effective administration, progress is often slower and more difficult than expected – an important lesson for the design of new initiatives.

The AusAID Philippines Program should have stronger risk identification and management approaches, and should be more engaged in policy dialogue with partner institutions.

M&E frameworks need to be significantly improved and performance reporting upgraded for better program management. The ‘quality at entry’ process, aligned to the 2007–11 strategy, will be critical in improving program performance and making M&E systems better suited to impact-level reporting.

Chapter 5: Aid Policy implementation

5.1 Gender equality

The Philippines is doing well on gender equality – it consistently ranks highly in comparative measures of equity, including on the Gender Empowerment Measure, the Gender Development Index and the Gender Gap Index. It is developing a national policy framework (which has included the *Women in Nation Building Act 1992*) and is improving its legal framework to support women in the areas of domestic violence, sexual offences and human trafficking. The challenge in this environment is to identify the positive impact of our programs on gender issues, and to keep gender a priority in the development program.

Achievements to date include the following:

- > We have supported the Mindanao Commission for Women, which has identified women as key proponents of the peace agenda. The commission has an organised charter to drive the agenda.
- > In BEAM and STRIVE, all learning materials are gender-sensitive, all trainers are trained in gender equality, and all relevant data are sex disaggregated. Schools supported by the programs are developing school-based management models that integrate gender equality perspectives.
- > PACAP is working on mainstreaming Gender And Development in all its programs, in line with the Philippines Plan for Gender-Responsive Development.
- > Philippines Australia Technical Support for Agrarian Reform and Rural Development (PATSAARD) maintained a gender parity requirement for all interventions throughout its program.
- > Consideration of gender issues is being implemented in all programs through the *Quality operations manual*, which will apply to all initiatives beyond 2008.

Some opportunities have been missed, including in the Land Administration and Management Project (LAMP), which has done well in the past, and PACAP, which has considerable opportunity to do good work. For example, LAMP does not disaggregate program data by sex, so it is not able to demonstrate progress towards equality in land titling. PACAP has many gender-specific interventions, but they are not highlighted in the reporting process and so only limited data is available.

AusAID's gender team has helped the Philippines Program make the performance framework gender sensitive in the areas of sub-national economic growth, basic education, peace building, livelihoods, health and HIV/AIDS. These are all areas where there are significant opportunities to do good work on gender equality.

5.2 Anti-corruption

The Philippines Program has prepared a draft anti-corruption action plan. After consultation with project team leaders, we identified four targets for anti-corruption work:

- > improved public financial management and procurement practices
- > strengthened community participation in government
- > improved transparency between the government and citizens
- > stronger institutional structures to support and promote government accountability.

Achievements in anti-corruption include:

- > assistance to design transparent financial management systems for infrastructure Public Private Partnerships, where leakage accounts for between 20 per cent and 40 per cent of project budgets
- > school-based management systems that incorporate community consultations and stakeholder engagement
- > transparent land valuation systems
- > education and training programs in budget reform and good financial practice for government officials
- > improved transparency and accountability in the Philippines minerals reporting system through a regulation charter.

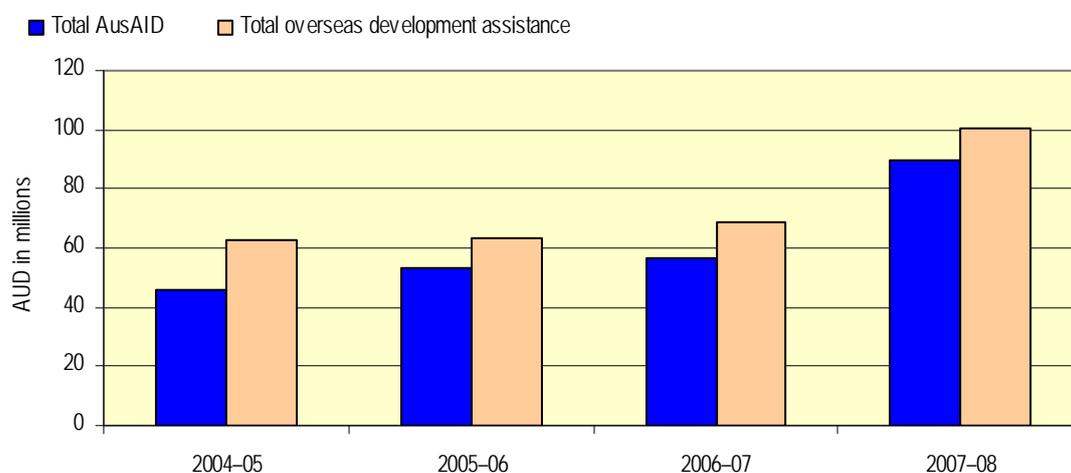
In future, anti-corruption efforts will be recorded in initiative M&E systems and will be identified in the program performance matrix so that an assessment of the program's anti-corruption results can be made.

5.3 Sector spending, joint missions, technical assistance

5.3.1 Sector spending

Figure 1 shows trends in total AusAID expenditure and total official development assistance from 2004–05 to 2007–08.

Figure 1 AusAID and total Australian official development assistance expenditure, the Philippines, 2004–05 to 2007–08



Total Australian aid to the Philippines for 2006–07 is approximately \$68.8 million, of which.

- > \$34.1 million is for economic growth
- > \$18.3 million is for education
- > \$4.2 million is for national stability and human security
- > \$12.2 million is for other ODA activity
- > Excluding other ODA, these proportions (60%, 30%, 10%) align with the relative priorities of the 2007–11 strategy.

Of the value of current programs:

- > 70 per cent is managed by contractors
- > 10 per cent is delivered through multinationals
- > 5 per cent is for the scholarships program
- > 15 per cent is spent through other channels, including whole-of-government programs.

While the contractor-managed component is considerable, it is worth noting that a number of initiatives funded through contractors are co-financed with the World Bank. For example, LAMP's \$34 million program supports the World Bank's US\$18 million loan in land administration reform; similarly, part of the PEGR's infrastructure work may in effect be co-financing support for World Bank loan programs. In the transition to the new strategy, we hope to have a more balanced mix of delivery modalities in the Philippines Program.

5.3.2 Joint missions

Staff and contractors allocate significant time and effort to donor coordination (for example, in budget management, basic education, infrastructure and peace building). AusAID staff participate in working groups of the Philippines Development Forum, and AusAID's economic adviser works closely with the World Bank to ensure reinforcing aid interventions in support of the World Bank's Development Policy Loan to the Philippines.

The benefits of this joint work are evident in the education sector, infrastructure and budget management. We are committed to deepening this engagement in the coming year with cooperation in the infrastructure and peace-building sectors through joint donor programs.

AusAID completed three joint donor missions in 2006:

- > LAMP II – World Bank with AusAID
- > Education Trust Fund – World Bank with AusAID
- > UNICEF CPC6 (Education and Health Program) – UNICEF with AusAID.

5.3.3 Technical assistance

Technical assistance accounts for around 37 per cent (\$25 million) of Australian aid program funds to the Philippines. In recent years there has been a shift to engaging local consultants and trainers, but the program still relies heavily on international technical assistance for support of Philippines Government systems. The mechanisms for capturing information on technical assistance are poor, and work will need to be done in the coming year to reflect more accurately the role that technical assistance plays in the program and its 'fit' with the strategic direction of the new strategy.

5.3.4 National systems

Significant effort has been put into working with and through national and local government systems in the delivery of the aid program.

Education projects work through DepED staff. During 2007–08, those projects will be more closely aligned with DepED's implementation of the BESRA. Funds for system-wide strengthening will be channelled through DepED's budget.

The PEGR works directly with the Department of Budget and Management (and, in future, in line agencies) to assist with the implementation of the government's budget reforms. Its future work in infrastructure will take a similar approach. Government agencies are members of the board of PEGR and take part in decisions on its work priorities and programs.

At the sub-national level, most programs partner with local government units (LGUs). The livelihoods projects of PALS and PACAP are implemented by LGUs, and both projects support LGUs' planning offices.

This engagement with national systems extends to M&E processes. Considerable work has been done in initiatives (PALS, LAMP II and BEAM) to use the Philippines Government's M&E systems (Regional Project Monitoring and Evaluation System, Local Government Performance Management System, Basic Education Information System) to record progress and impact. This approach has significant challenges because government information systems are often poor, but it has also generated useful lessons on using and improving the systems. Our objective is to be able to source an increasing amount of program performance information through government sources over the next five years.

Acronyms and abbreviations

BEAM	Basic Education Assistance for Mindanao
BESRA	Basic Education Sector Reform Agenda
DepED	Philippines Department of Education
LAMP	Land Administration and Management Project
LGUs	Local Government Units
M&E	monitoring and evaluation
PACAP	Philippines–Australia Community Assistance Program
PALS	Philippines–Australia Local Sustainability
PEGR	Partnership for Economic Governance Reforms
STRIVE	Strengthening Implementation of Visayas Education
UNFPA	United Nations Fund for Population Activities
WHO	World Health Organization