

Australia – Philippines Development Cooperation Program

Statement of Commitment

1. Introduction

1.1 Australia and the Philippines share a long history of bilateral cooperation. The relationship is broad and multi-faceted, spanning mutual interests in trade and investment, defence and security cooperation, immigration, and people-to-people and cultural links. The development cooperation partnership is a key feature of this relationship. Australia is now one of the top three bilateral donors to the Philippines and the largest grant donor. This reflects Australia's interest in assisting the Philippines to realise its inherent potential as a stable and prosperous country in the Asia-Pacific region.

1.2 However, relatively low economic growth, high income inequality, and governance challenges impede the Philippines from realising that potential. The Philippine Government has embarked on a strategic agenda to tackle these impediments. It seeks to generate inclusive growth, uplift the poor and protect the vulnerable. Australian aid can play an important role in assisting the Philippines to deliver on this agenda, with funding for priority programs and expert advice on policy and reform. In *An Effective Aid Program for Australia, Making a real difference-Delivering real results* Australia committed to delivering real results for poor people by maximising aid effectiveness.

1.3 This Statement of Commitment is made pursuant to the General Agreement on Development Cooperation (GADC) Program. It reflects the intention of the Government of Australia and the Government of the Philippines to work together to address some of the key issues that keep people poor and make others vulnerable to falling into poverty.

The goal of the Australia – Philippines development cooperation program is to assist the poor and vulnerable to take advantage of the opportunities that can arise from a more prosperous, stable and resilient Philippines.

1.4 This Statement sets out the strategy that will underpin the development cooperation program. Two strategic objectives will be pursued to achieve the goal: strengthened basic services for the poor; and reduced vulnerabilities arising from climate change and conflict. The Statement outlines the respective commitments of the Australian and Philippine governments to deliver development results and details the specific, measurable, priority development outcomes to be achieved over a 6 year period from 2012 – 2017.

2. Development Context

2.1 Macroeconomic fundamentals of the Philippines remained solid and healthy from 2003 to 2009. Despite substantial external shocks, the domestic economy enjoyed a manageable inflation environment at 5.5 percent. Sustained current account surpluses from robust remittances kept the exchange rate relatively stable. The government's fiscal management has been generally sound. This helped achieve real GDP growth of 5.2 percent.

2.2 Economic growth, however, failed to significantly reduce poverty. From the national official estimate of 24.9 percent poor Filipinos in 2003, this increased to 26.5 percent in 2009. It is estimated that there are now some 45 million Filipinos living on less than \$2 per day. Growth has been led by personal consumption, which has benefited from strong inflow of remittances. Output growth has been led by the services sector while industrial output growth was buoyed by manufacturing and construction. Governance challenges, particularly corruption and political instability, security concerns, limited infrastructure, high energy costs and significant behind the border constraints have undermined the investment climate necessary to create employment opportunities. Insufficient private investment, a shrinking manufacturing sector and underdeveloped agricultural sector also constrained job creation, especially for poorer Filipinos.

2.3 Years of expenditure tightening and low rates of tax collection have resulted in low human capital investment. Education attainment levels are low and maternal mortality relatively high for a lower middle income country. Significant regional disparities exist with some 20 million Filipinos living in provinces that have an average GDP per capita below that found in a number of least developed countries. High annual population growth of around 2 per cent places added pressure on the government to provide adequate basic social services. Conflict and natural disasters consign many to a life of poverty.

2.4 President Aquino's 16-point social contract with the Filipino people and the new Philippine Development Plan seek to address the constraints to growth and poverty reduction. The Administration has committed to delivering an enabling environment for inclusive growth and poverty reduction.

2.4 The government's agenda focuses on promoting *transparency and accountability* to combat corruption and better manage public resources. *Fiscal responsibility* will be pursued through an improved tax effort, prudent spending, and sustainable debt management. *Public-private partnerships* will be strengthened to raise investment for major infrastructure programs needed by a fast growing economy. Increasing levels of fiscal space and stronger collaboration between national agencies, local government units and community organisations will be directed at addressing critical gaps in social services.

2.5 Education and other human capital investments are prioritised to address disparities in access and quality of services to enable the vulnerable groups to participate in the economic process. Education system reform will be aimed at preparing students for work or further education or training. Safer and disaster resilient communities will be built by mainstreaming and integrating DRR and CCA

in national, regional and local development processes. Peace and national security will be sought through the promotion of the peace process, settlements and complementary development that promotes peace and addresses causes of conflict.

3. The Development Cooperation Strategy

3.1 The development challenges in the Philippines are substantial. The Australia – Philippine development cooperation program is best served by selectivity, depth of engagement and a realistic assessment of the prospects for success. Consequently, the governments of Australia and the Philippines agree to focus Australian aid more directly on helping poor Filipinos.

3.2 This focus recognizes that while there has been growth in the Philippines, the nexus between growth and poverty has been weak, as the number of poor has continued to increase. The economy has to expand fast and create massive employment opportunities, especially for the poor. While Australia will provide policy advice and technical support where required, Australian aid can at best play a marginal role in helping to restructure the economy, attract investment, and achieve higher rates of growth. Australian aid can, however, provide very tangible contributions by directly helping the poor and protecting the vulnerable who cannot immediately participate in a transforming economy.

3.3 Two strategic objectives will be pursued to deliver this focus: strengthened basic services for the poor; and reduced vulnerabilities arising from climate change and conflict. The Philippines human capital is eroding, which will make it increasingly difficult to compete internationally, constrain economic development and limit the capacity to alleviate poverty. Australian aid will work to promote opportunities for all by improving learning outcomes in English, maths and science, and increasing access and completion rates in elementary and secondary education. This will be underpinned by efforts to strengthen the education bureaucracy to deliver better policy, planning and programs.

3.4 A strong focus on strengthening local governments recognises that they deliver most basic services to the poor and are therefore a key agent for effective poverty reduction. Australian assistance will seek to improve transparency and accountability of local governments with emphasis on providing more efficient and effective basic services, particularly health and road infrastructure.

3.5 The Philippines is the third most vulnerable country to disasters. Disasters have driven people into poverty and threaten sustainable economic development. Australian assistance will work to ensure that the poor, who are most vulnerable to disasters and climate change, are more resilient to their impacts.

3.6 The worst poverty indicators in the Philippines are registered in the conflict affected areas of Mindanao. The basic challenge is to create an environment of security, establish good governance practices, build human capital and optimize opportunities to link economically with more developed parts of Mindanao. Australia will support enhanced education services in conflict affected areas, train security forces to better manage conflict in Mindanao, and increase economic linkages with more developed regions.

3.7 The Australia – Philippine development partnership also recognises that for Australian aid to have a meaningful impact on the poor, it must help improve governance. This will be done by building capacity within relevant government institutions and facilitating partnerships between government and civil society to create stronger demand and accountability for change.

3.8 Australia will endeavour to deliver development assistance using Philippine Government systems wherever possible in accordance with the agreements in the Paris Declaration and the Accra Agenda for Action. The use of Philippines Government systems will be predicated upon assessments of their fiduciary management capacity, including planning, financial, quality assurance and transparency capabilities. Through its development cooperation program, Australia will work in partnership with the Philippine Government to strengthen these systems, engaging in joint monitoring of development activities with the Philippines Government and civil society to ensure the achievement of Development results

Strengthening Basic Services for the Poor

1. Improved Education

- Increased access, participation and completion rates for elementary and secondary education
- Improved learning outcomes in English, mathematics and science
- Strengthened management and information systems for evidence based decision making in policy, planning, operations and budget execution
- Strengthened school-based management (SBM)
- Strengthened management of the Government's social protection frameworks as a means to improve education outcomes

2. Improved Local Government Capacity to Deliver Basic Services

- Greater transparency and accountability to enable local governments to be more responsive to the needs of citizens, especially the poor
- Greater people's participation (from private sector, civil society, general public) in local governance decision-making and implementation processes
- Greater local government effectiveness in provision of services for the poor, including road infrastructure

Reducing Vulnerability Arising from Climate Change and Conflict

3. Strengthened Climate Change Adaptation and Disaster Risk Management

- Local government units and other stakeholders, especially in urban areas, are collaboratively planning and implementing appropriate local climate change and disaster risk management action strategies
- Philippine Government agencies are providing strategic leadership to enable LGUs to implement effective climate change and disaster risk management policies and programs

4. Improved Conditions for Peace and Security

- Working to build more capable and legitimate institutions in conflict-affected areas
- Expanding economic opportunities for conflict affected populations
- Strengthening foundations for a negotiated peace
- Reducing vulnerabilities for conflict affected populations

Supporting the Foundations for Accountable, Transparent, Effective and Inclusive Governance

Public Financial Management – Human Resource Development and Institutional Strengthening – Civil Society – Incentive Based Approaches – Gender Equitable and Inclusive Development Approaches

- More transparent, efficient and effective public financial management
- Improved civil society capacity to engage government in constructive partnerships for reform
- Improved government capacity to pursue organisational and institutional reforms, and to partner with civil society, to improve the accountability and transparency of government operations
- Solicited public-private partnerships to fund priority infrastructure projects through open, competitive bidding established as the usual practice

4. Commitments of the Governments of Australia and Philippines

Both Governments jointly commit to:

- Deliver a development cooperation program that is aligned with the Philippines' development priorities outlined in the Philippine Development Plan 2011-2016;
- A bilateral cooperation that is focused on addressing critical gaps in social services for the poorest Filipinos, specifically on improving education outcomes, strengthening local government service delivery, strengthening climate change adaptation and disaster risk management, and improving conditions for peace and security;
- Uphold gender, human rights and disability focused approaches and principles;
- Implement an inclusive program of assistance that draws in all stakeholders, including civil society;
- An accountable, transparent and effective governance to ensure that resources are effectively and efficiently used for the delivery of public goods and services; and
- Uphold the partnership commitments in the Paris Declaration on Aid Effectiveness and Accra Action Agenda.

The Government of Australia commits to:

- Provide long term support, recognising that many development constraints are deeply embedded and will require assistance over a number of years to have a real impact;
- Provide annual updates of levels of assistance over rolling four year periods;
- Increase levels of assistance based on verifiable progress in agreed priority outcome areas;
- Provide selective, flexible and timely assistance to support reform in areas where Australia can make a real difference;
- Increase the use of performance-based mechanisms to facilitate reform in agreed priority outcome areas;
- Increase access to clear information about Australia's program of assistance; and
- Coordinate with other donors and share information to reinforce our respective efforts and avoid duplication;

The Government of the Philippines, consistent with the PDP 2011-2016, commits to:

- Progressively increase public expenditures for the following, subject to the annual General Appropriations Act (GAA),
 - basic education; and
 - support to local government units, through incentive and performance-based mechanisms;
- Ensure sufficient financial resources for the successful implementation of the National Slum Upgrading Strategy, and the Philippines Public Financial Management Reform Roadmap, including the Integration and Automation of Government Financial Management Systems;
- Accelerate the implementation of the Basic Education Reform Agenda (BESRA) towards the attainment of the EFA and MDGs;
- Continue investing in strategic human resource management and development interventions for all levels of the Philippine bureaucracy to improve service delivery and public sector accountability by
 - enhancing performance management system within the civil service
 - strengthening leadership and management skills of senior government officials; and
 - enhancing capacities of local government units to ensure greater transparency, efficiency, effectiveness and accessibility in the delivery of devolved services to constituents
- Curb corruption to ensure that resources are effectively and efficiently used for the delivery of public goods and services;
- Strengthen mechanisms to further boost citizen's access to information and bolster the quality of their participation in local governance;
- Work towards building safer and disaster-resilient communities by
 - mainstreaming and integrating DRR and CCA in national, regional and local development processes,
 - strengthening information and knowledge management systems for DRR and CCA,
 - enhancing capacities for the effective implementation of DRR/CCA strategies at all levels of governance;
- Exert all efforts to win peace and ensure national security through negotiated political settlements of all armed conflicts and implementation of complementary development tracks to address the causes of conflicts.

5. Governance and Review

5.1 The Governments of Australia and the Philippines commit to the principle of joint, regular and evidence-based review of progress against the objectives and commitments of the Strategy. Performance and progress will be measured using a performance framework to be developed in the first six months of this Strategy.

5.2 Regular high level discussions will be held between senior officials of the two Governments to review progress implementing the Strategy. A mid-term review of the Strategy will be undertaken in 2014-15.

5.3 In addition to the joint review of progress, the performance assessment of Australia's contribution through the aid program to joint development objectives and outcomes will be reported through the production of an Annual Program Performance Report. This report will be drafted by Australia with extensive input from the Philippines and for consideration during high level discussions.

6. Conclusion

6.1 Through this statement the Governments of Australia and Philippines establish their mutual commitment to a program of cooperation to meet our common interest in seeing an improved quality of life for all Filipinos and a prosperous and stable Philippines.

Signed at Canberra on 14th March 2012



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Annex A Strategic Objectives and Priority Outcomes

Strategic Objective 1 – Strengthened Basic Services

Sub Objective 1 Improved education

The last decade has seen the emergence of a crisis in basic education. On current projections the Philippines is unlikely to meet its MDG goal of universal primary education. Current indicators show less than 68 per cent of the school age cohort will complete primary school and less than 40 per cent secondary school. These indicators are worse for marginalised indigenous and Muslim children. Most secondary school graduates are poorly prepared to enter the workforce, engage in technical/vocational training, or undertake university studies. The implications these education indicators carry for economic development and social cohesion are considerable. This erosion of the human capital is most evident in the comparatively slow improvement in labour productivity in the Philippines compared with its neighbours over the last decade. If this situation persists the Philippines will find it increasingly difficult to compete internationally which will constrain economic development and limit its capacity to alleviate poverty.

The new administration has placed education reform at the top of its agenda. It has outlined an ambitious plan aimed at rapidly increasing access to school education, completion rates of secondary school, and most importantly substantially improving learning achievement. The agenda reflects an understanding that significant improvements in learning achievement are associated with substantial growth in GDP. This is also reflected in the new administration's intention to introduce universal pre-school education and an additional two years of basic education to accord with the international standards. In addition, the Government's social protection framework provides an effective platform to enhance coordination between education and other social sector agencies in order to improve the delivery and quality of services to the poor.

Australia and the Philippines will work together to improve education with expected outcomes to include:

- Increased access, participation and completion rates for elementary and secondary education;
- Improved learning outcomes in English, mathematics and science;
- Strengthened management and information systems for evidence based decision making in policy, planning, operations, and budget execution;
- Strengthened school-based management (SBM) as a central driver of change
- Strengthened management of the Government's social protection framework as a means to improve education outcomes

By 2017 we will aim to:

Strengthen education institutions through:

- Better systems, structures and processes to manage finances, human resources and procurement

Improve learning outcomes through:

- Improved teacher education curriculum
- Training 12,000 school Principals as Instructional Leaders
- Provision of quality pre and in-service teacher training for 40,000 teachers
- Better teaching and culturally responsive learning materials
- Building 1000 Resource Centres
- Building 1000 Community learning centres

Increase participation rates by:

- Building 7,500 classrooms providing an additional 400,000 student places
- Providing better water and sanitation facilities at 7,500 schools
- Promoting access for children with disability and reducing gender disparities in enrolment and drop-out
- Strengthening effectiveness of the Conditional Cash Transfer Program
- Enhancing the delivery of ECCD services for 3-5 year olds

Enhance policy and planning dialogue with:

- Introduction of K to 12
- Research studies to support DepEd particularly for
 - Curriculum development
 - Comprehensive learning assessment systems to improve learning
- Ensuring its school graduates are well prepared to join the workforce, engage in tech/voc training, or undertake university study
- Ensuring coordinated education and social protection efforts for the poor by DepED and DSWD

Sub Objective 2 Improved local government capacity to deliver basic services

Local government units assumed extensive responsibilities for the provision of basic services, such as health, infrastructure and social welfare, when decentralisation was launched in the Philippines 20 years ago. The decentralised system is highly fragmented, involving some 43,000 local governments and creating coordination challenges. Local governments now account for almost one third of total government expenditure. Local governments will play a crucial role in achieving the development goals outlined in the Philippine Development Plan 2011 - 2016.

The new Administration is undertaking a comprehensive reform process to enable local government units to improve basic service delivery and be key drivers of inclusive growth. Reforms will target the challenges of uneven service delivery, under-investment in local infrastructure and weaknesses in the institutional environment for governance. Promoting the tenets of transparency, accountability, participation and performance in local government is already underway. Full budget disclosure has been introduced allowing proper scrutiny of local government finances by the public. Other reforms include increased transparency in local planning, budgeting and fiduciary systems, and a stronger partnership with civil society for identifying and implementing activities that respond to the needs of poor people.

Australia will support these reforms at the local government level through the innovative use of performance incentives. Supporting selected provincial governments with incentives to better their road network will be used as an entry point to improve governance capacity. The use of incentives will build on Philippines Government efforts to reward those local governments delivering improved services to the poor.

Australia and the Philippines will work together to build local government capacity in selected poorer provinces to support the delivery of basic services. Key outcomes will include:

- Greater transparency and accountability to enable local governments to be more responsive to the needs of citizens, especially the poor.
- Greater people's participation (from private sector, civil society, general public) in local governance decision-making and implementation processes.
- Greater local government effectiveness in provision of services for the poor, particularly road infrastructure.

By 2017, we will aim to assist targeted local governments units to:

- lead poverty reduction efforts through stronger collaboration between national agencies, local government units and community organisations
- fully disclose budgets, finances and procurement activities to the public
- strengthen the internal audit and tracking of provincial government expenditures
- develop better systems to raise local revenues
- maintain their core network of provincial gravel roads at a nationally-defined quality standard

Strategic Objective 2 – Reduced Vulnerabilities

Sub Objective 3

Strengthened climate change adaptation and disaster risk management

The 2009 Global Report on Disaster Risk Reduction ranked the Philippines as third most vulnerable to disasters. Its position in the Pacific ring of fire belt of seismic activity and in the typhoon belt of the western north Pacific basin, guarantees that the country will experience frequent earthquakes and volcanic eruptions and an average of 20 tropical cyclones annually – five to seven of which are severely destructive. In any year the impacts and costs of natural disasters can significantly erode economic growth, driving people into poverty. In bad years, direct losses (not including the cost of recovery and rebuilding) have shaved domestic product by as much as two to three per cent (in effect the equivalent of a small recession).

Equally alarming is the country's vulnerability to climate change. The 2011 Maplecroft climate change vulnerability index ranked the Philippines as sixth at extreme risk to climate change impacts. Weather related disasters are becoming more frequent and the likelihood of a continuing drying trend may put agricultural production at serious risk and accentuate stress on water supply and aquatic ecosystems. Vulnerabilities are particularly acute in urban environments with the Philippines being the fastest urbanising country in South east Asia and around 60 per cent of the country's municipalities and cities being coastal including metro Manila most of which lie below sea level.

The Philippines now has a strong legal and institutional platform to effectively manage the twin risks of natural disasters and climate change. New laws and the presence of a National Disaster Risk Reduction and Management Council and a Climate Change Commission herald a shift away from disaster response to actively reducing disaster risks and adapting to the challenges of climate change. But institutional capacity remains weak, there are critical knowledge gaps and the new national laws and associated policies need to be put into practice particularly at the local level. In November 2011, the President (as Chair of CCC) signed a resolution approving the National Climate Change Action Plan (NCCAP). The NCCAP outlines the Philippine's agenda for climate change adaptation and mitigation for 2011 to 2028.

Australia and the Philippines will work together to ensure people in the Philippines who are vulnerable to natural disasters and climate change are more resilient to their impacts. Expected outcomes will include:

- Local government units and other stakeholders, especially in the urban areas, are collaboratively planning and implementing appropriate local climate change and disaster risk management action strategies
- Philippine Government agencies are providing strategic leadership to enable LGUs to implement effective climate change and disaster risk management policies and programs

By 2017 we will aim to:

- Produce detailed hazard and vulnerability maps leading to improved comprehensive land use plans and disaster contingency planning in selected municipalities in Metro Manila and coastal provinces
- Strengthen multi-hazard forecasting and monitoring of relevant CSCAND agencies
- Provide access to at least 1800 informal settler households living in dangerous hazard zones in Metro Manila to safer and disaster-resilient housing
- Replicate a model disaster resilient program for urban areas in Metro Manila
- Provide research assistance focused in agriculture (e.g. climate resilient crops, livestock and/or fish varieties)

Sub Objective 4 Improved conditions for peace and security

Large parts of Mindanao are trapped in a vicious cycle of conflict, poor governance and underdevelopment. This is both economically and socially damaging. Poverty incidence in the Autonomous Region of Muslim Mindanao is the highest in the country. Despite rich natural resources Mindanao's economy is consistently lagging behind Luzon and Visayas - it contributes only 15 percent each of the Philippines' industry and services sectors, and about a fifth of the country's gross domestic product. Human Development indicators are similar to parts of sub-Saharan Africa. An absence of governance in a number of areas fosters general insecurity, providing small havens for terrorist groups presenting threats to national and regional security. Unresolved peace processes undermine the sustainability and legitimacy of government and donor investments in development.

Yet there is much potential. Mindanao comprises a third of the country's total land area, has good soil and rainfall, and largely escapes the impacts of typhoons. Areas that enjoy relatively better security and governance conditions contribute about 60 percent of the country's total agricultural exports and enjoy a quality of life similar to the most developed regions in the country. Isolated cases of good governance and a small number of successful enterprises demonstrate what can be achieved.

The reality is that two Mindanaos exist: one largely conflict free and growing economically, and one that suffers from insecurity, extreme poverty, and a crisis of governance. The basic development challenge in the region is to create in conflict affected areas an environment of security, establish good governance practices, build the human capital and exploit opportunities to link economically with the more developed parts of Mindanao and perhaps wider afield. A sustained peace will help deliver these but in its absence there is an urgent need to prevent the region from falling further behind.

Australia and the Philippines will work together to facilitate a more conducive environment for improved security and development by:

- Working to build more capable and legitimate institutions in conflict-affected areas,
- Expanding economic opportunities for conflict affected populations
- Strengthening foundations for a negotiated peace
- Reducing vulnerabilities for conflict affected populations

By 2017 we will aim to:

- Support the conduct of more credible and legitimate elections in the Autonomous Region of Muslim Mindanao (ARMM)
- Improve learning outcomes for children in ARMM by:
 - increasing access and completion rates for elementary and secondary school
 - improving learning achievement of secondary school graduates in English, science and mathematics
 - training approximately 13,000 individuals who occupy positions as education managers, principals, teachers, local officials and school board members
 - providing approximately 5000 units of new infrastructure including classrooms, learning resource centres, science, computer and language labs, and technical and vocational education workshops
 - introducing the Bangladesh Rural Advancement Committee system of basic education for remote communities providing for 34,000 pre-schoolers and 9000 elementary school completers
 - providing education opportunities for children and youths engaged in and involved with armed elements of insurgent groups
- Improve conflict management capabilities by training state actors to be better able to manage conflict within and between communities and by strengthening non-state mechanisms for averting escalation of conflict
- Increase economic linkages between conflict affected areas and more developed regions by trialling three local economic development models

Supporting the foundations for accountable, transparent and effective governance

The Philippine Government's reform agenda prioritises the pillars of good governance: *transparency and accountability*. More open government is considered essential to combat corruption, promote better public financial management, strengthen the tax effort, direct more prudent public spending and attract private investment in the Philippines. Australia agrees. Improving the quality of governance in the Philippines is fundamental to the country's development prospects.

Australia's good governance strategy has been developed in close coordination with the Philippine Government. Australia and the Philippines will work together to implement the *Philippine Public Financial Management Reform Roadmap: Towards Improved Accountability and Transparency*. Priority will be given to practical budget and expenditure management reforms that improve the basic building blocks for a modern public financial management system. Targeted investments, including through scholarships, will continue efforts to modernise and strengthen government institutions, supporting the development of systems and capacities to enable more effective service delivery. Australia will support multi-sectoral coalitions to strengthen the formulation and implementation of priority public policies, contributing to: more effective, transparent and accountable use of scarce budget

resources to achieve improved development outcomes; enhanced government responsiveness to priority civil society concerns and strengthened civil society capacity to support reformers within government.

The good governance strategy is sufficiently flexible to enable pursuit of high return reform opportunities. Australia has seized an early opportunity by committing support for the Aquino government's drive to encourage private investment in the Philippines through open, competitive bidding for major public-private partnerships targeting the country's infrastructure deficit.

This strong focus on good governance will help address one of the key constraints to growth and poverty reduction in the Philippines. Good governance improvements will also underpin the pursuit of two strategic objectives: **i) strengthening basic services for the poor;** and **ii) reducing vulnerabilities.** Australia will reward good governance performers addressing poverty effectively by directing an increasing share of its assistance to them through incentive-based programs.

Australia and the Philippines will work together to improve the accountability, transparency and effectiveness of governance with expected outcomes to include:

- More transparent, efficient and effective public financial management
- Improved civil society capacity to engage government in constructive partnerships for reform
- Improved government capacity to pursue organisational and institutional change, and to partner with civil society, to improve the accountability and transparency of government operations
- Solicited public-private partnerships to fund priority infrastructure projects through open, competitive bidding established as the usual practice

By 2017 we will aim to:

- Introduce a workable integrated financial management information system for the national government
- Strengthen internal controls and internal audit practices in government to improve overall integrity systems
- Improve centralised cash management so there is an economical system for spending departments to execute their budgets
- Enhance external oversight of the budget and public expenditure by civil society, recognising the benefits of more open government
- Provide 600 scholarships for study in Australian institutions, and at least 100 scholarships for study in Philippine institutions
- Enhance organisational capacity of 5 – 7 partner institutions in:
 - planning and policy development
 - leadership and management
 - human resource management and development
 - knowledge management and performance improvement
 - stakeholders engagement

- gender and development
- Enhance government responsiveness to priority civil society concerns and strengthen civil society capacity to support reformers within government
- Strengthen the capacity of a select number of local academic institutions, independent policy think-tanks and other research organizations to actively engage national and local government in the policy-making process and in monitoring implementation
- Support the competitive tendering of at least eight major PPP projects, enhancing one million Filipino's access to new and/or improved public services and thereby facilitate \$700 million of new infrastructure investment in the Philippines