RAPID ASSESSMENT OF PHILIPPINES COUNTRY STRATEGY 2004–2008

OCTOBER 2006

Australian Government
AusAID
Office of Development Effectiveness

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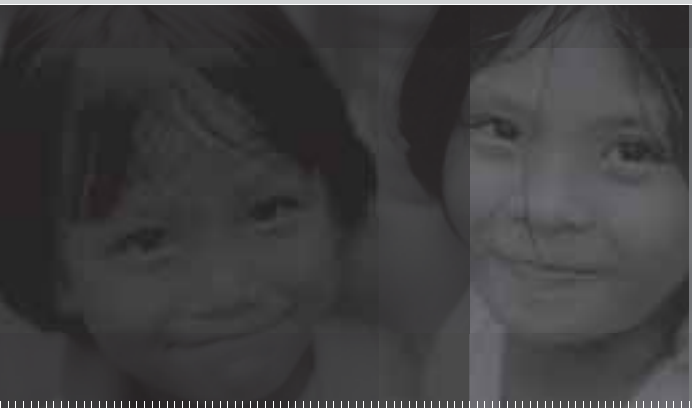

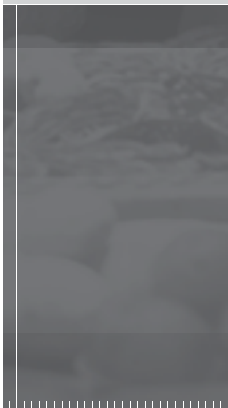

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ABBREVIATIONS AND ACRONYMS

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
ADS	Australian Development Scholarships
ARMM	Autonomous Region in Muslim Mindanao
ASEAN	Association of Southeast Asian Nations
CPS	Country Program Strategy
FAO	Food and Agriculture Organisation (United Nations)
FMD	Foot and Mouth Disease
GoA	Government of Australia
GoP	Government of the Philippines
ICR	Independent Completion Report
IFI	International Financial Institution
LGU	Local Government Unit
M&E	Monitoring and Evaluation
MEDCo	Mindanao Economic and Development Council
MTR	Mid-Term Review
NEDA	National Economic Development Authority
NGO	Non Government Organisation
ODA	Official Development Assistance
ODE	Office of Development Effectiveness
PACAP	Philippines Australia Community Assistance Program
PAHRDF	Philippines Australia Human Resources Development Facility
PALS	Philippines Australia Local Sustainability
PDF	Philippines Development Forum
PEGR	Partnership for Economic Governance Reform
TAG	Technical Advisory Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WB	World Bank
WHO	World Health Organisation
WofG	Whole of Government

EXECUTIVE SUMMARY

The White Paper on Australia's overseas aid program outlines a commitment to strengthen the effectiveness of aid. Integral to this is the upgrading of country strategies to give greater prominence to outcomes and provide a single framework for whole of government development efforts. The review of the Philippines Country Program Strategy (CPS) by the Office of Development Effectiveness (ODE) is part of the process of upgrading country strategies. Conclusions will feed into the development of a new CPS for the Philippines to cover the period 2007-2011.

Context

Around 30 per cent of the Philippines population live below the national poverty line.[1] A disproportionate share of the poor live in the Southern Philippines. Despite recent growth in the economy the high population growth rate means that per capita income growth is low and creating sufficient jobs is an issue. The Philippines has approximately 30 million people under the age of 15, with approximately one million labour market entrants per year.[2]

The aid environment is complex. Aid implementation can be stymied by delays in passing and enacting legislation and a lack of access to operational funds. Corruption is a serious constraint to development. The Philippines is vulnerable to a range of natural disasters and conflict in Mindanao and communist insurgency in other parts of the country remain a problem.

Since 2004, Australian Official Development Assistance (ODA) to the Philippines has totalled $118.1 million.[3] Australia is currently the fourth largest bilateral donor to the Philippines behind Japan, the United States and Germany. In 2006-07, Australia's ODA to the Philippines is estimated at $63.6 million.

Findings – achievement of objectives

The Philippines program has performed moderately well over the strategy period against its three stated objectives of:

> reducing impediments to broad based growth through stronger economic governance;

> improving security and stability in the Philippines; and

> improving the living standards of the rural poor in Southern Philippines.

Australia has supported highly successful initiatives which have helped improve the living standards of the rural poor in Southern Philippines. Several of the most successful of these reflect a long-term engagement by AusAID. For example, there have been improvements in the quality and access to basic education in Mindanao. The foot and mouth disease eradication program has made a major contribution to the declaration of most areas of Mindanao as foot and mouth disease free. This should flow onto enhanced trade opportunities and has resulted in infrastructure being developed that is being used to deal with swine fever, with the potential to help with Avian Influenza. The Agusan del Sur malaria project resulted in reduced malaria infection rates and is being replicated by the World Health Organisation (WHO) in other regions, with AusAID support.

There has been modest progress towards improving fiscal management and the environment for private sector investment, and good progress in transferring technical skills in counter terrorism. Support for the peace process in Mindanao has been well regarded by Government of Philippine representatives and other donors although there is a lack of performance and impact information to support a stronger conclusion.

1 World Bank: *Philippines at a glance.* 2004
2 ADB: *Asian Development Outlook* 2005;p 111
3 Figures include $54.5m for 2004-05 and $63.6m for 2005-06 (estimate)

Findings – strategy and management

Program management has been strong, particularly with respect to responsiveness, flexibility and initiative management. AusAID's participation in the Philippines Development Forum, a multi-donor consultative mechanism with government, and its working groups, has been constructive according to other donors. However, engagement with the Government of Philippines on broader strategic program and policy issues, vital in leveraging the influence and impact of the aid program, has been inconsistent.

There have been issues around the coherence and selectivity of aid interventions. The aid program focuses its resources in the Southern Philippines, at the expense of concentrating them at a sectoral level or around a particular reform agenda. This has resulted in a program that, while flexible and responsive, lacks focus. At a national level, selectivity and coherence is required to ensure that aid program interventions are targeted to where they can make a sustainable difference in a difficult operating environment. It is clear that the CPS was set at too broad a level to provide this guidance and direction.

Performance measurement has not been adequate for management or monitoring and evaluation needs. The country strategy performance framework was not finalised. Some initiatives had insufficient information to draw conclusions on effectiveness or impact. The plan to have team leaders report to AusAID on progress against country strategy objectives was not implemented.

In 2003 AusAID was completing its devolution of activity management to country offices (Posts). Over the course of the strategy period the Philippines Post has reported difficulties in accessing support services from Canberra. A high staff turnover in Australia created issues around continuity on strategic issues.

Conclusion

The Philippines aid program has performed moderately well over the period in review and has delivered some impressive returns. This provides a good platform on which an expanded aid program can build. Nevertheless, a number of weaknesses identified in the assessment will need to be addressed if the implementation of the White Paper in the Philippines is to be successful. These centre on program coherence and the ability of the new strategy to drive programming; the capacity of Australia (both AusAID and other relevant Government agencies) to engage with the GOP and key partners such as the international financial institutions on strategic program and policy issues; and an improved ability to assess and report on the effectiveness of a much larger Australian aid effort in the Philippines.

The new CPS will need to articulate clearly defined objectives for Australian assistance and address the lack of performance measurement. To this end, the mechanisms such as the biannual team leaders meetings and the Program Review and Advisory Group (outlined in the current CPS but not initiated) should be developed and expanded to encompass broader Australian government agency involvement.

If the program is to retain its geographic focus it will require a more strategic approach to coordinating Australian ODA activities in Mindanao. There will need to be a concerted effort to monitor the issue of donor crowding, given other donors' focus on Mindanao, and to look for opportunities to work with other levels of government to expand the impact of worthwhile interventions.

INTRODUCTION AND CONTEXT

1

1: INTRODUCTION AND CONTEXT

This chapter outlines the background and methodology for the rapid assessment and the economic, social and aid influences in the Philippines.

1 Background and methodology

1.1 The recent White Paper on Australia's overseas aid program outlines a commitment to strengthen the effectiveness of aid. Integral to this will be the upgrading of country strategies to give greater prominence to outcomes and to provide a single framework for whole of government development efforts.

1.2 The new approach to country strategies requires an overarching framework for development assistance, developed in consultation with partner governments, which focuses on demonstrating a clear link between country level objectives and program activities. There is increased emphasis on partnerships with governments, multilaterals, other donors and within the Australian government in the delivery of aid. Issues such as alignment with partner government systems are also to receive higher prominence.

1.3 The Office of Development Effectiveness was established to monitor the quality of and evaluate the impact of Australia's aid. This will include evaluating major country strategies towards the end of their implementation. The rapid assessment of the Philippines Country Program Strategy (CPS) is the first such exercise.

1.4 The approach to the rapid assessment was limited by the short time frame in which the review was undertaken, which was due in part to the need to produce lessons learned for development of a new country strategy (Terms of Reference are at Annex 1). The review combined the assessment of country strategy papers and independent monitoring, completion and evaluation reports with interviews with AusAID staff, Government of Philippines (GoP) representatives and other donors (Annex 2). A series of questions was developed around the criteria of relevance, efficiency, effectiveness and impact (Annex 3). Where available, information from AusAID's internal monitoring systems and quality and performance audits was used.

1.5 The short time frame available for the assessment meant that the team was unable to travel to the regions in which Australia is directing the majority of its aid. Instead, phone interviews were conducted with representatives of government at the provincial level. The team would also have benefited from spending more time consulting with program staff, particularly at the Post, where the majority of AusAID's institutional memory of the program is located.

1.6 The report is structured to examine program management, quality and efficiency issues in Chapter 2, and program effectiveness and impact against country strategy objectives in Chapter 3. Conclusions and recommendations follow in Chapter 4.

2 Context

2.1 The CPS was developed in 2003. In reviewing the CPS it is important to consider the relevance of the strategy to the context at the time, and subsequent changes. The Philippines Medium Term Development Plan (MTPDP) 2004-2010 was largely developed in 2003. The GoP priorities, as outlined in their MTPDP, emphasise private sector development (including in agriculture) to create jobs, quality education for all school aged children, fiscal stability, infrastructure provision (emphasising transport, power, water and telecommunications), and political stability with peace in Mindanao and all insurgency areas.

Peace and stability

2.2 The conflict in Mindanao and communist insurgency in other areas of the country remain a concern in the Philippines. In conflict affected areas the disruption of markets and transport, destruction of infrastructure and diversion of government resources and attention restrict opportunities for economic development. The dislocation of people and disruption of agricultural activities and community life exacerbate poverty in these areas.

2.3 The 2003 ceasefire with the Moro Islamic Liberation Front (MILF) has yet to be translated into a formal peace agreement although talks are progressing. Regions in Mindanao like the Autonomous Region in Muslim Mindanao (ARRM) and nearby Caraga (Region 13) remain among the poorest in the Philippines. Multilateral agencies and bilateral donors are active in Mindanao, with many projects aimed at supporting the peace process and rehabilitation of conflict-affected areas. The World Bank (WB), with other donors, including Australia, has established the Mindanao Trust Fund which will become operative on the signing of a peace agreement between the GoP and the MILF.

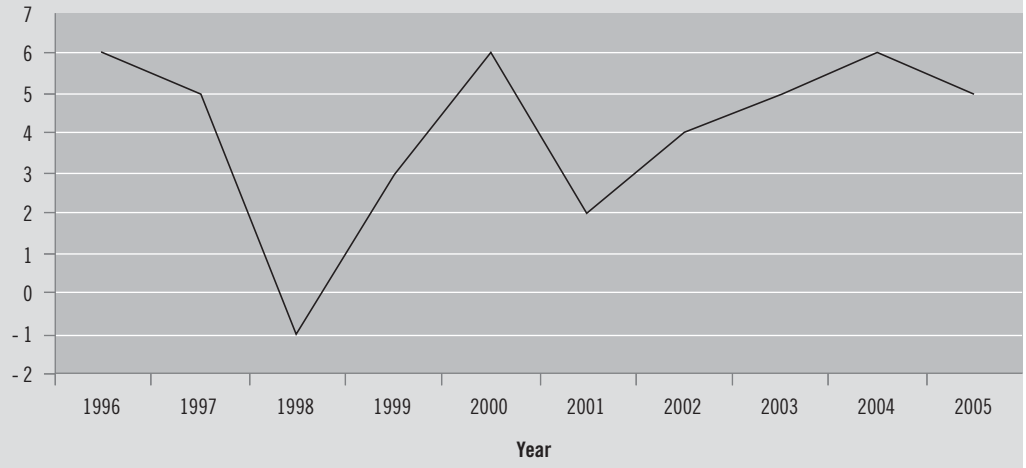
Economy

2.4 In 2003 the Philippines had experienced a period of slow growth, following on from a period of moderate decline as a result of the East Asian financial crisis. The three years since 2003 have seen an improvement in economic growth and two consecutive years of growth higher than 5 per cent for the first time in a decade.[4] The following chart illustrates the Philippines' recent performance.

2.5 The budget sustainability concerns of 2003 have abated somewhat with a rise in tax revenue, due mainly to improved economic growth and an increase in the collection of value-added-tax, excise duties and power tariffs. Despite this, revenue remains well below potential. As in 2003, debt servicing and staff costs make up the majority of expenditure, leaving little for discretionary program expenditures.

2.6 The weak business environment in the Philippines remains a major factor influencing poor investment performance. Reform and improved competition in the telecommunications and electricity markets reflect modest progress. There

GDP GROWTH (ANNUAL %)



Source: World Development Indicators Database

4 WB: *East Asia Update, March 2006*; p. 42

has also been some progress in the area of procurement. Land reform has been slow, with 50 per cent of land still to have secure title established. Political instability and infrastructure constraints present problems for attracting investors. In addition, it is clear that perception of corruption remains a problem. The 2004 *World Bank Investment Climate Assessment* identified this as the top constraint to doing business in the country.

Poverty alleviation and services to the poor

2.7 Poverty remains a major concern in the Philippines with around 30 per cent of the population below the national poverty line in 2004.[5] Southern Philippines has a disproportionate share of the population living in poverty. Despite recent growth in the economy, the high population growth rate means that per capita income growth is low and creating sufficient jobs is an issue. The Philippines has approximately 30 million people under the age of 15, with approximately one million labour market entrants per year[6]. To absorb these people more than a million jobs must be created annually before there is any impact on unemployment (currently around 10.7 per cent[7]).

2.8 Responsibilities for education, health, agricultural extension and a number of other services have been progressively devolved to the provincial and municipal Local Government Units (LGUs) since 1991. The internal revenue allotment (IRA) of 40 per cent of national government revenue is inadequate to cover the cost of the devolved services and LGUs are expected to raise their own revenues. While there have been some successes in improving LGU revenue collection, delays in transferring IRA to LGUs and an inability to generate sufficient revenue mean that some LGUs remain severely resource constrained and services are often insufficient to support basic needs.

Aid environment

2.9 The Philippines program operates in a complex environment with a highly politicised and fragmented national government. This is illustrated in the case of agriculture where there are several departments (Departments of Agriculture, Agrarian Reform and Environment and Natural Resources) responsible for agricultural issues. There can be problems with implementation of aid initiatives arising from delays in passing and enacting legislation and a lack of access to operational funds.

2.10 Other factors that have the potential to impact negatively on effectiveness of aid include the Philippines' vulnerability to natural disasters and the peace and conflict issues in the Southern Philippines.

2.11 Aid is relatively minor as a proportion of Gross National Income (GNI) in the Philippines. In 2004, net Official Development Assistance (ODA) was equivalent to 0.5 per cent of GNI.[8] Over the life of the CPS, Australian ODA to the Philippines totalled $118.1million.[9] Australia is currently the fourth largest bilateral donor to the Philippines after Japan, the United States and Germany.[10] The following table shows the top five donors of gross ODA (2003-2004 average).

Top Five Donors to the Philippines (USDm) 2003-2004 average	
Japan	801
United States	111
Germany	48
Australia	33
Spain	25

5 World Bank: *Philippines at a glance.*
6 ADB: *Asian Development Outlook* 2005; p 111
7 WB: *East Asia Update* 2006; p 42
8 DAC figures for ODA, www.oecd.org/dacoecd/24/18/1882867.gif
9 Figures include $54.5m for 2004-05 and $63.6m for 2005-06 (estimate)
10 DAC figures for ODA based on 2003-04 average USD, Gross ODA includes concessional loan funds.

2.12 In 2006-07, Australia's ODA to the Philippines is estimated to be valued at $63.6m, which includes funding administered by AusAID (approx $53.3m), and by other Australian Government Departments. There are currently 35 AusAID staff working on the program (in Australia and the Philippines). In 2006 other bilateral donors range from employing a total of 15.5 staff for a $24m program, to around 25 staff for a program averaging $38m per year. One donor has approximately 114 staff in-country for a program of around $131m per year. Based on this simple comparison, Australia's aid program appears comparable in terms of efficiency.

The Country Program Strategy

2.13 The Philippines CPS 2004-08 has three strategic objectives:

> reduce impediments to broad based growth through stronger economic governance;

> improve security and stability in the Philippines; and

> improve the living standards of the rural poor in Southern Philippines.

2.14 The Strategy has a geographical focus on the Southern Philippines, in particular on Mindanao. The broad focus on Southern Philippines was a risk management strategy to deal with concerns about the potential for activities in Mindanao to be affected by conflict. An Area Focused Approach (FOCAS) was outlined in the CPS, which was to provide integrated package of assistance in up to five provinces.[11] The aim of this was to increase impact due to a critical mass of activities being undertaken which would overlap and interact.

11 Northern Samar and Bohol in the Visayas; Agusan del Sur, Surigao del Norte and Misamis Occidental in Mindanao.

STRATEGY AND PROGRAM MANAGEMENT

2

2: STRATEGY AND PROGRAM MANAGEMENT

This chapter examines the relevance of the country program strategy and performance framework and assesses the quality of management across a range of issues that can impact on the effectiveness of aid. These include the engagement with the partner government, efficiency of delivery mechanisms for the program and adherence to AusAID's own quality processes. The performance of the program against country strategy objectives is discussed in Chapter 3.

1 Consistency with guidance on country strategies

1.1 The country strategy document meets the suggested outline as per the AusAID guidelines in place at the time. However, it could have been strengthened by:

- more detail on how the program would mainstream and monitor cross-cutting issues such as gender, the environment and HIV/AIDS;
- an explanation of the process by which decisions would be made on new initiatives and areas of engagement using the CPS as a guide; and
- a plan outlining how activities falling outside the strategy would be phased out and performance assessed.

2 Relevance of strategy objectives

2.1 The objectives of the strategy were highly relevant to the GoP and Government of Australia (GoA) priorities at the time of the CPS development. Australian Government priorities have evolved (outlined in the White Paper on Australia's aid) to include organising themes of; 1) accelerating economic growth, 2) fostering functioning and effective states, 3) investing in people and 4) promoting regional stability and cooperation. In addition, there are now overarching principles of gender equality, partnerships and untied aid and a focus on increased effectiveness, including through combating corruption. While many elements of the existing Philippines program are consistent with the new Australian Government approach, specific priorities such as anti-corruption and an increased use of incentives will need to be incorporated into the new CPS.

3 Geographical focus

3.1 The geographical focus on the Southern Philippines remains relevant in terms of the distribution of poverty. There are, however, several risks with geographical concentration, particularly when other donors target the same area. These include "crowding out" of the private sector and government and issues with coordination. This approach can also lead to a perception of favouritism. The review team received some feedback that this may already be a problem in Bohol where there was a view that donor resources were concentrated due to a relatively easy working environment. To avoid potential problems AusAID should work with other donors to monitor the level of resources being directed at priority areas and whether donor support is having adverse effects on the private or government sectors. Australia should also be prepared to shift resources to other high poverty areas in the event that there is donor crowding. AusAID's close involvement in relevant working and sub-groups of the Philippines Development Forum (PDF) provides the opportunity to coordinate activities and monitor the issue of donor crowding.

3.2 A decision was made during strategy implementation not to proceed with the Area Focused Program, which would have

12 Toolkit for the Production and Review of Program Strategies, August 2005. The toolkit in place at the time was unavailable, however advice was received that the 2005 version was very similar.

provided integrated packages of assistance to five provinces. Instead, assistance aimed at the LGUs prioritised the target provinces. This has resulted in a relatively large number of AusAID initiatives occurring in the target areas. In the absence of the Area Focused Program, it is not clear that there has been the strategic overview and connection between activities that was envisaged in the CPS.

4 Program Monitoring and Review

4.1 The Country Strategy document outlined a process for program monitoring and review. This included:

- the development of a country strategy performance framework;
- high level consultations between the GoP and GoA approximately every 18 months to set and refine strategic directions in aid;
- a Program Review and Advisory Group (PRAG) which was to comprise eminent Australians and Filipinos;
- managing contractors reporting on the contribution of their activities to program level outcomes;
- biannual team leader meetings;
- monitoring through standard AusAID mechanisms of Technical Advisory Groups (TAGs) and advisers;
- Quality Assurance Panels (QAP) and Quality Assurance Contractors (QAC), to assist with peer reviewing contract milestones and help AusAID monitor and assess contractors' adherence to quality assurance systems; and
- working with local government units to enhance capacity in monitoring and evaluation.

Use of country strategy and results framework

4.2 The country strategy performance framework was not finalised or operationalised (Annex 4). Many of the outcomes in the country performance framework are set at a level that AusAID initiatives are unlikely to be able to reach. Indicators were also set at an unrealistically high level. The following table is an extract from the country performance framework:

Objective	Indicators of success	AusAID interventions
Strategic Objective: Broad-based growth across the Philippines or improved economic governance	Growth in income of the poor higher than national income growth. Reduction in poverty levels Increased no. of poor with access to basic services.	
Intermediate Objective 1.1: GOP financial position improved and protected	Reduced budget deficit Reduced level of Public Sector debt.	PEGR: Government owned and Controlled Corporations (GOCCs) reform PALS: revenue collection at the LGU level PEGR: performance framework for budgets roll-out

4.3 The Table above illustrates the connection between the different levels of objectives in the country strategy and the means of determining progress against these objectives through AusAID interventions. It can be seen that AusAID interventions in relation to Government Owned and Controlled Corporations (GOCCs), applying performance frameworks to budgeting, or working with local government units on revenue collection are unlikely in themselves to result in a reduced budget deficit or a reduction in public debt, even though they may be worthwhile activities

individually. Other factors such as global economic conditions, terms of trade, and most importantly, the fiscal policies of the GoP are likely to have a far greater influence on the financial position of the GoP. The absence of a clear link between the outcome of AusAID interventions and objectives of the CPS make it impossible to use the country strategy performance framework as a management, monitoring or an evaluative tool.

4.4 In future clear objectives should be set that are achievable and set at a level which can be directly attributable to Australian interventions. In the example outlined above a better intermediate objective may have been to improve the quality of departmental budgets through the introduction of performance based budgeting. Appropriate indicators may have been an improvement in the quality of budgeting in target agencies measured by an assessment of the Department of Finance. This objective and its indicator could be more directly linked to an Australian supported intervention. They are also consistent with an objective of improved economic governance.

4.5 Basic education currently sits under the rural livelihood objective in the CPS. This approach contributes to a perception that the rural livelihoods area of the CPS is confusing. Also, it is possible that good outcomes and impacts in education will be less visible when contributing to a rural livelihood objective. Given that basic education is a major area of investment, it justifies having its own CPS objective.

Strategic level review

4.6 At the strategic level, there was concern in the GoP at the long period between High Level Consultations (last held May 2003). Whilst it was acknowledged that some of this delay was due to the White Paper process, it was also felt that the lack of a periodic high level focus on the country strategy and program may have led to a decrease in selectivity with a potential to reduce effectiveness. It was noted by several stakeholders that AusAID had not formally launched the current country strategy. These two factors together suggested that the CPS had limited utility as a common point of reference between governments.

4.7 Several of the above issues could be addressed effectively in the future through initiating the PRAG, as outlined in the CPS, extending the concept to include GoP participation. This approach may help to improve the sense of GoP ownership of the new strategy document. It will also be important to formally launch the next strategy document.

4.8 Biannual team leader meetings, which were an undertaking of the CPS, have been taking place and are considered useful in coordinating activities across different initiatives. These meetings could be strengthened by team leaders reporting on progress against country strategy objectives, as envisaged in the CPS. In addition, AusAID could use these meetings to have strategic discussions with team leaders. For example, it was reported that several team leaders had written to AusAID with concerns around coordination of activities in Mindanao. The team leader meeting would have provided a good venue to discuss this issue.

Activity monitoring

4.9 People involved with AusAID initiatives were very supportive of reviews and quality assurance of AusAID projects, particularly those carried out by independent experts. Several stakeholders suggested that review processes could be strengthened by greater feedback being provided on the implementation of review recommendations. The Audit Section of AusAID has provided the Philippines Post with an example of a template for managing review recommendations, implementation and monitoring. The adoption of this template should help address some of the concerns expressed around feedback and follow-up of recommendations.

4.10 There appear to have been good attempts made to monitor ODA eligible parts or whole activities implemented by non-AusAID Australian Government Departments. Given the sensitive nature of some of this assistance (for example assistance with border security and policing matters) may make it impractical to engage consultants to undertake independent monitoring, this function should continue to be carried out by AusAID and other Australian Government Department staff. It was noted that several independent completion reports were carried out with AusAID Philippine Program staff. This practice should be avoided as it undermines the independence of evaluation and is inconsistent with how AusAID approaches initiatives implemented by managing contractors.

Use and strengthening of GoP monitoring systems

4.11 Capacity to utilize GoP monitoring systems for AusAID initiatives appears to be limited due to fragmentation in data collection by the GoP and the fact that much data that is collected cannot be disaggregated down to the level required by AusAID. The mission was able to identify one example where an AusAID initiative had adopted the GoP monitoring system. This was through the Philippines Australia Local Sustainability (PALS) Program. This has adopted the GoP Regional Project Monitoring and Evaluation System (RPMES) for projects. It has expanded this to cover Barangay, organisational level, community development, participatory planning and Local Government Unit monitoring. There may be scope to do more, particularly in education, where it appears that the GoP has an extensive database which includes results from compulsory school test results that may be disaggregated to the level required by AusAID.

5 Adherence to AusAID quality processes

5.1 The Philippines program has performed strongly in terms of adherence to key quality processes.

Key Quality Assurance Processes (2005-06)			
Was a well documented concept peer review meeting held?	Was an independent appraisal conducted on the design?	Was a well documented appraisal peer review meeting conducted?	Does the contract require the implementation of a pre-existing M&E framework (activities > $3m)
7 out of 9 eligible	4 out of 5 eligible	7 out of 9 eligible	4 out of 7 eligible

5.2 Of the activities that were eligible but did not undergo the full range of quality processes, two were second phases of previous initiatives and several were initiatives that were a combination of multiple activities and therefore did not have an overarching design to appraise. This may highlight a deficiency in AusAID's quality processes, as it is not clear how the quality of such initiatives is assessed.

5.3 Additional information on adherence to quality processes can be found in a recent program performance audit which tested six activities, which were a mix of bilateral and multilateral initiatives, representative of the major sectors or programs.[13] [14] Performance information was gathered on timeliness and documentation around issues such as project coordinating committees, risk management plans, annual plans, monitoring, portfolio management plans and contractor performance assessments.

5.4 Overall, it was found that the Philippines program management practices were of a high standard. The Performance Audit found that Activity Managers had adapted well to the transition to in-country program management and understood their activity management roles and responsibilities.

13 Dollimore A, Williamson C: Philippines Program Performance Audit: draft report, June 2006.

14 Activities examined were: Basic Education Assistance Mindanao (BEAM), Philippines Australia Resources Development Facility (PAHRDF), Eradication of Foot and Mouth Disease in the Philippines Project (FMD), Partnership for Economic Governance and Reform (PEGR), Philippines National Police Capacity Building Project (PNPCB), and Port Security Capacity Building Project (Port Security). These were tested in terms of compliance to financial, contract management, activity management, monitoring systems.

6 Partnerships

Partnerships with other donor agencies and multilaterals

6.1 AusAID has sought partnerships with other aid organizations, in particular the UN System and the International Financial Institutions (IFIs). AusAID supports the UNICEF Country Program of Cooperation for Children, the UNDP sponsored Act for Peace program in Mindanao, the UNFPA Country Program of Cooperation, WHO on malaria control and until recently, FAO on rural development.

6.2 There are good examples of activities building on AusAID initiatives and cooperation, as in the case of the Land Administration and Management Program (LAMP) provision of technical assistance to the WB loan for land titling, and the cooperation between the Australian BEAM project and the WB funded ARMM Social Fund to expand the scope and coverage of the models developed under BEAM. Most recently, AusAID drew on Asian Development Bank (ADB) and Canadian International Development Agency (CIDA) experiences in the development of the Local Government Development Program.

6.3 Cooperation on monitoring has generally been good where joint projects have been conducted. In some instances AusAID has taken the lead in addressing concerns around monitoring and evaluation. For example, the AusAID Peace and Conflict Adviser has been actively engaged in the joint GoP – UN Act for Peace initiative.

6.4 More generally, it appears that there is potential for increased sharing of analytical activities between donors, perhaps drawing on examples such as the *Joint Needs Assessment for Reconstruction and Development in Conflict-Affected Areas of Mindanao*. This may be addressed through the strengthened PDF. It was noted by several stakeholders that Australia has been extremely active in several PDF working groups and sub-groups, most notably on governance and anti-corruption, decentralization and local government, Millennium Development Goals and social progress, including the education sub-group and on Mindanao.

Views of Australia as a development partner

6.5 Overall the feedback on Australia as a development partner was positive. Stakeholders, including GoP representatives, were appreciative of Australia's flexibility and responsiveness to requests for assistance. At a strategic level there appeared to be some confusion over whether the views of team leaders and other contractors were the official AusAID view. This situation needs to be addressed.

6.6 Stakeholders did not generally consider the number of visiting missions from Australia to be intrusive. Telephone interviews with representatives of the five target provinces in which AusAID is working were positive about AusAID's assistance and indicated that they considered the transaction costs of dealing with AusAID to be reasonable.

7 Approaches to delivering the aid program

Scope of initiatives

7.1 There was a widespread view that the country program was trying to cover too many areas of engagement. Given the limited resources of the Post, this makes it challenging to monitor the full range of issues impacting on the outcomes of initiatives. This is a concern given the potential expansion of the program. A number of stakeholders were extremely appreciative of AusAID's capacity to be flexible, but cited the need to balance this against concentrating resources in order to maximize impact. It was noted that opportunities exist to engage with the central level of government on issues relevant to the delivery of assistance being provided at the provincial level, although it was widely

acknowledged that it can be problematic identifying the correct counterparts at the central level. Basic Education Assistance for Mindanao (BEAM) project was cited as an example of where Australia is working well with all appropriate levels of government.

7.2 Provincial level stakeholders noted the importance of coordinating different activities. This issue of coordination was raised as being something all donors should be aware of given the large number active in the area. An explicit concern raised was how the new AusAID Local Government Development Program was going to fit with existing activities in the targeted areas. The various working groups under the PDF will provide a forum for coordinating between activities of the GoP and other donors, and regular AusAID team leader meetings provide one means of coordinating between AusAID activities. However, it is also desirable that AusAID staff take a more active and direct role in ensuring that activities are coordinated. This fits with AusAID's role in strategic management of the program.

Delivery mechanisms

7.3 The use of a managing contractor to supervise the implementation of a number of smaller activities (known as a facility mechanism) appears to work well in the Philippines and provides AusAID with the ability to be flexible and responsive. It has also been used to undertake preliminary work required for engagement with multilaterals, particularly the WB and ADB. Several stakeholders expressed the view that the economic governance facility (PEGR), had benefited from greater focus of its activities around a limited number of priority areas of engagement.

7.4 The design of facilities can allow them to engage in activities outside of the main priorities of the CPS. Pressure on facilities to provide support for such requests has the potential to reduce effectiveness. For example, the selection criteria for the PAHRDF were changed to add the criteria of global and national issues and concerns They also included alignment with current GoP development priorities and the CPS. This could be interpreted as giving the PAHRDF the mandate to undertake activities across a wide range of areas. The redesign of the three major facilities (PEGR, PAHRDF and PACAP) has clearly brought them in line with the CPS objectives.

7.5 There has been good cooperation between the facilities and other initiatives. For example, the PAHRDF has provided training for a wide range of initiatives including BEAM and PALS. The six monthly meeting of team leaders has supported this enhanced cooperation. A potential sustainability issue that should be monitored is the practice of training beneficiaries of one initiative to access funds from another. For example, it was noted that beneficiaries trained through the PAHRDF and PALS were able to access funds from Philippines Australia Community Assistance Program (PACAP). Whilst this may be desirable up to a point, it should be monitored to ensure that AusAID is not creating a dependency problem that will impact on sustainability. Stronger monitoring and coordination of these activities should help manage the risk of creating a cycle of dependency between AusAID initiatives.

7.6 The experience working with multilaterals in the Philippines appears to have been mostly positive. These arrangements appear to have worked best when AusAID was involved in the design in partnership with the multilateral agency. Cofinancing arrangements with the ADB and the WB have had mixed success, with issues arising around timing of technical inputs to loan disbursements with the ADB, and problems with project management with a WB project (Water Supply and Sanitation Performance Enhancement Project – WPEP). The experience on WPEP in particular, suggests that AusAID should develop its own understanding of the institutional

environment in the Philippines prior to entering into relationships with multilaterals. In other words, AusAID should not assume that the multilaterals have a greater understanding of institutional factors than it does.

7.7 AusAID's experience using Philippine Non Government Organisations (NGOs) as a delivery mechanism has mainly been through PACAP. This has proven to be a highly regarded program which has worked across a diverse range of activities. PACAP management costs are currently around 25 per cent of the total contract value and are projected to drop to around 20 per cent in 2006-07. This will be comparable to management costs when PACAP was managed directly by AusAID. However, the contracting out of this management is likely to bring efficiency gains because PACAP management now includes increased spending on monitoring and evaluation and on managing five provincial offices.

7.8 The activities implemented by Australian Government Departments appear to be efficient and do not involve a large management burden on AusAID. The team is unable to comment on the impact on recipient agencies of this assistance, but the Australian agencies involved report substantive improvement in capabilities in some areas. For example, assistance provided to the Philippines National Police Bomb Data Centre by the Australian Federal Police, has improved it to the point where it is now considered best practice and hosts visits from other agencies in the region.

7.9 The perceived efficiency of delivery by individual Australian government agencies may be due to the highly technical nature of the assistance and the fact that the counterpart agencies were clearly identified and enthusiastic about support. However, it was not possible to confirm this view through independent sources. Given the relatively small value (in dollar terms) of individual activities implemented by Australian government agencies, it may become inefficient for them to be managed individually should the number of them increase. This issue should be monitored and an assessment made on whether additional activities should be directed to the Public Sector Linkages Program.

Integration of cross-cutting issues

7.10 A lack of monitoring or reporting information made it difficult to find data on the integration of cross-cutting issues into the program or individual activities.

7.11 There is evidence of commitment to mainstreaming gender in the program. Many of the activities for which information was available have attempted to address gender issues. Activities that stood out in terms of gender mainstreaming included:

- LAMP I, where the World Bank recognised it as best practice in gender engagement. Amendments to the free patent law removed restrictions on joint ownership, rights of women to ownership of land and transfer rights;
- Act for Peace, where gender is a central concern in the program, and the positive role that women can play in conflict resolution has been recognized and integrated into the program;
- PACAP appears to have strong gender balance in participation;
- Supporting Peace for Mindanao (SPIM) provides support for the Mindanao Commission on Women;
- BEAM has incorporated gender awareness and commitment into training materials;
- PAHRDF has a good gender balance across all its training activities and monitors this routinely; and
- PALS project commissioned a Gender Impact Assessment (October 2005) which recommended development of a

Gender and Development strategy and training of staff in the incorporation of gender sensitive guidelines. These recommendations have been implemented.

7.12 Peace and conflict appeared to be well mainstreamed into program activities. There was a high degree of understanding of issues around peace and conflict among team leaders interviewed by the mission. In addition to providing specific assistance aimed at addressing peace and conflict, a number of other initiatives had integrated peace and conflict. These include:

- PAHRDF, which was providing special support for Autonomous Region in Muslim Mindanao (ARMM) institutions on teacher education, particularly for peace educators;
- BEAM, which is working on peace education activities and addressing the issue of bringing Islamic schools under the national curriculum in order to increase the capacity of students from such schools to access mainstream educational and employment opportunities; and
- LAMP, at a more local level, employs well designed techniques to enhance conflict resolution in its land surveying and titling processes; and
- PACAP which recently undertook a review of this issue, with the aim of integrating a greater focus on peace and development.

7.13 The Philippines remains a low HIV prevalence country, with an estimated 11,200 people living with HIV at the end of 2005. As such, it is possible that mainstreaming HIV/AIDS has not been a priority. Nevertheless, the assessment was able to identify several activities with HIV/AIDS components including the UNICEF Country Program for Children, the UNFPA adolescent reproductive health activity. STD/HIV/AIDS prevention is also included under Component 2 of the GoP/UN Act for Peace Initiative. In future more effort could be put into mainstreaming HIV/AIDS across other program activities, for example PACAP.

7.14 Environment issues did not appear to have been well mainstreamed throughout the program, although specific initiatives are working on environmental issues. These include the Landcare activity managed by ACIAR, and PACAP. The solid waste management and potable water activities undertaken through PACAP appear to be highly regarded as meeting local environmental needs. Increased efforts to consider the environment issues will be required, particularly given cumulative environmental and natural resource problems in the Philippines resulting from inappropriate land use and agricultural practices.[15]

15 ADB: *Country Environmental Analysis for the Republic of Philippines,* September 2004.

PROGRAM EFFECTIVENESS AND IMPACT

3

3: PROGRAM EFFECTIVENESS AND IMPACT

This chapter examines the factors that may have influenced the effectiveness and impact of the program and performance against country strategy objectives.

1 Management issues impacting on effectiveness and impact

1.1 At the time of the country strategy development AusAID was at the end of the devolution of activity management to the Posts. The Philippines was the first Post to absorb the activity management role. The devolution process is now complete.

1.2 Over the period of the country strategy there were times when it was difficult for the Philippines program to access adequate resources in Canberra. The Philippines was placed with East Timor in a section under one Director and there was significant turnover in program staff in Australia (in 2004 the Philippines section in Canberra had half its current number). This created problems in continuity on strategic issues. In addition, there was a perception that at times the program was unable to access support services from Canberra, including contracting and advisory services, although it was acknowledged that this was largely due to these services responding to management demands elsewhere (eg East Timor).

2 Effectiveness of program

Selectivity and coherence of initiatives

2.1 Initiatives were mapped to country strategy objectives in order to determine whether there was a clear pathway between impacts of initiatives and the objectives of the CPS. Given the broad scope of the CPS there was only one initiative that did not fit. The Water Supply and Environmental Sanitation Enhancement project ($3.1m) commenced during the previous country strategy period. In future, rather than try to fit activities such as this under a country strategy objective, they should be identified and the CPS should outline a plan for phasing them out and assessing their performance.

2.2 Although existing initiatives fit the CPS objectives, there were some instances where the objective they aligned with varied between documents provided to the team. This suggests that there was not always a clear cut pathway between activities and CPS objectives. There are also several examples of activities that fit the country strategy objectives, but are not well targeted. This could suggest a lack of coherence in the approach to the sector.

2.3 While it is important that AusAID maintains its responsiveness, this needs to be balanced against the possibility that involvement in too many sectors may reduce AusAID's capacity to understand and monitor the sector in which the initiative fits. Selectivity will be increasingly important in the context of a potentially expanded program.

2.4 Greater coherence between interventions and country strategy objectives should help ensure selectivity is maintained and allow AusAID to continue to be responsive. This coherence should flow from the analysis in the CPS which should then be used to drive programming decisions. On a practical level this may require AusAID to direct more resources to proactively seeking proposals in priority areas rather than responding to proposals developed by others.

2.5 The current CPS document is weak against the criterion of coherence and selectivity. For example, in the case of the private sector objective it lists a number of priorities for Australian assistance: building capacity to implement international agreements and integration to ASEAN and APEC;

identifying legislative institutional and policy impediments to foreign and domestic investment; working on property rights; competition policy; investment regulation; and a reduction in "red tape". Of this list, AusAID is funding initiatives in only several areas (land administration; and possibly under a new initiative a reduction in red-tape). At the same time, AusAID funded a feasibility study into conducting an aeromagnetic survey of the Philippines to identify areas with potential mineral deposits – when mining sector development was not identified as a priority. It was unclear what the program intended to achieve through its private sector activities and why it did not progress other priorities in the list.

2.6 In practice, country strategies need to have some flexibility to respond to the changing environment and emerging/unforseen priorities. This may be through setting broad objectives (as was the case in this CPS), or through a regular review process. One of these elements without the other has the capacity to lead to a dispersed program which achieves only isolated impacts. In future the annual country strategy review process may provide a mechanism to discuss new areas of engagement or to help prioritize activities that may seem marginal to the country strategy objective. In the case of the Philippines, there may also be opportunities to utilize a Program Review and Advisory Group process involving GoP representatives.

3 Effectiveness of activities

3.1 At an activity level, it is difficult to determine how successfully initiatives are meeting their objectives, due to a lack of monitoring information. The following table provides data obtained from AusAID's simplified monitoring toolbox. Activity managers are asked to rate initiative achievements against the likelihood of achieving their objectives. They are also asked to rate the sustainability of their initiatives. The Philippines program has performed well against the objectives criteria, reaching 100 per cent in 2005-06. Lessons from reviews of self-rating systems suggest there can be a systematic over-estimation of scores. ODE is currently reviewing the approach to initiative level ratings.

Ratings against Achievement of Objectives and Sustainability for Activities in the Philippines

Year	2003/04	2004/05	2005/06
Achievement of Objectives Rating (% rated satisfactory or better)	79	95	100
Sustainability Rating (% rated satisfactory or better)	71	75	87

3.2 The Human Resource Development Facility (PAHRDF) stood out as an initiative that was developing a comprehensive monitoring and evaluation framework with the potential to collect data that could form the basis of a good impact assessment over time. This includes good base line information and ongoing monitoring that is designed to gather performance information during and after the intervention has finished. This could provide lessons for other activities in the Philippines and potentially other AusAID programs.

3.3 The Philippines program could also build on its biannual team leader meetings to enhance information on effectiveness and impact. This would require the Philippines program to put in place systems for collating this information.

4 Impact of the program

4.1 The impact assessment is based on conclusions drawn from examining information on impact on individual initiatives that map to each of the country strategy objectives. Assessment is based largely on the subjective assessment from independent reviews and appraisals, GoP and LGU staff, AusAID staff, initiative staff

and other views where available. This process covers initiatives that have been completed or are current since 2004. More information on how the impact assessment was carried out is at Annex 5.

4.2 There were several initiatives for which the team was unable to draw conclusions regarding impact due to a lack of monitoring information. This creates difficulties in program management and accountability. Without significant effort to increase performance and impact information it will be difficult to measure progress towards objectives in the next country strategy period. This is a particular issue for the initiatives centred around peace and conflict (although it is recognised that this is an extremely difficult area to get good performance data) and the rural development and livelihood activities based in Southern Philippines.

Strategic Objective 1: economic governance for broad based growth

4.3 Approximately 30 per cent of program funds are directed at Strategic Objective one.[16] This has two main themes, fiscal management and the environment for private sector investment. AusAID initiatives have achieved modest progress toward improving fiscal management. Over time the attempt to better target PEGR assistance on priority areas such as fiscal management may bear fruit, but at the moment the assistance is minor and the operating environment is a difficult one in which to advance major reform. At a national level there has been progress in central government performance management systems, but implementation is limited by institutional factors. At a local level, revenue collection has improved in several municipalities. An obvious gap is in the area of national and local coordination as it relates to improved planning, coordination and fiscal relations between national and local levels of government.

4.4 There has been little impact to date on the environment for private sector development. LAMP, through progress toward land titling, will contribute over time to an improved environment. Several positive examples were cited of utilisation of the systems developed through the project, eg in informal settlements in Manila where provision of access to land title information reduced exploitation of tenants by people claiming to be the land-owners.

4.5 Support for the International Finance Corporation (IFC) on business costs is too recent to have delivered outcomes. At this stage, there appears to be only one initiative that targets the outcome of legislative, institutional and policy impediments for trade and investment. This is the mining and private sector scoping study, however, this sector was not identified as a priority in the CPS under this objective.

4.6 Overall, performance against this CPS objective is modest but appears to be headed in the right direction. The economic governance work has benefited from better targeting of the governance facility (PEGR). The land administration project is long term but has the potential to have a great impact while other aspects of private sector development require a more strategic approach. The new IFC initiative may help in this regard.

4.7 Approximately 11 per cent of the program funds are directed at Strategic Objective two. This has two themes — counter terrorism capacity building and support for the Mindanao peace process. Australian initiatives have achieved good progress in transferring technical skills in counter terrorism, with clearly enhanced capacity in the Philippines National Police for bomb assessment, and in ports for access to real time information on security threats. GoP agency resource constraints limit the effectiveness of implementation in some areas and hence the overall impact of the initiatives.

16 This is an estimate only and is based on 2005/06 figures – the percentage figures for each strategic objective do not add up to 100.

TABLE 5.1 IMPACT INFORMATION — ECONOMIC GOVERNANCE FOR GROWTH

Objective/outcome*	Initiative contributing	Impact assessment
GoP financial position improved or protected	PEGR: GOCC reform	Too early to assess
Improved planning, coordination and fiscal relationship between national and local levels of government	No initiatives addressing this	
More efficient, effective and equitable systems in place to increase GoP revenue	PALS – revenue collection at LGU level	Reported improvement in revenue collection in the PALS municipality
	PEGR: LGU reform agenda	Too early to assess
Public expenditure planned, managed and monitored in an accountable, transparent and competent manner	PEGR: performance framework roll out	DBM anticipate long term impact if roll out is successful
	PAHRDF: requires identification of customer impact	Reports of 2 target outcomes achieved, 2 at more than achieved level
	PACAP	Reports of value of PACAP processes in improving governance
Enabling environment supports private sector development	LAMP: land titling	Progress toward impact – legislation passed Congress Impact: On-ground titles for some areas achieved earlier than otherwise Cost savings and reduction in time for title reported, application to be confirmed in practice
	IFC support – one area is reducing impediments to business establishment	Just commencing – too early, should contribute to reducing barriers to business
Legislative, institutional and policy impediments for trade and investment identified and overcome	Mining and Private Sector scoping study	A scoping study to assess a request for an aeromagnetic survey of Philippines.

* As outlined in country strategy document from performance framework.

4.8 AusAID support for the Mindanao peace process includes development of incentives for peace, humanitarian and emergency assistance. AusAID is one of many players, and while its support is assessed as making an important contribution, peace and stability outcomes to date are still fragile. The overlap between peace and development activities and rural livelihood activities is confusing and may add to a perception that there are coordination problems in AusAID activities in Mindanao. This issue is best addressed through strong coordination of development activities and a clear prioritisation of the primary objective of individual activities (i.e. is it development or peace?). The involvement of AusAID in two Trust Funds (Act for Peace, Mindanao Trust Fund), and one small activity scheme (Supporting Peace for Mindanao), neither of which have well developed monitoring frameworks, makes it impossible to reliably assess progress towards meeting the objective.

TABLE 5.2 IMPACT INFORMATION — PEACE AND STABILITY

Objective/outcome*	Initiative contributing	Impact assessment
Strengthened capacity of key GoP agencies to counter terrorism	See below	
Law enforcement agencies better able to prevent, respond and investigate terrorist incidents	AFP project – establishment of a bomb data centre (completed), installation of a case management intelligence system (almost completed), training in investigation, enhancement of the crime laboratory facilities to enhance post blast analysis (currently being delivered).	Good impact in well defined areas of assistance. Flow through to reduced incidents yet to be observed. Philippines National Police showcasing achievements to other countries in Asia
Effective border control measures detect and prevent movement of international terrorists and their equipment	Australian Department of Immigration and Multicultural Affairs project – Wide area connection for ports, connection to Interpol, document laboratory and training to identify fraudulent documents	A reported person movement detection made that would not otherwise have been. No performance measures currently in place
	Department of Transport and Regional Services, port security	Capacity clearly enhanced – implementation varied due to resources and willingness of agency staff
Stronger regional cooperation to counter terrorism	Support for MEDCo to address sub-regional security mandate on Customs-Immigration-Quarantine-Security under BIMP-EAGA project	No information available
Peace building and post-conflict recovery in areas affected by conflict	ACT for Peace (with UNDP)	Impact unclear – focus appears to be on advocacy
	Strengthening the Foundations for Lasting Peace & Development in Southern Philippines (2001 – 2004)	The ICR report found that the initiative was satisfactory in all major areas. Emergence of a peaceful enabling environment within 163 PDCs (Peace and Development Community)
	UNICEF Country Program for Children	Evidence of substantial improvements in child health and well being as a result of activities
	Supporting peace in Mindanao (SPIM) – working with advocacy groups	Well regarded activities, impact unclear
Effective and timely humanitarian and emergency response	Responses to emergencies through service delivery agencies (Red Cross, UNICEF, and NGOs).	Highly appreciated, NGOs well placed for rapid delivery
Incentives in achieving and maintaining peace	Mindanao Trust Fund (with WB and other donors) – engaging in initial development	Disbursement contingent on signing of peace agreement – progress is slow
Sustainable poverty reduction in conflict prone areas	Philippines Australia Technical Support for Agrarian Reform and Rural Development with FAO – rural livelihoods development (See also objective 3.)	Impact limited, some rise in household income, but redistribution within community – not generating external sources of income

* As outlined in country strategy document or from performance framework.

4.9 Overall, progress against this objective is mixed. The counter-terrorism activities, mainly implemented through other Australian Government Departments, appear to be going well, although more work needs to be done to set realistic objectives and gather performance and impact information. Anecdotally, support for the Mindanao Peace process also appears to have had positive results – but once again the lack of performance information makes it difficult to attribute any benefits to Australian support.

Strategic Objective 3: improve the living standards of the rural poor in southern Philippines

4.10 Approximately 53 per cent program funds are directed at Strategic Objective three. The rural development objectives are improving the quality of and access to education and training, and addressing local level constraints to rural income growth and development. There have been a range of initiatives that address education, agricultural productivity, small business development and development of local government and NGO capacity for service delivery.

4.11 AusAID initiatives have achieved significant progress in improving the quality of and access to basic education in Mindanao. AusAID has at least a ten year involvement in the basic education sector in the Philippines (the Project in Basic Education – PROBE – commenced in 1996; prior to this assistance focussed on mathematics and science). BEAM commenced in 2002, and is beginning to show some on-ground impact. For the full effects to be realised there will need to be continued GoP and other efforts. The adoption by the GoP and other donors of elements of the BEAM approach means that the potential to contribute to a positive impact in basic education is high.

4.12 The fact that basic education appears to be the most successful element of AusAID's program may be a reflection of the relationships, institutional linkages and credibility that AusAID has built in this area over the many years of its involvement. It also highlights the benefit of donors taking a long term view of their engagement in a sector. The success in basic education contrasts with vocational education and training, where the impact is uncertain and there are major concerns regarding the sustainability of those reforms already made.

4.13 There have been improvements in services available to poor communities such as water and sanitation through PACAP and PALS. However, the quantum of these efforts is not reported. There has been little apparent impact on livelihood development beyond small household level enterprises through PACAP and Philippines Australia Technical Support for Agrarian Reform and Rural Development (PATTSARD). An exception is the foot and mouth disease eradication program which AusAID commenced funding in 1996 and has made a major contribution to declaration of most areas as disease free. This should flow onto enhanced trade and income opportunities. The FMD control program has also resulted in infrastructure being developed that is already being used to deal with swine fever, and has the potential to help deal with Avian Influenza. ACIAR investments in Sanitary and Phytosanitary (SPS) requirements and specific pest and disease issues have not been assessed for impact, but may provide greater market access that could contribute to raising rural incomes.

4.14 AusAID investments in malaria control have had a measurable impact. The Agusan del Sur malaria project commenced in 1995 and has resulted in a major reduction in malaria infection rates (relative to neighbouring areas) and put administrative infrastructure in place to continue the programs (subject to availability of funds). The approach is being replicated by a WHO project in other regions with some additional support by AusAID.

4.15 Overall progress against this CPS objective appears good. The work in education is beginning to have a discernable impact and

there have been good results in areas such as foot and mouth disease control and malaria control. In all three areas of assistance, AusAID has been engaged for at least 10 years. This highlights the fact that impacts take a long time to become evident, as well as the importance of donors staying the course.

The inclusion of a broad range of initiatives across a range of sectors under this strategic objective makes it more difficult than it should be to determine the achievements against this objective of the CPS. PACAP and PALS are particular problems in this regard.

TABLE 5.3 IMPACT INFORMATION — LIVING STANDARDS OF RURAL POOR

Objective/outcome*	Initiative contributing	Impact assessment
Broaden livelihood opportunities through improved education and training	See below	See below
Improved quality of and access to basic education	BEAM – basic education through curriculum development and training	Reported higher attainment in test scores
	Strengthening implementation of Basic Education in Selected Provinces in the Visayas (STRIVE)	Too early for impact
Improved quality and relevance of TVET	Quality Technical Vocational Education & Training Project – developing industry led development of qualifications and curriculum	Impact uncertain, industry organisations may not prove sustainable, Technical Education and Skills Development Authority (TESDA) capacity to drive reform limited
Address key local level constraints to rural development particularly through areas –focused approaches in selected provinces	Area focused approaches did not proceed PACAP – small grants for local infrastructure and other community identified needs	Initiatives that worked at LGU level targeted the five provinces, but not in a coordinated approach
Local government planning and service delivery capabilities enhanced	PALS – focus on revenue raising expenditure planning	
	PACAP – as part of accessing small grants	
	PAHRDF – training in governance	No impact information on service delivery outcomes, with exception of PAHRDF which reported four training activities leading to targeted improvements in customer service achieved or more than achieved.
	Local Government Development Program (forthcoming)	
	Water and sanitation project	Planning level only achieved – no impact, unless follow-up work occurs
Constraints to rural production and marketing eased	ACIAR SPS project for mangos, disease control FMD eradication project	Too early to assess – impact contingent of market access changes Eradication achieved and declared free in most regions. Market access discussions with Singapore underway.
Human capital developed – eg. through health improvements (and education and training)	Agusan del Sur – malaria control WHO – malaria control Support for population control	Reported reduction in malaria incidence by 80% Too early to assess Too early to assess

* Taken from country strategy document or country performance framework.

CONCLUSIONS AND RECOMMENDATIONS

4

4: CONCLUSIONS AND RECOMMENDATIONS

1 Conclusions

Program strengths

1.1 The Philippines country program has achieved some good results since 2004 and is well placed to continue this under the new strategy starting 2007. Particular strengths of the Philippines program include program management; AusAID's good reputation among the GoP and other stakeholders in the Philippines, program flexibility and responsiveness; and the investment in coordinating activities with the GoP and other donors through the PDF and its working groups.

1.2 The program is performing well in basic education with impacts already discernable. This success is likely to be related to AusAID's long term engagement in the sector. In counter-terrorism, there were examples of the provision of technical support which led to improved capacity, although there were concerns about ongoing benefits of this due to GoP agency resource constraints. More realistic objectives for assistance in counter-terrorism should be set. Both education and counter-terrorism would benefit from better performance monitoring information.

1.3 Success is also evident in Foot and Mouth Disease (FMD) eradication and malaria control in Mindanao where, once again, AusAID has had a long term engagement (support commenced in 1996 and 1995 respectively). Most areas of Mindanao have been declared FMD free, malaria infection rates have been reduced, and infrastructure is in place to sustain these gains. Moreover, AusAID funded support of the WHO will see the malaria control approaches replicated in other regions.

Room for improvement

1.4 The partnership with the GoP is strong at an operational or project level but remains weak in terms of policy dialogue. The GoP itself is concerned that the High Level Consultations have not been held since May 2003.

1.5 The CPS document did not appear to drive programming decisions. As a consequence, there was a general perception that the program engaged across too many areas. This makes it complicated and expensive to monitor impacts and outcomes and is a concern given the potential expansion of the program.

1.6 There was a lack of performance management information on initiatives and on the overall performance of the program. The country strategy performance framework was not finalised or operationalised. Some initiatives, particularly those in peace and development, had insufficient information to draw conclusions on regarding effectiveness and impact.

2 Recommendations

2.1 Major recommendations are included here to inform the development of the new country strategy. These have been divided into those relevant to country strategy development and to program implementation.

Country Strategy Development

2.2 While maintaining a goal level vision that aligns with the policies of the GoP, a framework must be developed to monitor and assess the impact of Australian aid.

2.3 Such a framework should be used to monitor annual progress against country strategy objectives. Some existing mechanisms, such as biannual team leader meetings, can be used to gather data for this.

2.4 The analysis underpinning the CPS should describe clearly why Australia needs to engage in each of the selected focal areas.

2.5 The strategy should follow the White Paper's recommendation not to engage in too many sectors.

2.6 A process should be described for prioritising new assistance. This should be contestable and include GoP and AusAID representatives from Canberra and the Post.

2.7 A mechanism should be established for effective high level discussion on strategic and programming issues and described in the Country Strategy.

2.8 The CPS should outline in detail how the program will improve its monitoring capability, particularly in Mindanao where high numbers of donors complicate the picture.

2.9 The strategy must explain how it will manage those existing initiatives that do not fit the new approach. It must avoid broadening the scope of the CPS simply to accommodate all current initiatives.

2.10 A mechanism is required to monitor the success of mainstreaming of important cross-cutting issues in the program, particularly gender and anti-corruption.

Country program implementation

2.11 AusAID should engage more frequently and at a higher level with the GoP on strategic and programming issues. More use could be made by AusAID staff of meetings with key GoP officials organised by contractors and other government departments.

2.12 AusAID staff must take a more active role to ensure that activities are coordinated. Opportunities may exist to build on the Biannual Team Leaders meeting to achieve this. AusAID should continue to engage robustly with the PDF and use this to help monitor donor crowding in Mindanao.

2.13 AusAID should consider the use of PSLP as a mechanism to coordinate other Australian Government Departments' assistance in the Philippines.

ANNEXES

ANNEX 1: TERMS OF REFERENCE

A Rapid Assessment of the Philippines Country Strategy (2004–2008)

TERMS OF REFERENCE

Background

Australian Context

In line with other donors, Australia has been moving increasingly towards results based country strategies and program management. Results based management has four basic elements: 1) strategic planning which defines clear and measurable results and indicators based on a logic model or framework; 2) there is regular monitoring of progress towards results and the resources used to achieve results 3) there is regular reporting of progress and 4) results information and evaluation is used for lessons learned and to inform management decisions[17].

Australia's approach to country strategies therefore aims to provide an overarching framework for development assistance, developed in consultation with partner governments, which focuses on demonstrating a clear link between country level objectives and program activities. This link should be illustrated through a country strategy performance framework – which includes indicators that follow the SMART (Specific, Measurable, Attainable, Reliable and Timely) principle.

The White Paper on Australia's overseas aid program devoted a chapter to strengthening the effectiveness of Australia's aid. The first recommendation is to:

> "Upgrade the country strategy to give greater prominence to performance outcomes and provide a single framework for whole of government development efforts"[18]

In future country strategies will include all ODA eligible activities, including those delivered by other Australian Government Departments, and provide a more rigorous performance framework, which will provide a better basis for assessing the impact of aid efforts.

The Office of Development Effectiveness was established to monitor the quality of and evaluate the impact of Australia's aid. This will include evaluating the implementation of country strategies. The rapid assessment of the Philippines Country Strategy is the first such exercise and it is expected that lessons from this will feed into future, more comprehensive country strategy evaluations.

Philippine program context

Australia's aid program to the Philippines is currently guided by the Philippines-Australia Development Cooperation Program Strategy 2004-2008 (CPS). Three strategic objectives guide AusAID's work to achieve the goal of 'advancing the national interests of Australia and the Philippines by contributing to poverty reduction, sustainable development and stability': (1) reduce impediments to broad based growth through stronger economic governance; (2) improve security and stability in the Philippines; and (3) improve the living standards of the rural poor in the southern Philippines. The program is implemented through a range of initiatives, delivered through Government of Philippines agencies, multilateral organisations and managing contractors.

In previous years, Australia has maintained a medium-sized aid program in the Philippines, and is one of the top five bilateral grant aid donors to the Philippines and accounted for about 7 per cent of net ODA flows to the Philippines in 2004[19]. The recent implementation of AusAID's policy of devolving the management of country programs to the Posts aimed to improve the

17 Flint, M: "Easier said than done: A Review of Results Based Management in Multilateral Development Institutions", March 2003.
18 AusAID: "Australian Aid: Promoting Growth and Stability: A White Paper on the Australian Government's Overseas Aid Program". p 58, April 2006
19 According to DAC statistics

relevance and coherence of the Australian aid program, as well as increasing opportunities to create partnerships with the Government of the Philippines (GOP). The objectives of the Australian aid program align well with the Philippine Government's *Medium-Term Philippine Development Plan 2004-2010* which was released after the CPS.

As outlined in the White Paper, Australia's development efforts in the Philippines will be intensified over the next five years. Increased financial resources will be sourced, mainly from White Paper initiatives, especially education, health, infrastructure and performance incentives initiatives. The expansion of the aid budget, and the identification in the White Paper of new policy priorities and program methodologies for the aid program as a whole, requires a reassessment of the current approach to development assistance in the Philippines and the development of a new country program strategy for the medium term. Importantly, the new strategy will be a whole-of-government strategy: while AusAID will take the lead in strategy development, it will cover all development cooperation activities of the Australian Government in the Philippines and will involve a consultative approach with other Government Departments. The new strategy will also embrace the partnership principles elaborated in the White Paper with the Government of the Philippines.

Purpose of Rapid Assessment

The purpose of the rapid assessment is to inform the new country strategy for the Philippines. The assessment will do this by examining the relevance and efficiency of Australia's aid to the Philippines over the first 2.5 years of the country strategy period, i.e. 2004-2006. Key lessons learned will be identified and fed directly into the new country strategy development process. Given the limited time period available for the rapid assessment, and the short country strategy period, it will not be possible to examine the issue of impact in depth. However, available project evaluation reports covering the current and previous CPS will be analysed to draw some conclusions on the effectiveness and impacts of the country program. These will be important for confirming areas where Australia should scale-up the program in accordance with the enhanced focus on performance and effectiveness.

Objectives of the Rapid Assessment

The main objective of this rapid assessment is to assess the current country program for relevance, efficiency, effectiveness and, to the degree that it is possible, impacts:

> The rapid assessment will assess the relevance of country program objectives given the country context and poverty profile of the Philippines, GOP and Australian objectives, governance and institutional factors and Australia's comparative advantage. Also, the logic chain between country program objectives and program interventions should be assessed.

> Efficiency issues must also be assessed. These concern the organisation and management of the program. They include: performance against key AusAID quality processes (information on this may be available through the recent performance audit); engagement of stakeholders; quality of policy dialogue and scaling up; the choice of instruments that has been made by the program; and views of Australia as a development partner.

> On effectiveness, the rapid assessment should consider the degree to which program interventions are achieving their outcomes, whether these have contributed to strategy outcomes, and how this progress is monitored. Factors that have influenced the achievement or non-achievement of objectives should also be considered.

> Regarding wider program impacts, the rapid assessment needs to explore what can reasonably be said about the impact and sustainability of initiatives and what changes in the Philippines can be attributed to the program. In particular, the rapid assessment should focus on whether the program has

had an effect on its surroundings in terms of technical, economic and socio-cultural, institutional and environmental factors. This analysis should consider both direct and indirect effects.

> The success with which the country program has integrated cross-cutting issues such as gender, poverty, HIV/AIDS and the environment into its activities should also be assessed – where possible.

Outputs

The final report should be no more than 30 pages (excluding annexes). A summary will also be produced as a separate stand-alone document. The documents can contain AusAID's management response to the report if appropriate. The evaluation will be made public.

Tasks, methodology and responsibilities

AusAID Philippines Program will provide the evaluation team with relevant documents for the review including, but not limited to: country strategy documents and background papers, recent Performance Audit Report, Independent Completion Reports, Activity Completion Reports, Evaluation Reports that fall within the country strategy timeline, other analytical reports considered relevant.

AusAID Philippines Program will also provide the evaluation team with a list of country-specific issues to be addressed in the evaluation and information on factors that may have influenced effectiveness and impact.

The evaluation team, in consultation with AusAID, will:

> Through preliminary reading and discussions, identify the main issues for the evaluation. Note that this will require an understanding of the development environment and the history of AusAID's recent program;

> Identify the key stakeholders who ought to be interviewed during the evaluation, including AusAID staff, project personnel and GoP representatives;

> Plan a field visit to the Philippines (this may be up to two weeks);

> Determine an evaluation methodology to be agreed with AusAID (the evaluation methodology should be developed to answer the indicative questions at Attachment A);

> Participate in briefings and discussions in person and/or by phone/email with Australia-based AusAID staff, other Australian Government partners, and other experts as appropriate;

> Participate in briefings and discussions in person and/or by phone/email with Philippine-based AusAID staff, other Australian Embassy staff, key Australian project and program personnel, and other relevant experts as appropriate;

> Meet with key individuals from the Philippines to seek their input;

> Meet with representatives of major donors to the Philippines to seek their input on appropriate areas. Donors to meet are likely to include the World Bank, ADB, Japan, USA, the UN system, and the Asia Foundation; and

> Participate in debriefing meetings in Manila and Canberra.

The evaluation team will present the preliminary findings from the field visit to the Australian Embassy and GoP representatives prior to departure from Manila, and then write up a final draft evaluation within two weeks of the field visit.

Expertise / the Team

There will be three members of the team;

> A consultant with extensive country program/strategic experience. The Consultant should have strong analytical and communication skills and it is desirable that he/she has evaluation experience at the country strategy level.

> A Philippine member with strong analytical skills and an understanding of the country level context and international development issues will support the lead consultant.

> The third member of the team will be a member of the Office of Development Effectiveness.

The team will be supported as required by Canberra and Manila-based AusAID staff.

Timing

The process should start in July and end in August.

ANNEX 2: PEOPLE CONSULTED

Table 1

Organisation	**People**
AusAID	R. Pearce (former Ambassador to Philippines) M. Callan, Director Philippines Section P. O'Neill, Philippines Section A. Olver, Philippines Section C. van Hooft, Philippines Section L. Valente, Asia Transboundary Section J. Delforce, Director, Asia Transboundary Section
AusAID, Sectoral Advisers	A. Chilver, Adviser Rural Development S. Darville, Adviser Peace and Development J. Tulloch, Principal Adviser, Health M. Waltham, Adviser, Education P. van Dierman, Adviser, Economics
AusAID, Office of Development Effectiveness	P. Versegi, Assistant Director General J. Gilling, Principal Adviser Development Effectiveness
AusAID Manila Post	S Zappia, Counsellor, Development Cooperation A Barnes D Mwesigye J Aguas J Alikpala R Antes B Cariaga G Domingo R Escolar E Montero-Genonimo E Palomo A Perez R Sollesta J Valenzuela L. M Briones (Governance Adviser, PEGR)
DFAT	Tony Hely,Ambassador) Pablo Kang, Deputy Head of Mission

Organisation	People
Whole of Government partners at Post	K Plummer, Counsellor, Police Affairs/ Senior Liaison Officer Australian Federal Police D Dionisio, Second Secretary Immigration (DIMA) T Trubshoe, First Secretary Immigration (DIMA) C Honrado (ACIAR) B. Clark, First Secretary (Transport) DOTARS
NEDA	N R Mijares, Deputy Director General, Central Support Office R G Tungpalan, Assistant Director General, National Development Office R Lauengco E S Abergas, OIC Scholarship Affairs Secretariat D Manlangit F G Igtiben J Montero, OIC, Project Monitoring Staff
Line agencies	Fe A Hidalgo, Undersecretary, Department of Education A Panadero, Assistant Secretary, Department of Interior and Local Government A R-Teh, Assistant Secretary, Department of Environment and Natural Resources D Catbagan, OIC-Director, Bureau of Animal Industry S Serrano, Undersecretary, Policy Planning, Department of Agriculture Ma. L T Reyes, Director, Technical Education and Skills Development Agency Ms M Hernandez, TESDA E Carandang, Director, NAMRIA L Bautista, Director, PHILVOLCS A Apóstol, Chief, MGB
Central Agencies	A C Bumatay, Director Department of Budget and Management
Team Leaders	B. Wilson, Facility Director, PAHRDF I. Lloyd, Project Director, LAMP S. Baker, Facility Director, PEGR D. Walsh, Project Director, BEAM D. Sweet-Kelly, Program Director, PACAP L. Padilla, Program Director, PACAP D. Ablett, Project Director PAQVET

ANNEX 3: QUESTIONS

Table.1 Questions: relevance

Framework	Questions	Source of information
Context	What are GOP priorities and how have they changed if at all since the development of the CPS?	Review of Philippines MTDP NEDA
CSP Objectives: Assessing the relevance of the CPS objectives to the past and current situation	Do the objectives set out in the CPS reflect past and current: > GoP priorities? > AusAID White Paper priorities? > Whole of Government (WofG) priorities? > Recognition of other donor's areas of focus? > AusAID areas of comparative advantage in development assistance? Is the geographical focus needs based? Is it viable?	Review of CPS and documentation at time of CPS development NEDA PIDS Treasury and DFAT, Ruth Pearce (AusAID) Donor agencies (Bilateral and multilateral) AusAID post and desk
Initiatives: Assessing whether the initiatives are relevant to the CPS	Do the structures of the initiatives reflect the governance and institutional constraints in the sectors in the Philippines? Are the government agencies or NGOs engaged in the initiatives well matched to the responsibilities required of them in the initiative? Are the objectives of the initiatives clearly stated and relevant to the CPS objectives?	AusAID sector advisors PIDS NEDA, selection of agencies Team Leaders Review of documentation AusAID post and desk
Delivery mechanisms	Are the delivery mechanisms suited to the initiatives? > Multilateral approaches utilised where bilateral approaches are not effective > Partnership approaches utilised where possible? > Fragmented/multi-faceted approaches taken?	AusAID sector advisors PIDS NEDA, Team Leaders AusAID post and desk Multilateral donors
Management	To what extent does the Country Performance Framework (CPF) reflect the CPS?	Documentation AusAID post and desk

Table.2 Questions: Impact

Framework	Questions	Source of information
Context: External sources of change	What has been happening in terms of economic and social outcomes and what have been the main drivers? > Macroeconomic indicators – GDP growth, interest rates, exchange rate, inflation > Microeconomic indicators – cost of doing business, investment growth > Social indicators – poverty, health, education, environment, gender equity	World Bank country report NEDA
CSP Objectives: Impact of the overall program to date (intended and unintended)	Have AusAID's efforts made any contribution to these outcomes relative to what otherwise would have occurred? > at a national level? > in a specific region? > for specific sectors?	NEDA PIDS Treasury and DFAT Donor agencies (Bilateral and multilateral) AusAID post and desk
Initiatives: Impact of initiatives (intended and unintended)	What changes in service delivery and policy have resulted from initiatives? What is the impact of these changes (short term and long term)? > On specific sectors? > On specific regions and/or target populations? Are there 'echo' or flow-on effects? (replication, chain reactions etc.)	NEDA, selection of agencies Team Leaders Review of documentation (reviews etc) AusAID post and desk
Delivery mechanisms		
Management	Does the CPF reporting tell us anything about the impact of the initiatives? Of the CPS?	Documentation AusAID post and desk, ODE

Table 3 Questions: Effectiveness

Framework	Questions	Source of information
Context:		
CSP Objectives:	To what extent do the initiatives' objectives reflect the CPS objectives?	Mapping exercise AusAID post and desk
Initiatives:	To what extent have the initiatives delivered against their objectives?	NEDA, selection of agencies Team Leaders Review of documentation (reviews etc) AusAID post and desk
Delivery mechanisms	Are the delivery mechanisms effective for: > Engaging with users? > Delivering quality services? > Supporting a WofG approach? > Facilitating strategic engagement with the GoP?	AusAID post and desk Team Leaders NEDA PIDS DFAT, Treasury, Ruth Pearce
Management	Is information from reviews etc. being used to fine tune/ revise or otherwise adjust: > initiatives? > the CPS?	Documentation AusAID post and desk Team Leaders NEDA

Table 4 Questions: Efficiency

Framework	Questions	Source of information
Context:		
CSP Objectives:	How efficient have the processes been for engaging with the GoP as development partners? Has development work been shared with other donors? Other donor and GoP agency work shared with AusAID? Examples of joint analytical/ programming work.	NEDA AusAID post and desk Donor agencies
Initiatives:	Have project components been delivered as agreed? > Timeliness? > Milestone quality? > Simplified Monitoring Toolbox/ Activity Monitoring Briefs ratings?	NEDA, selection of agencies Team Leaders Review of documentation (QAP and QAC reports etc) AusAID post and desk
Delivery mechanisms	Are the instruments chosen the most efficient way to deliver the program? How has the program performed in terms of key quality processes?	AusAID post and desk Audit documents Team Leaders NEDA PIDS
Management	Is the Country Performance Framework (CPF) used as a management tool? If so how useful is it and could it be done better? Is the CPF aligned with the GoP monitoring systems, such as NEDA's M&E framework? Do the QAPs and QACs streamline the assessment and processing of milestones? Have the lessons (p23-25 of the CPS) been incorporated into the delivery of the CPS? Have the ATLs been reporting on contributions to CPS objectives?	Documentation (annual review of implementation) AusAID post and desk Team Leaders

Table 5 Questions: Cross-cutting issues

Framework	Questions	Source of information
Context:	What is the GoP policy on issues such as gender, environment, HIV/AIDS? How do they respond to these issues being put on the agenda?	Philippines MTPDP NEDA Donor agencies
CSP Objectives:	Is explicit consideration given to cross cutting issues in the CPS?	Documentation AusAID post and desk
Initiatives:	Is explicit consideration given to cross cutting issues in each of the initiatives?	Team Leaders Review of documentation (M&E plans) AusAID post and desk
Delivery mechanisms	What approaches are used to embed gender equity in the initiatives? Which work well and why?	AusAID post and desk Team Leaders NEDA PIDS
Management	What kinds of expertise have been utilised to assist in ensuring cross cutting issues are addressed in the CPS and initiatives? What monitoring of cross cutting issues and related approaches is undertaken?	AusAID post and desk Team Leaders

ANNEX 4: DRAFT COUNTRY STRATEGY PERFORMANCE FRAMEWORK

To advance the national interests of Australia and the Philippines by contributing to poverty reduction, sustainable development and stability in the Philippines

STRATEGIC OBJECTIVE 1						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Strategic Objective 1	Broad-based growth across the Philippines	Growth in income of the poor higher than national average	Pro-poor growth index (PGI from ADB)	PRAG – annually		Broad-based growth is the GOP priority and not just economic growth
	Or	Reduction in poverty levels	Human Development Index (HDI)	PRAG – annually		
	Improved economic governance	Increased numbers of poor with access to basic services	Family Income & Expenditure Study (FIES)	PRAG – annually		
Intermediate Objective 1.1	GOP financial position improved and protected	Reduced budget deficit	General Appropriations Act (GAA)	Post-Governance Team – annually		
		Reduced level of public sector debt	Media reports			

STRATEGIC OBJECTIVE 1						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 1.1.1	Improved planning, coordination and fiscal relationship between national and local levels of government	% increase in LGU tax revenue	Reporting from local government associations, leagues	PCC 6-monthly		GOP/DILG actively supports LGU capacity for planning
		% decrease in IRA	Media reports	Post to monitor papers daily (or subscribe to media monitoring service?)		
		national standards developed and implemented for local revenue generation	Intelligence from AusAID projects, donor discussions	PCC 6-monthly		
		national policy directions on LGU reform developed (i.e. roadmap)		PCC 6-monthly		
		improved compliance by LGUs with national, financial and accounting procedures		PCC 6-monthly		
Program Outcome 1.1.2	More efficient, effective and equitable systems in place to increase GOP revenue collection	% increase in total tax revenue collected	Reports on revenue collection			Systems developed are actually implemented
		% increase in tax effort collection ratio (increase in tax/increase in GDP)	Annual economic data reports			
		change in tax structure (i.e. more rich than poor being taxed)	Media coverage			

STRATEGIC OBJECTIVE 1						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 1.1.3	Public expenditure planned, managed and monitored in an accountable, transparent and competent manner	% increase in budget allocated to investments/ programs	GAA			GOP commitment at both policy and operational level
		outputs performance-based framework adopted by GOP agencies	DBM Memo Circular/Reports			
		Level of GOP contribution to fulfillment of MDG commitment				
			UNDP/HDI Report			
			Intelligence from AusAID projects, donor discussions			
Intermediate Objective 1.2	Enabling environment supports private sector development	% increase in foreign and domestic investment	national government statistics and economic indicators (e.g. GNP, GDP, Exports/Imports)			Private sector willingness to participate in economic activities
		improvement in trade volume and structure				Economic activity can be measured
		diversification of exports				

STRATEGIC OBJECTIVE 1						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 1.2.1	Legislative, institutional and policy impediments to trade and investment are identified and overcome	Improved foreign and domestic business perception	Media reports, esp. international press	Post to monitor papers daily (or subscribe to media monitoring service?)		GoP has genuine commitment to policy reform
		International ranking of competitiveness				
		Compliance of GoP with international trade agreements				
		Significant institutional changes (eg LARA etc)				
		Passage of relevant bills				
		Implementation of reforms in key sectors (e.g. power, transport, infrastructure)				

STRATEGIC OBJECTIVE 2						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Strategic Objective 2	Improve security and stability in the Philippines	Increased domestic and foreign investment	Official government statistics	PRAG – annually		
		Increased tourism	IMF/WB reports	PRAG – annually		
Intermediate Objective 2.1	Strengthened capacity of key GOP agencies to counter terrorism	Credibility of response mechanism to incidents by key GOP agencies improved	Agency reports – before/after	PCC-6 monthly		Budget is provided
			Assessments of advisers on CT package	PCC-6 monthly		Commitment of management
			Media reports on how govt handles its job	Post to monitor papers daily		Retention and use of trained personnel
			Opinion survey – client satisfaction			

STRATEGIC OBJECTIVE 2						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 2.1.1	Law enforcement agencies better able to prevent, respond to and investigate terrorist incidents	Case Management Information System (CMIS) in place and operating	Statistics on prosecutions	PCC-6 monthly		CMIS maintained
		Better integration of international policing	National Police, PCTC…etc Agency records on investigations and prosecutions	PCC-6 monthly		Budget is provided
						Commitment of management
						Retention and use of trained personnel
Program Outcome 2..1.2	Effective border control measures detect and prevent movement of international terrorists and their equipment	Port security plan accepted by IMO	Uninterrupted international trade	PCC-6 monthly		Equipment used effectively
		Detection of fraudulent documentation	No. of fraudulent documents	PCC-6 monthly		Budget is provided
						Commitment of management
						Retention and use of trained personnel
Program Outcome 2.1.3	Stronger regional cooperation to counter terrorism	Better understanding of rules, regulations and processes (RRP) relating to CIQS	Harmonization of RRP	PCC-6 monthly		
		Better intraregional communication	Shared passenger info? (compliance with international regulations??)	PCC-6 monthly		

STRATEGIC OBJECTIVE 2						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Intermediate Objective 2.2	Peace-building and post-conflict recovery in areas affected by conflict	Decreased number of children out of school	Statistics on school enrolments and numbers of child soldiers	Post – Security & Stability Team		Security situation better
		Increased productivity, particularly agriculture	market and agricultural production report	Post – Security & Stability Team		Peace agreement
		*** Inclusiveness – Indigenous People (will be fleshed out more)				Reduced internationalization of conflict
Program Outcome 2.2.1	Effective and timely humanitarian and emergency responses	Basic services to IDPs provided	UN reports	Post – Security & Stability Team		UN evacuation and emergency response and distribution systems are in place
		Decreased incidence of infant mortality and morbidity in resettlement sites				
Program Outcome 2.2.2	Incentives effective in achieving and maintaining peace	Reduced level of conflict	Anecdotal evidence	Post – Security & Stability Team		
		**will be given later – see Peace and Conflict matrix under development				
Program Outcome 2.2.3	Sustainable poverty reduction in conflict-prone areas	Increased GDP per capita	Government data – NSO, NSCB, DLE	Post – Security & Stability Team		Peace agreement proceeding
		Increased employment				Security situation improving
		Decreased number of children out of school				Governance improving
		Decreased infant/ maternal mortality				

STRATEGIC OBJECTIVE 3						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Strategic Objective 3	Improve the living standards of the rural poor in the selected areas in the southern Philippines	Increased household incomes	Economic data obtained from surveys	PRAG – annually		Economy
		Decreased migration	Social Weather Station	PRAG – annually		Security issues
		Social indicators?	IBON Foundation Survey Report	PRAG – annually		
Intermediate Objective 3.1	Broaden livelihood opportunities through improved education and training	Increased employment rate	DTI/DOLE MIS	PCC – 6 monthly		Population growth
		Increased number of SMEs established	NEDA RDC Report	PCC – 6 monthly		Security issues
						Livelihood programs developed appropriately
Program Outcome 3.1.1	Improved quality of and access to basic education	Increased enrolment rate and cohort survival rate	DepEd Division Office Reports	PCC – 6 monthly		Sustained efforts of DepEd in advocating quality education
		Higher level academic performance of students	DepEd national assessment tests	PCC – 6 monthly		

STRATEGIC OBJECTIVE 3						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 3.1.2	Improved quality and relevance of TVET?	Increased market demand for skilled labour	Feedback from PCCI	PCC – 6 monthly		People's attitude towards TVET
			DOLE MIS	PCC – 6 monthly		Private sector picking up training schools
Intermediate Objective 3.2	Address key local-level constraints to rural income growth and human development, particularly through area-focused approaches in selected provinces	Increase in household income	PPDO data from household surveys	PCC – 6 monthly		LGU support
		Increased enrolment rate and number of students completing basic education	DepEd reports	PCC – 6 monthly		Timely release of IRA to provinces
		Trained labour force becomes competitive	TESDA reports(?)	PCC – 6 monthly		

STRATEGIC OBJECTIVE 3						
Level	What are we trying to achieve? (Objectives/ outcomes)	How will we know if we've achieved it? (Indicators)	What information/data will confirm that we've achieved it? (Means of Verification)	Responsibility/ timeframe for collecting data/ information	Additional data/ information able to be collected by AMCs	What things outside the program's control are we counting on? (Assumptions)
Program Outcome 3.2.1	Local government planning and service delivery capabilities enhanced	LGU bodies functioning as per LG Code	Planning Council minutes (all levels)	Post – rural development/ education team		Political will of LGUs
		Implementation of development plans	DILG reports	PCC – 6 monthly		
		Links between planning and budgeting				
		LGU plans address service delivery				
Program Outcome 3.2.2	Constraints to rural production and marketing eased	Increased harvest	PPDO reports	PCC – 6 monthly		Weather/natural disasters
		Increased province-level exports				Market demand for produce
Program Outcome 3.2.3	Human capital developed – eg through health improvements [and education/ training]	School managers/ teachers skills enhanced	PPDO reports	PCC – 6 monthly		Application of acquired skills supported by LGU leadership
		Small entrepreneurs' skills upgraded				

ANNEX 5: ESTIMATING IMPACT

Estimating impact

Impact can be defined as changes in the:

> level of resources available to the economy and the people. These are the level of human capital (eg. education, health), physical capital (eg. housing, transport and communication infrastructure, water and sanitation), financial capital (eg. access to credit, payments and financial services), social (eg. community organisations, support networks) and environmental capital (eg. biodiversity, ecosystem integrity); and

> enabling environment. This is the set of institutional structures, policies, rules and regulations that govern the activities that individuals and groups can undertake. They are formed by governments at all levels and by society through social, cultural and historical forces.

Impact can be both good and bad. It can be intended and unintended. Impact aims to reflect what has changed as a result of the development assistance initiative. There must be clear and logical links between the outputs from (and in some cases the process of) the initiative and the identified impact.

The initiative outputs may be:

> sufficient by themselves to achieve the impact;

> sufficient to achieve to impact contingent on other activities already underway; or

> necessary but not sufficient to achieve the impact.

TABLE 1 PROVIDES SOME EXAMPLES OF INITIATIVE OUTPUTS

Initiative outcome measure	Impact status	Maps to impact on:
LAMP laws passed	Necessary, not sufficient	> local government revenue raising > private sector investment (via collateral security)
BEAM curriculum for Islamic studies accepted	Necessary, not sufficient	> higher share of children attending school > improved educational outcomes for children attending
BEAM adoption of curriculum in X number of schools, X pupils	Sufficient, contingent on quality delivery	As above
PEGR government performance framework rolled out in X departments	Necessary, not sufficient	> improved service delivery by government agencies (efficiency and effectiveness) > improved targeting of expenditure to real areas of need
ACT for peace (UNDP) advocacy for peace, change in % population share supporting peace actions	Necessary but not sufficient	> reduction in conflict in short and long term
Disaster preparedness plans bringing multi-agency input together	Necessary but not sufficient	> rapid response to disasters reducing loss of life and exposure to diseases > reduction in impact of disasters due to reduced population and infrastructure exposure to danger

High level outcomes such as poverty alleviation usually have many contributing factors, only a small share of which are influenced by the impacts of the intervention. Barring redistribution, which is politically difficult to achieve, economic growth is the key to long term poverty alleviation. Thus creating an environment in which private sector investment, at all scales, can flourish is a critical step toward poverty alleviation. This requires investment in the five 'capitals' discussed above as well as the enabling environment.

In order to develop more accountable measures of impact, ODE is focusing on intermediate outcomes that have well accepted links to poverty reduction through improvements in the following four areas:

> peace and stability — conflict resolution and restorative justice, law and order;

> macroeconomic stability — sound government budgeting and public debt management, monetary management (control of inflation);

> poverty alleviation and service delivery to the poor:

- services to households such as quality and scale of education and health services provided;
- infrastructure for households — the access to water and sanitation, power, communication and transport infrastructure;

> private sector development:

- services to businesses such as lower the transactions costs for businesses (such as investment approvals processes, time to market);
- infrastructure to support business activity — electricity, communication, transport and ports, water supply;
- policies to improve: access to resources and markets and remove special privileges of existing businesses; and
- agriculture (where rural poverty is an issue) — lower costs/improved quality of the service (such as irrigation water supply certainty and price).

These changes can be at a local, regional or national level. Impact should be reported at the relevant scale. Given the scale of AusAID interventions this will often be at the local or regional level, for particular industries, or target groups of households.

ANNEX 6: DOCUMENTS CONSULTED

Program-Level Reviews

- Review of Philippines Program Monitoring and Quality Assurance Systems, September 2004
- Annual Review of the Country Program Strategy: Philippines 2004 – 2008, April 2005
- Philippines Rural and Private Sector Development Framework, June 2006

Annual Reports/Annual Plans

- Philippines-Australia Partnership for Economic Governance Reforms (PEGR) Annual Plan and Budget, Calendar Year 2006, November 2005
- Philippines-Australia Quality Technical/ Vocational Education and Training (PAQTVET) Project – Phase II, Annual Plan 2004-05
- Philippines-Australia Human Resources Development Facility Annual Plan 2005-06, March 2005
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