



Australian Government

Department of Foreign Affairs and Trade

# Aid Program Performance Report 2013-14

The Philippines

September 2014

## Key Messages

This report summarises the progress of Australia's aid investments in the Philippines for the period July 2013 to June 2014. It reports on the achievements against the objectives outlined in the Australia-Philippines Development Cooperation Strategy 2012-2017 which were updated in February 2014 coinciding with the Philippines-Australia Ministerial Meeting (PAMM). Australia's aid program in the Philippines works toward the over-arching objective of 'promoting prosperity, reducing poverty, and enhancing political stability.' It is closely aligned with the priorities of the Philippine Government, and focusses on:

- Partnering on education reforms
- Enhancing the foundations for sustained economic growth
- Promoting better disaster preparedness and response
- Improving conditions for peace and security
- Building stronger institutions for transparent and accountable governance.

The aid program in the Philippines continues to catalyse reforms, aid policy formulation, and support the Philippine Government's development agenda as evidenced by the following significant milestones in 2013-14:

- > Australia's immediate and effective response to Super-Typhoon Haiyan in November 2013 and the recovery and rehabilitation support to devastated communities of Eastern Visayas. Australia's \$41 million contribution provided immediate and life-saving support to over three million people. At least 3,281 patients were treated and 238 surgeries were performed by the Australian Medical Assistance Team. The Royal Australian Air Force provided much needed air transport - transporting over 1,800 metric tonnes of relief goods, 200 officials and humanitarian workers, and 3,300 survivors. The Australian Defence Force also helped repair 16 schools allowing 15,000 children to go back to school;
- > Building 1,540 classrooms and early learning centres and supporting the operations of 1,460 alternative community learning centres in the Autonomous Region of Muslim Mindanao;
- > Supporting the Philippines Public-Private Partnership (PPP) program to achieve the signing of seven infrastructure projects worth at least USD1.57 billion;
- > Assisting the Philippine Government implement the treasury single account resulting in savings of \$10 million through the rationalisation of dormant bank accounts; and
- > Providing technical assistance to the Philippine Government Negotiating Panel and the Bangsamoro Transition Commission during the peace negotiations (between the Philippine Government and the Moro Islamic Liberation Front), and funding multi-sectoral consultations that contributed to wider support and credibility of the peace negotiations.

## Context

The Philippines continued to enjoy many positive economic trends during 2013-14, alongside major challenges still to be resolved. Annual growth for 2013 increased to 7.2 per cent, as compared to an already impressive 6.6 per cent in 2012 and a growth forecast of 6.4 per cent for 2014.<sup>1</sup> In terms of per capita income, the Philippines was twice as rich in 2013 as it was in 2006<sup>2</sup>; if current growth rates can be sustained over the next decade, per capita income will double again.

One key challenge is to ensure that the benefits of economic expansion are shared with the population as a whole. After many years in which poverty rates seemed impervious to growth, the number of poor (i.e., those living on less than roughly \$1.25 per day) declined from 27.9 per cent to 24.9 per cent between 2012 and 2013. This has lifted 2.5 million Filipinos over the poverty line. Nonetheless, much larger numbers of poor—those who experience greater depths of poverty—have been excluded from the benefits of the Philippines' growing economy. Until recently, relatively few jobs have been created in the midst of economic expansion. The promotion of more inclusive growth is a major goal of the current administration prior to the end of its term in 2016, as stated most recently in the Midterm Update of the 2011-2016 Philippine Development Plan<sup>3</sup>.

The national economy depends very heavily on the contributions of overseas Philippine workers, who in 2013 remitted USD26.7 billion. The second most important engine of growth comes from the fast-growing business process outsourcing (BPO) industry, which in 2013 generated roughly USD15 billion in export earnings. As important as overseas remittances and BPO employment are to the well-being of the overall economy, neither offers significant employment opportunities for those who live below the poverty line. Economic activities that would promote more inclusive growth, notably in agriculture, agribusiness, manufacturing and tourism need attention.

President Benigno S. Aquino III assumed office in 2010. During his term as President, his key priorities have been to reduce poverty and combat corruption. There have been four key elements to the Aquino administration's program to reduce poverty in the areas of education, health, social welfare and reproductive health. In the sphere of education, the Government is adding three years to the curriculum as it seeks to bring the country's educational quality up to international standards and produce a globally competitive workforce. Australian development assistance provides critical assistance in helping the Philippine Department of Education to achieve its education targets amidst this transformative reform. Second, health budgets have been bolstered by proceeds from excise tax reform. In its first year alone, \$1.2 billion in new

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<sup>1</sup> Both the World Bank and the Asian Development Bank forecast 6.4 per cent growth in 2014.

<sup>2</sup> Calculated in current U.S. dollars. See <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

<sup>3</sup> Philippine Government, Mid-term Update to the Philippine Development Plan 2011-16, August 2014

revenues led to a 57 per cent increase in the budget of the Department of Health; the bulk of this increase in budget will support national health plan coverage for some 15 million poor enrollees.<sup>4</sup> Third, the conditional cash transfer program, greatly expanded after 2010 and now serving nearly four million households, has resulted in higher rates of school participation and health care utilisation. In a recent expansion intended to boost secondary school completion rates and subsequent earning potential, beneficiaries are now supported until the age of 18. Fourth, the Reproductive Health Bill, passed with the administration's support in late 2012, survived a constitutional challenge in the Supreme Court in April 2014. It promises to improve outcomes in maternal health as well as increase access to contraceptives—particularly for the poor—as the country's population has just reached 100 million.

As a part of its efforts to combat corruption, the Aquino administration has actively promoted transparency and accountability. This has been reflected in the country's steady improvement in the Transparency International Corruption Perceptions Index between 2010 and 2013, from 134<sup>th</sup> to 94<sup>th</sup>.<sup>5</sup> Over the past year, however, these accomplishments have been overshadowed to some extent by a major scandal related to the alleged misuse of constituency development funds by some members of Congress. This recent scandal has focussed attention on expenditure processes, with concern among economists that delays in government spending could force a downward assessment of economic growth prospects in the short- to medium-term.

Along with social sector reform and anti-corruption efforts, there have been major improvements in the provision of infrastructure, most impressively a doubling of the national infrastructure budget between 2011 and 2014. The number of Public-Private Partnerships (PPP) has increased during these years, and there are now seven awarded projects valued at USD1.57 billion. Even so, infrastructure remains insufficient to serve the needs of a growing economy. Investors remain frustrated by weak connectivity in transport networks, congestion at major ports and generally expensive and unreliable supply of electricity in some regions (especially in Mindanao, but increasingly in places such as Luzon as well).

As the Philippine Government expands its efforts in the social sector and plans for a doubling of infrastructure spending to 5 per cent of GDP, it will need to secure new sources of revenue over the medium to long-term. Through excise tax reform, more efficient tax collection and higher growth, the country's historically low tax revenues have increased from 12.1 to 13.3 per cent of GDP between 2010 and 2013. Much more extensive reform of the revenue system will be required, at both national and subnational levels, if the administration is to achieve its target of 16 per cent of GDP by 2016.

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<sup>4</sup> Presentations of Kim S. Jacinto-Henares, Commissioner of Internal Revenue and Florencio Abad, Secretary of Budget and Management, *Katas ng Sin Tax* conference, Manila, 23 June 2014.

<sup>5</sup> See <http://cpi.transparency.org/cpi2013/>

No populous country in the world is more vulnerable to natural disasters than the Philippines, and the past year saw two disasters that would challenge the capacity of any government to respond: first the massive October 2013 earthquake in Bohol, which registered 7.3 on the Richter scale, followed the next month by Super-Typhoon Haiyan. The latter, known in the Philippines as Yolanda, was estimated to be the strongest storm ever to make landfall and caused more than 6,300 deaths across in the central Philippines. In response to these two disasters, an enormous international relief and reconstruction effort was given critical support by Australia.

The Philippines is also home to two of the longest-running insurgencies in the world: Muslim rebel groups fighting for autonomy in the South and a communist insurgency found throughout many parts of the country. Major breakthroughs in negotiations between the Government and the Moro Islamic Liberation Front (MILF) led to the March 2014 signing of the Comprehensive Agreement on the Bangsamoro. But there are still many challenges ahead as an omnibus Bangsamoro Basic Law must not only pass Congress but also survive likely challenges in the Supreme Court and proceed to a plebiscite in areas proposed to be encompassed by the new autonomous entity. The September 2013 siege of Zamboanga City, led by armed supporters of the rival Moro National Liberation Front (MNLF), resulted in urban encounters that displaced thousands and left more than 135 dead.

The Aquino administration continues to have strong reform objectives going into the final two years of its term but there is already increasing public attention to the election of the next president in May 2016. The priorities of the next president may not mirror those of Aquino, and a degree of discontinuity can be expected—not only to legislative coalitions within a context of fluid political parties but also across a bureaucracy in which roughly 10,000 senior posts<sup>6</sup> are direct appointees of the president. The recent Supreme Court abolition of legislators' constituency development funds adds a further element of uncertainty to the political landscape, as the disbursement of these funds has in the past commonly been a critical lever for Philippine presidents to push their agendas through the House and the Senate.

### **The aid program in the Philippines**

Australia is the largest bilateral grant aid donor to the Philippines.<sup>7</sup> Yet even at approximately \$176 million in 2013-14, Australian aid is small in comparison to the Philippine Government budget of \$46 billion. Australia continues to work on a select group of sectors where we can make the greatest impact. Our aid dollars are having an impact in catalysing reforms, assisting policy formulation and supporting the Philippine Government efforts to improve the quality of

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<sup>6</sup> Constantino-David (2007) as cited by Monsod in *The Philippine Bureaucracy: Incentive structures and implications for performance*, Human Development Network, 2008/2009.

<sup>7</sup> CY 2013 ODA Portfolio Review, accessed at <http://www.neda.gov.ph/?p=3526>, accessed on 02 September 2014.



their own programs. Australia's priorities were recalibrated in early 2014<sup>8</sup> in response to new priorities of the Australian Government and the scale of humanitarian assistance required in the wake of Super-Typhoon Haiyan. Australia's aid program in the Philippines works toward the overarching objective of '*promoting prosperity, reducing poverty and enhancing political stability*'.

- › *Partnering on education reforms.* Australia is working with the Philippine Government and with business organisations to implement reforms and provide additional classrooms for overcrowded schools. The new Basic Education Sector Transformation (BEST) program will improve the quality of education through better trained teachers and improved school curriculum. In the Autonomous Region of Muslim Mindanao, the region with the poorest education outcomes, Australia provides a comprehensive program that aims to reduce the gap in school participation and learning achievement.
- › *Enhancing the foundations for sustained economic growth.* This new pillar supports the Australian Government's economic diplomacy agenda by expanding on already influential investments in infrastructure. We give critical support to national government implementation of public-private partnerships for priority infrastructure projects, promoting increased private sector participation through better and more transparent procedures. We will deepen our partnerships with reform advocates to address key binding constraints to growth as the Philippines prepares for more open trade regimes, including within ASEAN.
- › *Promoting better disaster preparedness and response.* Disasters drive families into poverty and cut national growth rates. Australia is working with the Philippines to improve technical knowledge on hazards and disasters as well as increase disaster preparedness of national and subnational governments. Programs are implemented in partnership with Australian agencies to share expertise and build technical linkages with local counterparts.
- › *Improving conditions for peace and security.* Australia's national interests in regional political stability motivate aid programs in Mindanao that support a more credible and widely supported peace agreement, increased institutional capacity to implement the agreement, and stronger local mechanisms for averting the escalation of violence.
- › *Governance and Gender:* Our governance work addresses the weakness of public institutions at both national and subnational levels - within a context in which many service delivery responsibilities have long been devolved to provinces, cities and municipalities. We partner with government agencies as they build technical skills and adopt more transparent and accountable processes of public expenditure, including incentivising better performance from local governments. The nimble and innovative Coalitions for Change program builds networks and coalitions for policy reform. While the Philippines ranks highly on most gender indices, attention to gender is essential if the fruits of development are

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<sup>8</sup> The recalibrated aid priorities reflects the agreements made with the Philippine Government during the Philippines-Australia Ministerial Meeting (February 2014)

equitably shared by women and girls as well as men and boys. Gender considerations will be applied more consistently across the entire aid program.

## Expenditure

Australia's total overseas development assistance (ODA) to the Philippines in 2013-14 amounted to \$176 million, with 68 per cent allocated to DFAT's bilateral aid program. Other ODA flows included global and regional programs, funding through other Australian Government Departments (such as the Australian Centre for International Agricultural Research) and emergency humanitarian funds.

Table 1 Expenditure in FY 2013-14

Objective	A\$ million	% of bilateral program <sup>9</sup>
Objective 1 Partnering on education reforms	54.3	30.8%
Objective 2 Enhancing the foundations for sustained economic growth	11.4	6.4%
Objective 3 Better disaster preparedness and response	61.0	34.6%
Objective 4 Improving conditions for peace and security	4.8	2.7%
Objective 5 Building stronger institutions for accountable and inclusive governance	29.3	16.6%

Source: Budget Statistics Section, External Budget Branch and Aidworks

## Progress towards objectives

At the mid-point of implementing the 2012-2017 country strategy, Australia has made significant progress towards meeting its five objectives. Program progress is measured based on the performance of initiatives as reported in Quality at Implementation (QAI) reports and independent reviews for selected initiatives. Progress was measured against what was expected for the period and as much as possible, based on target milestones in the Performance Assessment Framework (PAF).

Table 2 Rating of the program's progress towards Australia's aid objectives

Objective	Previous Rating	Current Rating
Objective 1 Partnering on education reforms	Green	Green
Objective 2 Enhancing the foundations for sustained economic growth	Amber	Green
Objective 3 Better disaster preparedness and response	Green	Green
Objective 4 Improving conditions for peace and security	Green	Green
Objective 5 Building stronger institutions for accountable and inclusive governance	Green	Green

<sup>9</sup> As a percentage of the total ODA allocation (i.e., \$176 million).

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## Objective 1: Partnering on education reforms

Rating: Green

The objective is rated green because the program was performing as anticipated by initiating crucial institutional changes to support nationwide education reforms and improving access for school children in economically disadvantaged communities, including the conflict-affected areas of the Autonomous Region of Muslim Mindanao.

The Philippines Program Education Delivery Strategy (2013-23) was approved in February. It articulates the program's approach to supporting the transformative education reform agenda of the Philippine Government. This adds three years of mandatory schooling (kindergarten and grades 11 and 12) to bring the education system up to international standards. It also requires a complete overhaul of the school curriculum, and re-training of teachers to deliver it. This is critical to increase Filipino graduates' competitiveness as the Philippines prepares for the ASEAN economic integration in 2015.

The Australian Government, as announced by Foreign Minister Bishop (February 2014), is providing \$150 million funding assistance (through BEST) over six years to help achieve the goal of helping girls and boys gain the competencies and skills to make an increased contribution to inclusive growth and stability of the Philippines.

To ensure the institutional readiness of the Department of Education (DepED) to effectively implement its education reform agenda, an organisation restructuring plan of the department was finalised and approved with high-level technical assistance provided by Australia's aid program. This was complemented with leadership training to officials who are the prime movers in implementing the organisational and institutional reforms within the DepED. More than 10,000 teachers and education managers have been trained to implement the new K-12 curriculum.

Partnerships have also been mobilised between Australian and Philippine universities, the DepED and the Commission on Higher Education, to work on curriculum standards, learning assessment, and teacher quality standards – core requisites for quality education. A partnership was also established with a private sector organisation that will provide at least 1,000 scholarships for public school teachers.

Australia is supporting social protection policies and programs that are helping to alleviate poverty and ensure that children from disadvantaged groups can attend school. Technical assistance to the Department of Social Welfare and Development (DSWD) informed the expansion of the conditional cash transfer program to cover families with children in secondary



school (up to 18 years old) on the premise that high school graduates have better employment and income earning opportunities than those who only complete primary education. Australian-funded research also influenced DSWD policies that are more inclusive for children with disabilities. This expansion benefited 3.9 million poor families in 2013 – an increase from the 3.1 million families covered in 2012.

To assist the school enrolment of poor and disadvantaged children, Australia's aid investments supported school infrastructure and implementation of alternative delivery models in remote and indigenous communities.

- › In 2013-14, with Australia's assistance 1,540 classrooms, early learning centres and community learning centres were constructed or repaired. In the Autonomous Region of Muslim Mindanao, an additional 75 schools were supported during the annual school maintenance week and 337 toilets were built or repaired in schools. A partnership with a private sector organisation was established to build 252 classrooms in BEST-supported regions including Typhoon Haiyan-affected areas. Australian assistance in classroom construction was able to demonstrate best practice building processes including designing for accessibility for students with disabilities which is now being considered for nationwide adoption by DepED.
- › Australia's targeted support for the education of indigenous peoples (IP) enabled the DepED to roll-out a national indigenous people education framework in line with the principles of inclusion and empowerment, and a new policy recognising education programs run by non-government organisations for indigenous people. With Australia's assistance, culturally relevant teaching and learning materials in local languages were developed and provided to 124,500 indigenous and Muslim children including children with disabilities.
- › Australia supported the operations of 1,460 alternative community learning centres, such as the *Tahderiyah* (Islamic pre-school) and community 'schools' that are delivered by the NGO, BRAC. Both these approaches support a curriculum that fits the local culture and needs and have improved the chances of poor and disadvantaged students completing a basic education.
- › The Australian Government also assisted in the training of 4,014 out-of-school youth (65 percent of whom are boys) with livelihood skills (technical and vocational) to further increase chances of employment and potentially reduce the likelihood of being recruited by armed groups.

## **Objective 2: Enhancing the foundations for sustained economic growth**

Rating: Green

The objective is rated green from amber rating last year. Program progress was as anticipated, particularly with regard to the management of the Provincial Road Management Facility (PRMF) and the support to the PPP.

Australia provided \$28.57 million funding support through the ADB, the WB, and the IFC to assist the Philippine Government to implement its PPP program. Our support included the

engagement of transaction advisers that enabled the Philippine Government, through the PPP Centre to scale up procurement for PPP projects. Australia's investment contributed to the preparation and awarding of seven priority PPP projects, including the Ninoy Aquino International Airport Expressway (USD360 million). This project alone will mobilise USD250 million of private sector investment, representing over 200 times the aid investment. The PPP Centre also signed a Memorandum of Understanding with the New South Wales Government (a twinning arrangement) focused on knowledge sharing on PPP practices.

The Partnership Awards, organised by a UK-based finance magazine *The Partnerships Bulletin*, awarded the Philippines PPP Program the Gold Award for Best Central Government PPP promoter in June 2014. The award recognised the Philippine Government for building a robust PPP program pipeline, diligently rolling out structured projects, improving policies and processes, and improving the capacity of PPP institutions.

After a period of direct management by DFAT, the operational management of PRMF was handed over to a Supporting Contractor in October 2013, and a Facility Management Group (FMG) was tasked with the strategic direction and management of the partnership with the ten provincial governments. This was a significant achievement for 2013-14. The management changes include greater involvement of the Department of Interior and Local Government (DILG) in the management and operations (through the FMG) of the PRMF, including taking on the role of procuring entity for physical works projects.

Covering the period that includes DFAT's direct management, Australia supported the rehabilitation of 22 kilometres and maintenance of at least 30 kilometres of provincial gravel roads in seven provinces. These numbers are as anticipated and reflect the fact that no new physical works were contracted during the period of Australia's direct management of the program. It is expected that the pace of procurement and implementation of local road projects will pick up over the next two years. The approach to capacity development in improving local road management systems across five reform areas (i.e. planning and budgeting, local revenue generation, procurement and contracting, internal audit and control, and human resource management) has been revised to be more specific to the particular needs of individual provinces. The Enhanced Tax Revenue Collection and Administration System (ETRACS), introduced by PRMF in 2010, has already raised real property tax collection of provinces by 47 per cent from the 2009 baseline figure. This cumulative value is equivalent to \$2.8 million which approximates the cumulative total increase in the provinces' investment in road maintenance.

Complementing Australia's support to provincial governments is our support to the local Chambers of Commerce in three PRMF-partner provinces. This catalytic activity led to the establishment of private sector coalitions that work with local governments (provincial, city, and municipal levels) to prioritise road investments based on value-chain analysis. This initiative has improved transparency and accountability and led to improved investment decisions benefitting economic and social development.

### Objective 3: Better disaster preparedness and response

Rating: Green

This objective is rated green as progress was as anticipated in both humanitarian response and disaster risk reduction and management (DRRM).

› *Humanitarian response*

Humanitarian assistance made good progress given the immediate response delivered by Australia in the wake of major disasters in 2013 – Typhoon Haiyan, the 7.3 magnitude earthquake in Bohol, and the humanitarian emergency triggered by the conflict in Zamboanga.

On 8 November, at least 6,300 people were killed, 4 million people lost their homes, and 5.6 million people had their livelihoods destroyed by Super-Typhoon Haiyan. Australia contributed \$41 million to provide immediate and life-saving needs of over three million people. Australia also deployed a 37-member Australian Medical Assistance Team and put up a mobile field hospital in Tacloban where 3,281 patients were treated and 238 surgeries were performed. The Royal Australian Air Force fielded 230 missions that transported over 1,800 metric tonnes of relief goods, ferried 200 officials and humanitarian workers, and evacuated at least 3,300 survivors. Over 500 personnel of the Australian Defence Force joined operations to clear debris and to repair 16 schools in and around Ormoc, Leyte, allowing 15,000 children to go back to school.

Australia recognised the huge challenge in helping four million people recover from this devastation and is providing \$36.3 million in recovery assistance. This will support the construction of 500 classrooms and 75 day care centres, small grants for livelihood and economic recovery assistance to over 100,000 affected families, and building the disaster preparedness and resilience of 12 local governments and 150 communities benefiting 430,000 people. Three Australian Civilian Corps personnel have also been providing technical expertise to support Philippine Government efforts in assessment, planning and coordination, and increasing the resilience of vulnerable communities. Their technical expertise contributed to the completion of the Comprehensive Recovery and Rehabilitation Plan for Typhoon Yolanda (Haiyan) affected areas.

On 15 October, the 7.3 magnitude earthquake largely devastated the province of Bohol. In response to Philippine Government and UN appeal, Australia provided \$2.1 million for food and essential emergency supplies, water and sanitation facilities, shelter recovery, and debris clearing (cash-for-work)-helping over 34,000 people. With the massive devastation of road infrastructure, \$5 million was re-allocated to support the repair of up to 114 kilometres of local roads. An additional \$1 million was reallocated for livelihood recovery support to about 100,000 people.

On 9 September, forces of the Moro National Liberation Front seized the city of Zamboanga. Over 10,000 homes were destroyed and more than 135 people were killed. In response, Australia released \$290,600 worth of prepositioned relief supplies (held by the Philippine Red Cross, UNFPA, and WFP) within 48 hours of receiving a request for assistance from the Philippine Government. The prepositioned rice, family packs of essential emergency supplies

(sleeping mats, blankets, mosquito nets and jerry cans), and reproductive health and hygiene kits benefitted 21,078 people affected by the conflict including more than 13,000 indigenous people and 2,358 pregnant and lactating women. Australia also provided \$500,000 through UNICEF and Community and Family Services International (CFSI) for education support and child protection and psychosocial counselling benefiting more than 70,500 beneficiaries.

› *Disaster Risk Reduction and Management Programming*

Australia's assistance with mainstreaming disaster and climate risk management into development and decision-making processes of government partners continues to progress well, but some delays were experienced due to the string of disasters that afflicted the Philippines during the year. Our support through Geoscience Australia and partnership with the Philippines National Disaster Risk Reduction and Management Council provided for the production of multi-hazard maps, exposure database, and disaster and climate risk profiles now being used by 24 cities and municipalities in Metro Manila and surrounding areas. This is critical in preparing Metro Manila residents and in improving infrastructure so that the loss of life and damage to social and economic infrastructure are minimised. Australia also provides parallel assistance to local governments to work with other stakeholders in land use planning and zoning, and implement appropriate disaster response and management strategies. As a result, 37 communities in Metro Manila have been educated on potential impact of disasters and have been trained on disaster preparedness. Our support also facilitated the government's adoption of the Supplemental Guidelines on Integrating Disaster Risk Reduction and Climate Change Adaptation into Comprehensive Land Use Planning, which is now being used by cities and municipalities in updating their comprehensive land use plans and zoning ordinances. Likewise, the Guidelines on Disaster Audit and Accounting were adopted by the Commission on Audit on April 2014 and are now being rolled out to state auditors in all government agencies.

Australia continues to expanded its assistance to areas affected by previous typhoons (Bopha in 2012 and Washi in 2011) to support recovery and efforts to build back better. Through our assistance, the capacity of local officials in four provinces was increased in terms of generating multi-hazard and risk maps, land use planning, and delivery of community-based disaster risk management plans.

Australia is supporting the Philippine Government's strategy of providing safer housing options and relocating informal settlers living in danger zones (alongside Metro Manila waterways). As a result of this assistance, the first detailed demographic analysis of informal settlers in Metro Manila was undertaken, informing resettlement planning and improving the delivery of social services. Two community-generated resettlement programs are now benefitting 3,000 informal settler families (funded by the Philippine Government) and 60 communities with a high number of informal settlers, have been trained on community-based disaster risk management.

#### **Objective 4: Improving conditions for peace and security**

Rating: Green

The objective is rated green. Program progress was as anticipated and was able to adapt to the changing political context, particularly in response to the signing of the Comprehensive Agreement on the Bangsamoro.

The Philippine Government and the Moro Islamic Liberation Front (MILF) successfully concluded peace negotiations through the Comprehensive Agreement on the Bangsamoro. Australia's support to the peace process was publicly acknowledged by President Aquino in his speech during the signing of the agreement (27 March 2014): "*We likewise thank all our partners... Australia and New Zealand for the Facility for Advisory Support for Transition Capacities (FASTRAC); and Australia once more for the OPAPP-DFAT Technical Assistance Facility and the Basic Education Assistance for Mindanao.*" In response to this landmark agreement, Australian Foreign Minister, Julie Bishop, announced additional support to help boost institutional capacity to implement the peace agreement.

Australia's investments to peace and stability are relatively modest but the flexible nature of our small grants allowed for successful partnerships between government, non-government, and donor agencies. One grant supported a range of workshops on business climate and investment with results used as inputs to the Bangsamoro Development Plan. Our support to the Coalition for Bangsamoro Civil Society enabled local organisations to monitor and report on progress of governance reforms in the Autonomous Region of Muslim Mindanao. Australia's support through bilateral and multilateral modalities has provided the Philippine Government Peace Negotiating Panel and the Bangsamoro Transition Commission access to both local and international experts during the negotiations and early parts of the transition period. It is also helping ensure that the peace process is more credible and widely supported by funding multi-sectoral consultations which serve as avenues for participation of various stakeholders, especially women. Australia provided technical and operational support to the Bangsamoro Transition Commission, and reconstruction and socio-economic development support in conflict-affected communities.

Australia was able to engage in a wide range of policy discussions about the current Autonomous Region of Muslim Mindanao and the future Bangsamoro. Our Technical Assistance Facility with the Office of the Presidential Adviser on the Peace Process (OPAPP) allows Australia to engage with key stakeholders in the peace process. Australia also deployed an Australian Civilian Corps member to serve on the Independent Commission on Policing who, upon the joint request of the Philippine Government and Moro Islamic Liberation Front Peace Panels, provided advice on appropriate policing arrangements in the Bangsamoro.

Australia makes a significant contribution to peace and stability in conflict-affected areas of Mindanao through strengthening the education sector through the Basic Education Assistance for Mindanao – Autonomous Region for Muslim Mindanao program. Education is a development priority for the MILF and Bangsamoro Development Authority, and the role Australia is playing is acknowledged by them and by President Aquino.

DFAT has increased its engagement with the Moro Islamic Liberation Front in recognition that it is a partner and a major stakeholder for peace and stability in Mindanao. The improving relationship and open communication lines with the group has informed our programming in responding to the development priorities of their associated communities.

A new program of support has also been designed, *Building Autonomous and Sustainable Institutions and Communities in the Bangsamoro* (BASIC Bangsamoro) that is more targeted and focuses on assisting the transition to the Bangsamoro and will commence in the financial year 2014-15.

## Objective 5: Building stronger institutions for accountable and inclusive governance

Rating: Green

This objective is rated green because of the strong progress across a number of foundational investments such as institutional strengthening in the areas of human resource and organisational development, public financial management; and increasing civil society and private sector participation in policy reforms. Our investments work across the other four objectives in achieving program wide outcomes.

### › *Development entrepreneurship and civil-society based approaches*

DFAT's partnership with The Asia Foundation is supporting Australia's foundational objective to promote stronger institutions for accountable and inclusive governance in the Philippines. The Coalition for Change (CfC), the program centrepiece managed by the partnership (\$20.45 million), is designed to form coalitions among civil society, private sector and government and create platforms for dialogue and influence public policy that are crucial to achieving Australia's and Philippines' development priorities. An independent review team found CfC to be highly innovative and successful (December 2013), noting that CfC, and more broadly the partnership with The Asia Foundation, is a "highly relevant program" to the Philippines context and to the Australian aid objectives adding that "it is the right thing to be doing, in the right place, and the right time."

To date, CfC has worked with 173 civil society organisations in Australia's priority sectors to access policy dialogue opportunities with government. Of the 13 policy reform areas, CfC has successfully brokered the passage of seven reforms. One example is the formation of coalitions with private groups to influence local government road investment planning, and ensuring that infrastructure investments are transparent, accountable, and prioritised to impact on social and economic development.

### › *Human resource development and institutional strengthening*

Strengthening the capacity of the civil service is recognised as essential to the development of the Philippines. Government departments require effective structures and public servants need adequate skills and knowledge to perform their roles.

Australia currently supports 15 Philippine public institutions to improve systems and practices on human resource management and organisational development through short-term training, post-graduate scholarships (through Australia Awards), and workplace coaching and mentoring. These institutions are Australia's key strategic partners. Australia's main counterpart agency, the Philippines Civil Service Commission, noted that DFAT is the only donor agency in the Philippines that directly supports public servants to improve their skills, knowledge, and integrity.

Australia has mobilised and provided pre-departure support to 120 awardees for the 2013 Australia Awards intake. All scholars developed a re-entry action plan that facilitated an effective and smooth transition to work on return from their studies. Our support through the Human Resource and Organisational Development Facility has also trained 1,043 public



servants. An independent assessment found that all of our key partners registered significantly improved scores in organisational capacity, staff competency, and ability to pursue and manage organisational change.

Our aid program forged partnerships between Australian and Filipino universities to pursue jointly accredited degree scholarship programs in priority fields of study. Four institutional partnerships have already been established to deliver joint courses including human resource management, education, mining and mining-related courses.

› *Public financial management (PFM)*

Australia through the Public Financial Management Program (PFMP) supports the implementation of the Government of the Philippines PFM Reform Roadmap. The Government of Australia committed \$30 million over five years to the program. The reform process seeks to improve accountability and transparency of Government expenditure. The PFMP was subject to an independent progress review (January to March 2014) which recommended that the program continue until June 2016.

Australia's assistance in the implementation of the treasury single account by the Government in preparing the 2014 budget resulted in savings of \$10 million through the rationalisation of dormant bank accounts. Further significant savings are expected through better cash management practices allowing for reduced borrowings. The Australian-supported procurement of the Government Integrated Financial Management Information System (GIFMIS) is progressing towards implementation and rollout in 2015. Australia's support to the Commission on Audit (COA) for its citizen participation in public audits was publicly recognised when COA won a Bright Spot award given by the Open Government Partnership.

› *Gender equitable and inclusive development approaches*

Gender is a high priority for Australian aid program in the Philippines. Gender equality outcomes are taken into account in almost all initiatives and partnerships. However, there are initiatives that address gender specific outcomes. The education delivery strategy has key outcomes in basic education, particularly reducing drop-out rates of boys. The institutional and management systems that are being developed in the DepED with Australia's support will enable the government to come up with targeted support. Our small investment with the UN on Maternal Neonatal Mortality Reduction supports the government's target to reduce the incidence of maternal and newborn mortality. Our humanitarian assistance includes providing feminine hygiene kits and designating "women and child-friendly spaces" to reduce possible incidence of sexual abuse. As part of our support for Haiyan recovery, the Philippines Australia Community Assistance Program (PACAP) has targeted women's groups for livelihood support. It is recognised that there is an opportunity to further improve gender results monitoring and reporting, and to better articulate gender strategies particularly for peace and stability, economic empowerment, and the foundational governance activities and partnerships.

The aid program has identified specific support needed to promote disability-inclusive development. In our support to classroom construction, accessibility features have been integrated in the design of public school buildings and is being considered by the DepED as a suitable model for all public schools. Through the partnership with The Asia Foundation, Australia supported the Fully Able Nation campaign that enabled 65,000 people with disability

to register for the 2013 elections. The Philippines-Australia Community Assistance Program will also continue to fund livelihood programs for people with disability and their families. Funding was also provided to civil society organisations that are working to assist people with disability adversely affected by natural disasters.

## Mutual Obligations

The Development Plan (2011-2016) is focussed on addressing the fundamental impediments to inclusive growth—low economic growth, high income inequality, and governance challenges, by seeking to generate inclusive growth, uplift the poor, and protect the vulnerable. The PDP was the anchor for the bilateral development agreement between Philippines and Australia, through the Statement of Commitment (SOC) signed in March 2012. The Philippine Government is making significant progress in its eight commitments under the SOC:

Philippine Government commitments	Progress
Increase public expenditures, through the General Appropriations Act, in basic education and support to local government units through performance-based mechanisms	<p>Budget allocation to education has increased year on year: 2011 – Php 207.3 billion, 2012 – Php 238.8 billion, 2013 – Php 292.7 billion, and 2014 – Php 336.9 billion. The DepED receives the biggest budget allocation among government agencies.</p> <p>The incentive package for local governments (the <i>Performance Challenge Fund</i> or PCF) increased from Php 500 million to Php 1 billion in 2012. This was temporarily put on hold in 2013 as it reviews and expands its transparency and accountability measures (<i>Seal of Good Local Governance</i>) for local governments to qualify for the PCF.</p>
Accelerate implementation of the basic education reform agenda	The Kinder to Grade 12 (K-12) program was approved in 2012 through the Enhanced Basic Education Act. The new K-12 curriculum has been completed and already implemented in at least 6 grade levels.
Continue investing in human resource management and development for all levels of government bureaucracy to improve service delivery and public sector accountability	The Civil Service Commission is implementing its <i>Strategic Performance Management System</i> and the <i>Program to Institutionalise Meritocracy and Excellence</i> in human resource management. It is also reviewing the Civil Service Code. The <i>Seal of Good Housekeeping</i> (compliance of local governments to transparency and accountability measures) is being expanded to the <i>Seal of Good Local Governance</i> to include measures on core service delivery.
Ensure sufficient resources for the implementation of the national slum upgrading strategy, and the PFM reform roadmap	<p>As a priority, the government allocated a Php 50 billion housing finance facility for informal settlers living in danger zones (Oplan LIKAS). It also continues to implement the Community Mortgage Program as a regular facility for informal settlers to acquire properties they have been occupying.</p> <p>The PFM reform road map is in train after a slight delay in the procurement of the GIFMIS. However, the single treasury account was already used in the preparation of the 2014 budget.</p>

Curb corruption to ensure that resources are effectively and efficiently used for the delivery of public goods and services	<p>The Freedom of Information Bill is yet to be enacted into law. However, already in place are the Open Governance program of the national government agencies and Full Disclosure Policy (FDP) for local governments, which require posting of budgets and procurement activities in government websites and information portals (e.g. Full Disclosure Policy Portal <a href="http://fdpp.blgs.gov.ph/">http://fdpp.blgs.gov.ph/</a>). At least 81% of local government units are compliant to the FDP in 2012.</p> <p>The Commission on Audit is also more proactive in conducting audit and publishing their findings. These audit findings have been used by the anti-graft court to file cases against public officials.</p>
Strengthen mechanisms to further boost citizen's access to information and booster the quality of their participation in local governance	<p>The Bottom-up Budgeting process (recently renamed Grassroots Participatory Budgeting Process) and the National Community Driven Development Program both institutionalise community participation in identifying priority development projects of national agencies and local governments in areas with the highest concentration of poor people.</p>
Work towards building safer and disaster-resilient communities	<p>Preparatory activities towards achieving its long-term action plan for climate change and disaster risk reduction and management (DRRM) include: the passage of the People's Survival Fund in 2012 for local governments, completion of climate change projection at the provincial level, implementation of Nationwide Operational Assessment of Hazards (NOAH), and mainstreaming of climate change and DRRM in land use plans.</p>
Exert all efforts to win peace and ensure national security through negotiated political settlements of all armed conflict and implementation of complementary development tracks to address the causes of conflict	<p>Peace negotiations with the Moro Islamic Liberation Front culminated with the signing of the Comprehensive Agreement on the Bangsamoro in March 2014. The Bangsamoro Basic Law is already being drafted for submission to Congress (certified as priority and urgent by President Aquino). The government's PAMANA program (trans. <i>Peaceful and Prosperous Communities</i>) is being implemented in seven conflict areas to provide livelihood and job opportunities, and to increase community participation in local peace and development initiatives.</p>

## Program Quality and Management

The Philippine program continues to consolidate initiatives and agreements for improved efficiency. Initiatives were reduced to 25 from 46 in 2010, a reduction of 45 per cent, which exceeded the agency consolidation target. The Human Rights Initiative and the Supporting Peace in Mindanao (SPIM), both small grant facilities involved the administration of numerous low-value contracts, requiring significant management overheads, ended in June 2014. The Program also reduced the number of agreements to 107 from 230 in 2012, but 22 new agreements are a consequence of the scaled-up humanitarian response to Super-Typhoon Haiyan.

The Performance Assessment Framework (PAF) was finalised and approved in early 2014. This enabled Post to fully consider the new priorities of the Australian Government and the revised framework of the aid program approved by the Foreign Minister in February 2014. This greatly aided in initiative reporting and in generating the aggregate development results.

Independent reviews were conducted for six initiatives—three of which are mid-term progress reviews (CfC, PFMP, Social Protection Initiative), and three are completion reviews (SPHERE, PRIME, and Classroom Construction Initiative). Across these initiatives, the independent reviewers found DFATs aid investments to have achieved outcomes and contributed to the

shared development goals with the partner government, and that the quality of the assistance provided value for money. The CfC in particular was found to be highly innovative and successful – demonstrating the transformative role of partnership between civil society organisations (CSOs) and government in improving policy in 7 out of 13 areas of activity.

A common area for improvement is the effectiveness and efficiency of governance arrangements, particularly if support to a partner government agency is delivered through multiple modalities (i.e. managing contractor as direct program implementers, with technical and policy support provided by multilateral agencies and/or Civil Society Organisations). The evaluations recommended reviewing and clarifying roles and responsibilities among the different program implementers, and to ensure quality engagement with the partner government. At least two initiatives need to improve their Monitoring and Evaluation (M&E) system. Specifically for CfC, the review recommended the development of an effective and more 'elegant' M&E system, to better capture its innovative approach.

The aid program was also audited by the Performance and Practice Management Audit Section in May 2014 and results will be reported in the next APPR.

### **Analysis of Quality at Implementation Reports<sup>10</sup>**

A total of 16 QAI reports were prepared and submitted for FY 2013-2014 with two initiatives securing exemptions. QAI moderation was conducted by the Director and the Performance and Quality Manager from the Philippines Desk in Canberra. Thematic groups, including the gender team provided feedback and attended the moderation meetings. The moderators found that performance narratives were more coherent and accessible than the previous year. The moderators used a standardised approach to check for reliability and ensure consistency across the Program. This approach resulted in improvements in performance reporting including greater substantiation of quality ratings through the appropriate presentation of evidence.

PRMF was an “Initiative Requiring Improvement” for the past two years. The focus last year was to keep the program going as it manages the relationship with partner government and hand over operations to a supporting contractor. The 2013-2014 performance assessment reported that it has achieved its operational and management targets and achieved a satisfactory level of effectiveness over this period.

*Relevance.* All initiatives remain relevant to the development context in the Philippines. This reflects the appropriateness of the development approaches and program delivery to their particular context. Initiatives also demonstrated relevance to Australian Government priorities.

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<sup>10</sup> Refer to footnotes in Annex B.

*Effectiveness.* All initiatives are on track to meet their expected outcomes for the reporting period: 11 made strong progress and 5 made satisfactory progress.

*Efficiency.* Six initiatives were rated as highly efficient and eight achieved a satisfactory rating. Two initiatives (Social Protection Initiative and UN Maternal and Neonatal Mortality Reduction) were rated as unsatisfactory. The Social Protection initiative, in particular, was originally set up as a cluster of separate activities, with high administrative overheads. The UNDP implemented Maternal and Neonatal Mortality Reduction had significant implementation delays over the reporting period. Addressing these issues will be a priority for the year ahead.

*Monitoring and evaluation systems.* Six initiatives were found to have highly appropriate M&E systems, and eight were found to have satisfactory rating. Two initiatives reported M&E systems are unsatisfactory due to unreliability and poor timeliness of data.

*Gender equality.* The integration of appropriate strategies to advance gender equality and promote women's empowerment was rated highly for 12 initiatives and satisfactory for one initiative. However, three initiatives do not have appropriate strategies to advance gender equality and this will need to be addressed in the upcoming year.

*Sustainability.* All initiatives are well positioned to ensure that benefits will endure: 14 initiatives have demonstrated high levels of ownership and use of local systems; and two initiatives are mostly sustainable but require more focus on behavioural change.

### **Performance of key delivery partners**

The Philippine Government is the principal partner of Australia in implementing the aid program in agreed areas of strategic priority. We regularly engage with the National Economic Development Authority (NEDA) at the strategic level to confirm that Australia's priorities remain aligned with and contribute to the development agenda of the Philippines. The performance of Australia's counterpart government agencies in delivering on the Statement of Commitment are presented in the Mutual Obligations section. Complementing our core partnership with Philippine Government agencies, are the partnerships with multilateral organisations and international NGOs that provide complementary technical and analytical support to Australia's aid program.

The UN agencies (ILO, UNFPA, WFP, UNDP, UNICEF, WHO, OCHA) provided critical humanitarian support in the disasters that beset the Philippines in 2013. Though delivery of assistance was generally effective, it was noted that donor coordination could be improved particularly with regards to: effective engagement with affected communities, robust operational capacity, and efficient coordination to enable rapid deployment of assistance and to manage the surge of

international humanitarian workers, noting its potential to undermine or overwhelm local response efforts.<sup>11</sup>

Australia’s partnership with the World Bank is strong. The relationship with the World Bank through the DFAT-World Bank Philippines Development Trust Fund (also known as the Umbrella Trust Fund or UTF), and the Mindanao Multi-Donor Trust Fund (MTF) has improved, resulting in closer alignment of World Bank and Australian Government strategic directions and priorities. The World Bank has also taken on board the recommendations of the UTF 2012 midterm review including increasing visibility of Australia’s contributions and developing a more appropriate evaluation system to capture results and development outcomes of funded activities. Australia’s partnership with the ADB is limited to the highly successful joint funded PPP program (Canada also provides funding). We are highly satisfied with the ADB’s role in managing this program with Australian input limited to the strategic inputs.

DFAT’s partnership with The Asia Foundation (TAF) has allowed access to TAF’s networks of NGOs, national agencies, business people, local officials, legislators, academe, and media. TAF has been very responsive to Australia’s new economic diplomacy agenda as evidenced by the generation of new reform priorities and engagement with the private sector. TAF’s management of the Philippines-Australia Community Assistance Program, with close supervision of DFAT, has reaped positive public diplomacy gains for the Australian Government.

Through our education program, DFAT’s established partnerships with two private sector organisations, the Philippine Business for Social Progress and the Philippine Business for Education, effectively complement our support to classroom shortage and teacher training.

## Risks

Table 3 Management of key risks to achieving objectives

<b>Key risks</b>	<b>What actions were taken to manage the risks over the past year?</b>	<b>What further actions will be taken to manage the risks in the coming year?</b>
Delays in program implementation particularly on disaster risk reduction and management due to occurrence of major disasters and humanitarian crises.	Management decision to delay the design of DRRM initiative and to create a Humanitarian and Emergency Response team, separate from DRRM. Temporary staff put in place including short-term emergency response team and deployment of two Australian Civilian Corps Creation and training of expanded emergency response team in DFAT Manila.	Recruitment and posting of a First Secretary to manage Humanitarian and Emergency Response Team with additional staff complement Design of new DRRM initiative by end of the year.
Design of new aid investments for economic growth is delayed resulting	A separate Economics Section was set up during the DFAT integration process to provide greater focus to economic development.	Recruitment to fill in the staffing requirements of the Economics Section Continue engagement and develop buy-

<sup>11</sup> Inter-Agency Humanitarian Evaluation of the Response to Typhoon Haiyan in the Philippines



<p>in delays in meeting commitments and achieve economic growth objective.</p>	<p>Design process Initiated by consulting with government partners and relevant thematic areas in Canberra</p> <p>Development of technical assistance to government regulatory agencies as agreed by the Trade Minister and Philippine Government counterparts</p> <p>Ongoing aid initiatives integrated targets for economic growth including:</p> <ul style="list-style-type: none"> <li>• Agreement with key economic development agencies to participate in the HRODF.</li> <li>• Expansion to include economic policy priorities under the CfC</li> </ul>	<p>in of new aid investment with Philippine Government partners, DFAT senior executives (Post and Canberra), and other donor agencies in country.</p> <p>Development of options to continue support to PPP program</p> <p>Implementation of technical assistance on mining.</p>
<p>Australia's support to the peace process remains effective and flexible</p>	<p>Post redesigned our bilateral support to be more focused on the peace process through the targeted BASIC Bangsamoro program, to replace the broader small grant facility, SPIM.</p> <p>Australian support provided us with access to key stakeholders including the Peace Negotiating Panels and the Bangsamoro Transition Commission, keeping us informed of developments when programming.</p>	<p>Mobilisation of partnerships and implementation of activities under the new BASIC Bangsamoro program. BASIC retains the flexibility to respond to changes in the peace process.</p> <p>Complementary support through multi-lateral mechanisms, allowing for donor coordination for the peace process.</p>
<p>Prospects for realizing targets and promoting sustainability are constrained by slippages in procurement and difficulties within DILG as an agency to mobilise a program for local road management.</p>	<p>Development and implementation of delayed project recovery plans.</p> <p>Ongoing work and support to the Department of Interior and Local Government on developing a possible national program on local road management that integrates analysis, processes, policy options, and services developed through PRMF.</p>	<p>Seek approval for an extension to give time to fully implement the physical works recovery plan and embed sustainability mechanisms.</p> <p>Develop options to sustain PRMF reforms at the subnational level even without a national funded program.</p>

## Management Responses

The Philippines country program will continue to re-orient existing programming and design new investments to support the Australian Government's new aid policy and economic diplomacy agenda. In particular, DFAT will respond with a more direct focus on gender and aid for trade. The Philippines Country Program Gender Note will be updated to reflect Australian Government priorities and identify entry points for women's economic empowerment and leadership in peace-building, as well as developing a more appropriate M&E indicators for capturing outcomes from gender mainstreaming activities. Investments in aid for trade will be developed during the next year.

Negotiations with the Philippine Government on the new four-year Aid Investment Plan (AIP) will be carefully managed with consideration given to the existing Statement of Commitment agreed in 2012, and the revised aid objectives agreed in February 2014. The AIP will also consider the sustainability of reforms, which will be critical in the lead up to the next presidential election in May 2016. This will entail continuing engagement with champions in key partner agencies to embed critical reforms and deepening the partnerships with other stakeholders particularly the private sector.

DFAT will also monitor developments in the drafting and passage of the Bangsamoro Basic Law. If the law is passed in Congress this year, this may entail reconfiguring our program to align with the new Bangsamoro political entity.

DFAT will continue to support the Philippine Government with the long-term recovery efforts from Super-Typhoon Haiyan. The challenge is to ensure that our support will help unlock blockages and facilitate the rehabilitation of devastated areas in Eastern Visayas.

More broadly, all investments will address management response in QAIs particularly in areas that have been rated unsatisfactory. Management response to recommendations from independent reviews will also be addressed through the specific aid investments.

Operationally, DFAT will continue to ensure that the organisational changes brought about by the integration, i.e., new Post structure and new responsibilities, will contribute positively to the effective delivery of the aid program. Post will work to retain its development expertise by maintaining the high quality of its local staff.

## Annex A

### Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
Country strategy jointly agreed with Philippine Government	Achieved	Done. Further updates made and agreed with Philippine Government after the Philippines-Australia Ministerial Meeting.
Improving mutual accountability and results reporting <ul style="list-style-type: none"> <li>finalise a robust country strategy monitoring and evaluation framework</li> <li>develop the delivery strategy performance assessment frameworks for education and sub-national governance.</li> </ul>	Achieved	The Performance Assessment Framework (PAF) covering all sectors/initiatives was developed and approved in April 2014. The PAF already reflects the updated objectives of the aid program agreed in the February 2014 Ministerial Meeting.
Promote institutional reform and maintaining relationship with key partners <ul style="list-style-type: none"> <li>helping partners identify and embed good policy formulation and implementation in core systems, and continuing to engage with reform champions.</li> </ul>	Achieved	The HRODF provided support to 23 partner agencies in policy formulation and establishing systems.
Effective hand-over arrangements of A-based officers	Achieved	Transition to new DFAT integrated structure is ongoing.
Objective 1: Improved education <ul style="list-style-type: none"> <li>DFAT support to organisation and systems reforms to enable the Department of Education to implement the Kindergarten to Year 12 program.</li> <li>The Education Delivery Strategy will be finalised in 2013-14.</li> </ul>	Achieved	DFAT supported the organisational reforms in the DepED. The supported reforms include: quality assurance system for classroom construction, information management systems (to support planning and M&E), developing standards consistent with international benchmarks for teacher quality, curriculum, and learning assessment and school/community grants management scheme. The Education Delivery Strategy (2013 -2023) was finalised and approved in February 2014.
Objective 2: Improved local government capacity to deliver basic services <ul style="list-style-type: none"> <li>Hand over Provincial Road Management Facility operations to a new supporting contractor</li> <li>Development of a delivery strategy for sub-national governance as an overarching cross-cutting strategy supportive of other sectoral and thematic priorities of the program.</li> </ul>	Achieved	Handed over the operational management of PRMF to LBG as Supporting Contractor and mobilised a DFAT-led Facility Management Group for strategic management of the facility which included representative from partner government (DILG) A draft delivery strategy was developed but superseded by revised objectives of the aid program. Sub-national governance is now part of foundational and cross-cutting program.
Objective 3: Strengthened climate change adaptation and disaster risk management Promoting greater urban resilience to disasters and climate change and testing local models for safer settlements is the aim of the BRACE program.	Achieved	Although DFAT decided to withdraw from partnership with Taguig City, the agenda and model for safer settlement has already been taken up by the national government partner (DILG).
Objective 4: Improved conditions for peace and security <ul style="list-style-type: none"> <li>We should use our early contributions to multilateral facilities to promote donor coordination and support the Framework Agreement on Bangsamoro.</li> </ul>	Achieved	Further contributions to both Mindanao Trust Fund and Fastrac, indicates Australia's strong commitment to donor coordination and support for the Bangsamoro through multilateral mechanisms. Our support was recognised by the Philippine president at the signing of the CAB (27 March). Australia is an active participant in both facilities, formally at steering

- Streamline projects into a more focused program in keeping with the Mindanao Conflict Affected Areas Delivery Strategy.
- Maintain investment in monitoring and evaluation, research, and strategic communication in Mindanao to ensure that the programs remain on track and that we can respond to rapidly changing environments and high levels of personal and program risk.

Weak capacity in the ARMM Department of Education will need to be supplemented by implementing partners to maintain a momentum for reform.

*Objective 5: Supporting the foundation for accountable, transparent, effective and inclusive governance*

- Implementing the recommendations of the Human Resource and Organisational Development Facility mid-term review most notably actioning recommendations for of reforms.
- The development of a sector focused monitoring and evaluation plan for each component of the Coalitions for Change program.
- The challenge for the public financial management program is to carry forward the solid foundation of strategic, analytical and planning work accomplished to date into successful project implementation.



Achieved

committee meetings and at the technical level. Australia is recognised as a strong and effective proponent of donor coordination by government (OPAPP) and the WB and UNDP, being called on to participate in informal fora to contribute to strategy and positioning of facilities.

New program (BASIC Bangsamoro) designed with the primary objective to support the transition to the Bangsamoro - from the signing of the CAB (2014) to the establishment of a Bangsamoro government (2016). The new program will have 3-4 partners and support 3 of the objectives under the Mindanao delivery strategy; Peace process more credible and widely supported, Institutional capacity to implement peace agreement improved, Stronger local mechanisms for averting escalation of violence.

More regular travel to Mindanao is now possible allowing for M&E and communication, albeit in a restricted manner to accommodate security concerns. BASIC Bangsamoro has increased resources for M&E and a governance structure which requires regular (quarterly) interactions with partners.

All recommendations from the HRODF mid-term review have been addressed and are now included as part of the facility's business processes.

The M&E framework and system for CfC have been approved and are now operational. It is also now linked with knowledge management to disseminate lessons around its innovative practices.

The PFMP was subject to an independent midterm review in January to march 2014. This review recommended that the program continue until June 2016.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## Annex B

### Quality at Implementation ratings

Initiative name	Approved budget and duration <sup>12</sup>	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Basic Education Sector Reform (SPHERE)	\$51 509 578	2013	6	5	4	4	4	5
	05/01/2007 – 30/06/2014	2012	6	5	4	4	5	4
Classroom Construction Initiative*♦	\$25 192 320	2013	6	5	5	5	5	5
	15/12/2011 – 31/12/2014	2012	6	5	5	4	5	5
Basic Education Sector Transformation Program*	\$157 215 811	2013	6	5	5	5	6	5
	01/07/2010 – 30/06/2019	2012	6	5	6	4	5	6
Muslim and Indigenous Peoples Education Program	\$19 989 063	2013	6	5	5	5	5	5
	01/07/2008 – 30/06/2014	2012	5	5	5	5	5	4
Basic Education Assistance for ARMM	\$89 637 520	2013	6	5	4	4	5	5
	01/09/2009 – 30/06/2017	2012	6	5	5	5	4	4
Philippines Social Protection*♦	\$27 704 491	2013	6	5	3	4	6	5
	03/02/2009 – 30/06/2017	2012	6	5	4	4	6	4
United Nations Maternal and Neonatal Mortality Reduction*♦	\$20 383 623	2013	4	4	3	4	5	5
	30/05/2010 – 30/06/2016	2012	5	5	4	4	5	5
Supporting Peace in Mindanao*	\$15 416 042	2013	4	4	4	3	4	3
	15/06/2005 – 30/06/2015	2012	5	5	4	3	4	3
Philippines: Disaster and Climate Risks Management*	\$46 864 130	2013	6	6	4	4	6	4
	02/06/2006 – 31/12/2017	2012	6	6	5	4	6	4
Building Disaster Resilience of Manila Communities*♦	\$15 000 000	2013	6	5	4	5	6	5
	14/01/2010 – 30/06/2016	2012	6	5	4	5	5	6
Strengthening Public Private Partnership Program♦	\$26 277 692	2013	6	6	5	5	5	5
	22/03/2011 – 30/06/2016	2012	6	5	4	5	5	5
Provincial Road Management Facility♦	\$100 000 000	2013	4	4	4	4	4	3
	01/09/2009 – 30/06/2016	2012	5	3	3	4	3	3
Public Financial Management Program*	\$30 000 000	2013	5	4	4	4	5	5
	01/07/2011 – 30/06/2016	2012	6	5	5	5	5	5
Human Resource Organisational Development Facility*	\$73 830 130	2013	6	5	4	6	5	5
	23/03/2009 – 30/06/2019	2012	6	5	5	5	5	6
Australian Development	\$3 499 255	2013	6	5	4	6	5	5

<sup>12</sup> Indicate changes from last year's APPR in terms of approved amount (\*) and end date (♦).

Initiative name	Approved budget and duration <sup>12</sup>	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality
Scholarships – Philippines <sup>13</sup>	01/01/2010 – 31/12/2013	2012	6	5	5	5	5	6
AusAID The Asia Foundation Partnership Philippines*♦	\$33 930 001	2013	6	5	5	4	5	3
	01/07/2011 – 30/06/2017	2012	5	5	4	4	4	4
Philippines: Public Sector Linkages Program <sup>14</sup>	\$6 269 006	2013	5	4	4	3	4	3
	19/02/2004 – 31/12/2015	2012	4	4	4	2	3	1
Australia–World Bank Philippines Development Trust Fund*	\$49 992 805	2013	5	4	5	3	5	5
	01/06/2009 – 30/06/2016	2012	5	4	5	2	5	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

<sup>13</sup> Reviewed and reported (same QAI ratings) as part of Human Resource Organizational Development Facility (HRODF).

<sup>14</sup> PSLP Cluster Report prepared by the PSLP Section in Canberra and excluded in the number of QAIs prepared at post as stated in the APPR main report (Analysis of Quality at Implementation Reports).



## Annex C

### Evaluation and Review Pipeline Planning

> List of all evaluations and reviews completed in the reporting period.

<b>Name of Investment</b>	<b>Aidworks number</b>	<b>Name of evaluation</b>	<b>Date finalised</b>	<b>Date Evaluation report Uploaded Into Aidworks</b>	<b>Date Management response uploaded Into Aidworks</b>	<b>Published on website<sup>15</sup> (Estimated)</b>
Basic Education Sector Reform (SPHERE)	ING912	Report of the Independent Completion Review	31 May 2013	15 May 2014	15 May 2014	December 2014
Muslim and Indigenous Peoples Education Program (PRIME)	INH946	Independent Completion Review of the Philippines Response to Indigenous Peoples' and Muslim Education (PRIME) Program	3 June 2014	12 August 2014	For approval	December 2014
Classroom Construction Initiative (CCI)	INK346	Report of the Independent Completion Review (Classroom Construction Initiative)	3 June 2014	12 August 2014	For approval	December 2014
Philippines Social Protection : DSWD Technical Assistance Facility for Social Protection Reforms	INI 428 Activity 11A661	Independent Progress Review of the Technical Assistance Facility (TAF) for Social Protection Reforms	2 June 2014	August 12 2014	August 12 2014	December 2014

<sup>15</sup> Uploading of evaluation reports in the website are pending until release of new guidelines on publications.

Name of Investment	Aidworks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aidworks	Date Management response uploaded into Aidworks	Published on website <sup>15</sup> (Estimated)
Public Financial Management Program	INK078	Mid-Term Review (A formative and summative evaluation of progress towards outcomes)	March 2014	30 May 2014	13 August 2014	December 2014
The Asia Foundation Partnership Philippines	INJ839	Review of the Australia-TAF Partnership in the Philippines	22 January 2014	31 January 2014	For uploading but all management consequences have been addressed.	December 2014

> List of evaluations planned in the next 12 months

Name of Investment	Aidworks number	Type of evaluation	Purpose of evaluation	Expected completion date
BEAM ARMM	INH947	Independent Progress Review	The IPR aims to look at the progress of the program towards its intended outcomes, identify areas of improvement, review partnering modalities, and feed into the updating of the Program Design.	Q1 2014
Philippines Social Protection UNICEF Early Childhood Care and Development Activity	INI428 12B217	IPR	Assess progress at mid-point of implementation and recommendation for improvement; possible scoping of next engagement in this sector	Q2 2015
BRACE Program	INJ138	ICR	Verify initiative and program outcomes and inform design of a new DRRM program. The evaluation will commence in September 2014. Initial results of the evaluation will find into the design of the new DRRM program.  This will include the evaluation of the 3 agreements/projects implemented under the initiative: i) Enhancing risk analysis for Metro Manila; ii) Technical Assistance to DILG on ISF Program, and iii) Community-Based DRM for Taguig City	June 2015
Disaster and Climate Risks Management	ING581			

<b>Name of Investment</b>	<b>Aidworks number</b>	<b>Type of evaluation</b>	<b>Purpose of evaluation</b>	<b>Expected completion date</b>
DRR-CCA Integration Project	Agreement 50581	ICR	Verify program outcomes. The evaluation will form part of the work of the design of the new DRRM program.	December 2014
GMMA READY Project Project Climate Twin Phoenix	Agreement 58355 Agreement 62001	IPR	Improve existing programs. The evaluation will form part of the work of the design of the new DRRM program.	December 2014

## Annex D

### Performance Benchmarks 2014 -15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
More effective schools and teachers	500 new classrooms built	Through this support, Australia is contributing to improvements in learning environment (physical locations/spaces in which students learn) by building classrooms. The creation of a conducive learning environment is a contributing factor to increase student's participation and performance in school. This will also attract more parents to send and keep their children in school, thus increasing a number of children to access basic education services.
	BEST contracted and mobilised	Education represents 50% of Australian aid investment in Philippines and BEST is our main delivery modality of support. The benchmark aligns with and reflects the partner government's high priority interest in tackling poor education outcomes.
Deliver on the Australian Government's investment priorities to support economic growth	Finalise the design of a new investment to support economic growth	Economic growth is one of the key investment areas identified in the new aid policy and reflected in the revised aid country program strategy for the Philippines. Possible areas to be supported include infrastructure, aid for trade, and private sector development.
Improved transport infrastructure to support increased economic activity	360 kms of provincial roads rehabilitated or maintained	Rehabilitation and maintenance targets already identified by PRMF.
Enabling national and local agencies to provide leadership and work with local stakeholders in building resilience	5 government agencies produce hazard and risk models informing the development of 6 risk-sensitive local land use plans, and contingency plans and early warning systems of 115 barangays	As the most populous country prone to disaster, the Government of the Philippines prioritises disaster risk reduction and requested Australian assistance in enabling government agencies (including local government) to better prepare and respond to disasters.
Supporting the GPH and MILF in making the peace process more credible and widely accepted	Gender balance in consultations on the peace process: <ul style="list-style-type: none"> <li>• 2,000 women at public consultations</li> <li>• 35 women specific consultations</li> </ul>	The Philippines programs is helping to fulfil commitments made at AUKMIN in March 2014 to translate undertakings from the Declaration of Commitment to End Sexual Violence in Conflict into practical action; and the Foreign Minister's personal commitment, as a champion of the PSVI, to promote the initiative in our region. It also presents opportunities to promote the broader women, peace and security agenda, particularly in conflict-affected nations in our region.
Support partner government reforms to	Support the acquisition and	The implementation of the GIFMIS is a key enabler of Public Financial Management reforms

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
promote fiscal sustainability and improve public expenditure management.	implementation by the Government of the Philippines of a Government Integrated Financial Management Information System (GIFMIS).	envisaged by the Government of the Philippines. The GIFMIS will provide for the modernisation of GOP Budget process.
Government structures and human resource capacities are enhanced for more transparent, accountable and effective governance	7 new partners assisted in the development of their Human Resource Development Plans Facilitated 6 partnership agreements between Philippine and Australian academic institutions	Support the identified priorities of the Philippine Government for economic growth by developing their organisational and human resource management capacities of critical economic development agencies of the Philippine Government. In line with education objectives, the partnerships between Australia and Philippine institutions will provide high profile platform to promote education as a flagship sector of the aid program. It will also highlight Australia's international reputation as world class education provider, and contribute to strengthening local institutions in the Philippines.