



Australian Government

Department of Foreign Affairs and Trade



Aid Program Performance Report 2014-15

Philippines

November 2015

Key Messages

This report summarises the progress of Australia's aid investments in the Philippines for the period July 2014 to June 2015. Our aid works toward the over-arching objective of 'promoting prosperity, reducing poverty and enhancing political stability'. It closely aligns with the priorities of the Philippine Government and during the reporting period focussed on:

- › partnering on education reforms;
- › enhancing the foundations for sustained economic growth;
- › promoting better disaster preparedness and response;
- › improving conditions for peace and security; and
- › building stronger institutions for accountable and inclusive governance.

The Philippine President's 2015 State of the Nation Address acknowledged key initiatives essential for the country's long-term development. Australia is working with the Philippines in many of these critical initiatives, including to build infrastructure with the private sector, reform its education system to international standards, implement the third largest conditional cash transfer program in the world, and build the foundations for peace in Mindanao.

Australia's Aid program in the Philippines continues to deliver results. In 2014-15 Australia:

- › Supported the Philippine Public Private Partnership (PPP) program which awarded three infrastructure contracts worth USD2.7 billion. The country was recognised by the Economist Intelligence Unit as the most improved country in the Asia-Pacific for PPP readiness.
- › Partnered with the Philippine Government on education reform. We helped in the design and delivery of a new education curriculum, reviewed the development needs of teachers, and supported improvements in management systems and organisational structure. Australia provided 215 teacher scholarships and built/rehabilitated 1,170 classrooms. In Mindanao, one of the most impoverished regions in the Philippines, we trained 4,200 teachers/school administrators and helped educate 45,000 children.
- › Responded within 48 hours to the Philippine Government's request for assistance after Typhoons Rammasun and Hagupit hit the country. Food and other lifesaving support was provided to 202,500 people. Australia also strengthened Philippine cities to better cope with natural disasters. We constructed 1,440 safer homes for families living in flood-prone locations, developed 51 hazard and risk maps for local government, and improved early warning systems for the benefit of over one million people. These preparations helped prepare Metropolitan Manila which suffered no casualties from flooding in 2014-15.
- › Supported, in partnership with the World Bank, development of a plan for the Bangsamoro which aims to foster peace, strengthen institutions, and promotes jobs.
- › Encouraged policy dialogue across government, private sector, and civil society organisations, leading to increased government funding of AUD97.6 million for significant reforms in education, local infrastructure, and land governance.

Australia's aid in the future will be guided by a new *Philippines Aid Investment Plan* launched in September 2015. The new plan recognises that Philippines is in a stronger economic position than before and shifts the focus towards supporting the government to better manage its own resources and catalysing reform. The goal of Australia's aid investments in the Philippines will be to '*accelerate inclusive economic growth and political stability*'.

Context

The Philippines is one of the fastest growing economies in Southeast Asia with an average growth rate of 6.3 per cent per annum between 2010 and 2014.¹ It has outperformed Indonesia (5.8 per cent), Malaysia (5.8 per cent), Thailand (3.6 per cent) and Vietnam (5.9 per cent) across this time period. Commensurate with the country's economic growth, the unemployment rate has fallen by 1.6 percentage points over the last five years and is currently at 6.4 per cent.²

The services sector has driven growth in the Philippines and increased its share of GDP from 55.1 per cent in 2010 to 57.5 per cent in 2014.³ Especially notable is the business process outsourcing sector whose revenue reached USD18.4 billion in 2014 from virtually zero in 2001.⁴ In a relatively short period, the Philippines has become one of the top global outsourcing destinations in the world.⁵ While the industry and agriculture sectors grew between 2010 and 2014, their share of GDP decreased slightly.⁶ The economy remains reliant on overseas Philippine workers who in 2014 remitted USD28.4 billion or 10 per cent of GDP.⁷

While economic growth has been high in the Philippines, the challenge is to ensure that economic expansion benefits the population as a whole. Gains have been made. Income as measured by GDP per capita increased by 18 per cent between 2010 and 2014 (from USD1,403 to USD1,649)⁸, and the incidence of poverty for the population decreased by three percentage points between 2009 and 2014 (from 29 per cent to 26 per cent).⁹ These outcomes are encouraging, but not yet at a pace the Philippine Government would like to see.

The Philippines has made progress in tackling some of the underlying economic issues limiting growth and development. The country has awarded ten Public Private Partnership projects since 2011, worth an estimated USD4.2 billion, to improve infrastructure and connectivity.¹⁰ Three key economic reform bills were also passed in 2015: the Philippine Competition Act; the Tax Incentives Management and Transparency Act; and a Cabotage Act designed to allow foreign vessels to carry more cargo between Philippine Ports. Critical details of the implementation of these acts still need to be hammered out. An act called the Go Negosyo Act was also signed into law on July 2014 and aims to help the establishment of small and medium-sized enterprises.

The overall business and governance environment of the Philippines has improved. Between 2010 and 2015, the Philippines increased its ease of doing business score;¹¹ moved up 33 and 28 places respectively on the World Economic Forum's country ranking on Global Competitiveness¹² and Enabling Trade;¹³ and climbed 49 places on Transparency International's Corruption Perceptions Index¹⁴. These results however, do not seem to have translated to a significant increase in investments as a proportion of GDP.¹⁵

President Benigno S. Aquino III was elected in 2010 on an anti-corruption and good governance agenda. His administration introduced a range of public spending reforms to increase efficiency and openness in the budget process, including the implementation of Performance-Informed Budgeting. Priorities of the President for the rest of his term in government, as outlined in his 2015 State of the Nation Address, include enacting a Bill on the Rationalization of Fiscal Incentives and passing an Anti-Dynasty Law. The Freedom of Information Act to improve transparency by mandating the disclosure of public documents remains stalled in Congress.

The Philippines is undergoing its most significant education reform to date. Implementation of the K-12 basic educational program began in 2011 and adds a universal kindergarten year and two years of senior high school (grades 11-12) to the previous curriculum. If implemented successfully, the reform will bring the Philippines' education system up to international

standards and have a transformative effect on the quality of graduates and long-term economic growth. The education budget has also increased year on year to support this reform. Encouragingly, more Filipino children are now attending school and their results have improved.¹⁶ The government has also expanded its conditional cash transfer program that encourages families to send their children to school. The Pantawid Pamilyang Pilipino Program (4Ps) reached four million households in 2015. Beneficiaries of 4Ps are more likely to participate in school and utilise health care. In both education reform and 4Ps, Australia provides critical technical assistance in policy formulation, program design and implementation.

The Philippines ranks 9th out of 142 countries in the 2014 Global Gender Gap Index. Since the index was introduced in 2006, the country has consistently ranked among the top 10 in the world. The Philippines outranked Australia and is the only Asian country in the top 20. While the overall result is strong, the index highlights economic participation challenges for women. Jobs for women tend to be concentrated in low-earning occupations and low-value-added industries. Many poor Filipino women face risks of domestic violence and human trafficking.

No populous country in the world is more vulnerable to natural disasters than the Philippines. With the country still recovering from Super-Typhoon Haiyan, the Philippines was hit by two typhoons in 2014-15: Rammasun (locally known as Glenda) in July 2014 and Hagupit (locally known as Ruby) in December 2014. Together these two typhoons killed 124 people, left more than three million homeless and had an economic cost of AUD1.3 billion.¹⁷ Australia provided critical support to the Philippines through the provision of rice and emergency relief items.

The Philippines is home to two of the longest-running insurgencies in the world: Muslim rebel groups fighting for autonomy in Mindanao and a communist insurgency found throughout many parts of the country. A milestone in the peace process between the Government of the Philippines and the Moro Islamic Liberation Front (MILF) occurred in March 2014 with the signing of a peace agreement. Under the Comprehensive Agreement on the Bangsamoro, the MILF will need to turn over its firearms and decommission its armed wing. In return an autonomous Bangsamoro will be established. A proposed Bangsamoro Basic Law (BBL) enacts the peace agreement and is amongst the most important legislation that the Aquino administration seeks to have passed in its remaining time in government.¹⁸ The bill is still being debated in Congress. The delay in passing the BBL has caused uncertainty in other aspects of the peace process including disarmament, demobilisation and reintegration.

The context in which Australian aid operates in the Philippines remains positive overall. The economy is growing and unemployment is decreasing. The country is also undergoing reform, including in education, which should lead to further growth. There are, however, significant challenges that the country needs to overcome to achieve sustained economic growth that reduces poverty. Higher rates of investment both in human and physical capital are needed. The Philippines is not attracting as much investment as its neighbours due to restrictions on foreign ownership, tax collection is low, and quality of infrastructure is still poor relative to the needs of a growing economy and a population that now exceeds 100 million. As large diversified conglomerates still dominate the economy, the challenge in the Philippines is to create a more level playing field where small and medium businesses can thrive. General elections in May 2016 will determine who leads the country for the next six years, and it is unclear whether the next president will seek to continue the reforms of the current government. Some discontinuity is however to be expected. Bureaucratic continuity will inevitably be affected by the large number (roughly 10,000) of senior appointments that will need to be made by the new president after his or her inauguration on 30 June 2016.¹⁹

The aid program in the Philippines

Australia is a key development partner of the Philippines. In 2014 we were the second largest provider of bilateral grants, and seventh in terms of Official Development Assistance (ODA) which includes grants and loans.²⁰ Yet even at approximately AUD141.2 million in 2014-15, Australia's aid is small in comparison to the Philippine Government budget of AUD80 billion and overseas remittances of AUD41 billion.²¹ Given the size of the aid program, Australia works in sectors where we can make the greatest impact, including through catalysing reforms, assisting policy formulation and working with the Philippine Government to improve the quality of its own programs. Australia's aid program in the Philippines (the Philippines Program) works toward the overarching objective of *'promoting prosperity, reducing poverty and enhancing political stability'*.

1. *Partnering on education reforms.* Australia is working with the Philippine Government to implement its most significant education reform to date. We are improving the quality of education by helping to design and implement a new curriculum and assessment methods, updating teacher standards, and supporting the professional development of educators. In the Autonomous Region of Muslim Mindanao, one of the most impoverished regions in the Philippines, Australia provides a comprehensive program that reduces the gap in school participation and learning achievement.
2. *Enhancing the foundations for sustained economic growth.* Australia is giving critical support to national government implementation of public-private partnerships for priority infrastructure projects. We are also helping the Philippines rehabilitate and maintain provincial roads, linking people to markets, jobs and services.
3. *Promoting better disaster preparedness and response.* Disasters drive families into poverty and cut national growth rates. Australia is working with the Philippines to respond to humanitarian emergencies and helping government agencies and communities to better prepare for and recover from natural disasters.
4. *Improving conditions for peace and security.* Australia's national interest in regional stability motivates aid investments in Mindanao that assist a credible and widely supported peace agreement, increases institutional capacity to implement the agreement, and improves local mechanisms for averting the escalation of violence.
5. *Building stronger institutions for accountable and inclusive governance:* We are strengthening public institutions at both national and subnational levels. We partner with government agencies as they build technical skills and adopt more transparent and accountable processes of public expenditure. The Coalitions for Change program builds networks and coalitions for policy reform.

Australia's new *Philippines Aid Investment Plan* was launched in September 2015. The plan recognises that Philippines is in a stronger economic position than before and shifts the focus towards supporting the Philippine's government to better manage its own resources and catalysing reform. The new goal of our aid investments in the Philippines will be to *'accelerate inclusive economic growth and political stability'*. Three objectives support this goal: enhancing the foundations for economic growth; building stronger institutions for transparent and accountable governance; and improving conditions for peace and stability.

Expenditure

Australia's ODA to the Philippines in 2014-15 was AUD141.2 million, with 85 per cent allocated to the Department of Foreign Affairs and Trade's (DFAT's) bilateral aid program. Other ODA flows include funding through global and regional programs and through other Australian Government Departments.

Table 1 Total ODA Expenditure in FY 2014-15

<i>Bilateral</i>	AUD million	per cent of total ODA
Objective 1 Partnering on education reforms	64.2	45
Objective 2 Enhancing the foundations for sustained economic growth	20.5	15
Objective 3 Promoting better disaster preparedness and response	8.0	6
Objective 4 Improving conditions for peace and security	5.9	4
Objective 5 Building stronger institutions for accountable and inclusive governance	21.9	16
Sub-Total Bilateral	120.4	85
Regional and Global	18.1	13
Other Government Departments	2.7	2
Total ODA Expenditure	141.2	100

Progress towards Objectives

All objectives of Australia's Aid Program to the Philippines have been rated green. Significant progress has been made in key aid investments underlying each objective. Ratings are also consistent with scores reported in *2014-15 Aid Quality Checks* and progress against performance benchmarks identified in the *2013-14 Aid Program Performance Report (APPR)*.

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

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

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1 Partnering on education reforms

Rating Green

This objective is rated green. The program delivered results and is performing as anticipated in each area of assistance: education reform; social protection; education in Mindanao; and classroom construction. The Philippines Program has achieved all its performance targets/indicators under this objective, including constructing 1,047 classrooms and mobilising an investment on education reform.

Australia is partnering with the Philippines to implement its most significant education reform to date. The Enhanced Basic Education Act adds years 11 and 12 and a mandatory kindergarten year to the existing ten year education system. The Basic Education Sector Transformation (BEST) program is helping to design and deliver new curriculum and assessment methods, build classrooms to reduce overcrowding, strengthen education management systems, and improve the capabilities of teachers by providing scholarships, updating teacher standards, and supporting the professional development of educators.

- › In 2014-15 BEST achieved its key goal of program mobilisation. The program became fully operational in January 2015 with a lead contractor hired and governance and management structures implemented. BEST helped design and deliver new curriculum and assessment methods for elementary and high school students. Professional standards for teachers have been updated. Teacher development strategies are being drafted and informed by research that specifically analysed the needs of female teachers. BEST also supported 215 teacher scholarships (163 female and 52 male), upgraded management systems, and constructed 187 new classrooms to reduce overcrowding. Classrooms have been fitted with separated female toilets as unisex toilets can be a major cause of absenteeism for girls. While it is still early days, the education reforms seem to be having an impact – more than 128,000 new teachers have been hired to teach the new curriculum and across the Philippines, enrolments are increasing and student achievement scores are improving.

Australia is also helping students stay in school by reducing financial constraints of poor households. We are assisting the Philippine Department of Social Welfare and Development (DSWD) to implement its social protection agenda. This includes conditional cash transfers where grants are given to poor households if they meet certain conditions such as regular preventative health checks and school attendance for children (the Pantawid Pamilyang Pilipino Program or 4Ps). Australia is providing technical advice on program operations and reform, informed by international best practice, to 4Ps.

- › The program's expansion is on-track. The conditional cash transfer program reached 4.1 million households in 2014, an increase of 200,000 households from the previous year. An independent evaluation and benefit incidence analysis found that 4Ps reduced the poverty gap by 11 per cent with 95 per cent of conditional cash transfers beneficiaries enrolled in school compared to 89 per cent for non-beneficiaries. Australia's support has led to the expansion of 4Ps to cover families with children in secondary schools and to be more inclusive of children with disabilities. We helped to initiate a disability-inclusive research study and implemented a system to identify children with disabilities in day care centres. In the last year, Australia also helped construct 158 new classrooms through DSWD, thereby increasing access to education for people living in poor communities. The conditional cash transfer program empowers women as they are primarily the receiver of the grant. Spot-checks undertaken during 4Ps implementation indicate, anecdotally, that women have become more assertive and confident and are engaging in leadership roles in their communities.

Australia funds the biggest education program in the Autonomous Region in Muslim Mindanao (ARMM), one of the most impoverished regions in the Philippines. Through the Basic Education Assistance for Muslim Mindanao (BEAM-ARMM) program, Australia is improving early childhood education outcomes by increasing enrolment and training teachers. This includes assistance to implement the *Tahderiyyah* (Islamic kindergarten and pre-school) curriculum which fits the local culture and needs, thereby improving the chances of disadvantaged students continuing into

primary education. BEAM-ARMM is also providing out-of-school youth with technical, vocational education and skills training to help them gain employment; improving water and sanitation facilities in schools; and helping extend education to children in remote areas.

- › In 2014-15 BEAM-ARMM helped enrol 45,000 additional children, train 4,200 teachers and school administrators and provided 4,500 out-of-school youth and senior secondary students with technical, vocational education and skills training. Enrolment results exceeded expectations due to strong community support for the program. Teachers were also trained on educating people with a disability and on accessible classroom design. There have been delays in some aspects of BEAM-ARMM. Only 50 classrooms have been constructed (out of the target 300). Delays have been addressed with new partners appointed to build classrooms and construction targets have been revised.

The aim of the Classroom Construction Initiative (CCI) is to contribute to reducing the classroom shortage in Central Luzon. At the time of the initiative's design, the shortage was estimated at 7,335 classrooms.

- › In 2014-15, 652 classrooms were built reducing the classroom shortage in Central Luzon by 9 per cent. Classrooms were provided with furniture, fixtures and toilets for girls and boys. Approximately 50,000 pupils benefited from the new classrooms. CCI ended in December 2014 and an independent completion review found that it was highly successful.

Australia has partnered with the United Nations Population Fund, United Nations Children's Fund and World Health Organization to reduce maternal and newborn deaths and increase contraceptive use (the Joint Maternal and Neonatal Health Program or JMNHP).

- › In 2014-15, JMNHP's focus was on three provinces in Mindanao and a district in Quezon City where high incidences of maternal and neonatal deaths were reported. In these locations JMNHP increased the proportion of facility-based deliveries from 84% in 2013 to 86% in 2014, and post-partum women initiating breast feeding from 90% in 2013 to 98% in 2014. JMNHP's work across the Philippines has contributed to improvements in key national indicators. Maternal and neonatal mortality rates have decreased and contraceptive prevalence rates have increased.²²

Objective 2 Enhancing the foundations for sustained economic growth

Rating **Green**

The objective is rated green. With help from Australia, the Philippine Government is on-track to meet its goal of awarding 16-18 Public Private Partnership projects by July 2016. Progress of the Provincial Road Management Facility is also as anticipated. The facility helped to rehabilitate or maintain 320km of provincial roads in 2014-15, slightly less than its target of 360km. Designs of two new economic growth investments are currently underway and due to be completed in 2016.

A critical shortage of infrastructure constrains Philippine's economic growth. To address this constraint, the Philippine Government plans to increase public infrastructure spending to at least 5 per cent of GDP by 2016, from its base of 2.2 per cent in 2012. Increased participation and investment by the private sector is essential to achieve this infrastructure goal. Australia has partnered with the Asian Development Bank and World Bank Group to help the Philippines package, tender and implement Public Private Partnership (PPP) projects, reform relevant regulatory and institutional frameworks, and build the technical capacities of government agencies.

- › In 2014-15, three infrastructure projects were awarded worth USD2.7 billion. In total 10 projects have been awarded since 2011 with an estimated value of USD4.2 billion. Another 14 projects valued at USD11.5 billion are currently under various stages of procurement. The Philippine PPP Program is on-track to meet its goal of competitively tendering and awarding 16-18 projects by July 2016. Recently awarded projects are expected to have significant economic benefits for the Philippine economy. This includes the USD1.2 billion Cavite-Laguna Expressway which will boost economic activity in the growing industrial and commercial centres of Cavite and Laguna, and extension of LRT 1 line by 11.7 km which will link Cavite with Metro Manila reducing travel time and business costs. With Australia's help, the Philippines made considerable progress in legal and institutional reforms. In 2015, the Philippines was recognised as the most improved country in Asia Pacific for PPP readiness by the Economist Intelligence Unit.²³ Australia also encouraged and helped the Philippines adopt probity advisory services for the procurement of PPPs and draft guidelines for the protection of indigenous peoples' rights.

Upgrading roads is straightforward, but ensuring their upkeep is harder. Australia is working with the Department of the Interior and Local Government and ten Provincial Local Government Units to ensure that sufficient funding is available for road rehabilitation and maintenance. The Provincial Road Management Facility (PRMF) is helping selected regions to improve local road management policies and governance systems, increase tax collection, and rehabilitate and maintain their core road network.

- › PRMF is meeting its objectives. In 2014-15, 234 km of roads were rehabilitated and 86 km of roads were maintained through PRMF. Rehabilitated roads included 121 km of roads in Bohol province following the devastation caused by the October 2013 earthquake. PRMF also incentivised provincial governments to commit additional funding resulting in an additional 1,715km of roads being maintained. On tax collection, PRMF introduced the eTracs tax system in Davao del Norte which increased property tax revenue by 26 per cent in 2014. PRMF's success has been recognised by the Government of the Philippines. The government has proposed a new AUD200 million national program on roads management in their 2016 national budget to replicate and scale-up PRMF's achievements in other regions.

Helping the Philippines achieve sustained economic growth through improved trade and infrastructure is a priority of our aid program. In the 2013-14 APPR, a performance target/indicator was set, to finalise the design of a new economic growth investment by July 2015.

- › This target has been partially achieved. Concept notes for two new investments focussed on aid for trade and infrastructure were approved in 2014-15. The designs of these investments are expected to be completed in 2016.

Objective 3 Promoting better disaster preparedness and response

Rating Green

The objective is rated green. Our disaster risk reduction investments helped prepare Metropolitan Manila and the region suffered no casualties from flooding in 2014-15. Australia also provided timely and effective humanitarian response for two typhoons which hit the Philippines in 2014-15.

Disaster Risk Reduction and Management

In 2014-15, Australia continued to help families and individuals recover from Super Typhoon Haiyan which killed 6,300 people and left 4 million homeless. Australia helped build 1,533 permanent houses with water and sanitation facilities in Leyte for the benefit of 7,665 individuals. Australia also helped 6,000 households rebuild their livelihoods and earn an income, and constructed 187 classrooms and 65 daycare centres. Typhoon Haiyan recovery efforts are on track with investment targets achieved on housing, classroom and daycare construction, and livelihood rebuilding.

In Metropolitan Manila, Australia is helping poor urban families better prepare and recover from natural disasters (through the Building the Resilience and Awareness of Metro Manila Communities to Natural Disaster and Climate Change Impacts or BRACE Program). In 2014-15 BRACE met its target objectives and completed 11 resettlement plans and assisted in the construction of 1,440 homes for informal settler families living in flood-prone areas. Australia also developed hazard and risk maps for 24 local government units; trained 2,200 staff on the use of risk analysis in planning; and improved early warning systems in 143 barangays. An independent evaluation determined that this Australian-funded disaster risk reduction investment in Metropolitan Manila helped avoid any casualties during flooding in 2014-15.

Through the Disaster and Climate Risk Management (DCRM) Initiative, Australia is helping the Philippines design and implement disaster risk reduction (DRR) and climate change adaptation (CCA) policies. The initiative achieved its key milestone in July 2014 with the National Government adopting guidelines to mainstream DRR and CCA in local Land Use Plans. These guidelines are being used to prepare Comprehensive Land Use Plans in 1,500 Local Governments Units. The initiative has also developed an atlas of earthquake fault lines; drafted an earthquake contingency plan for Metropolitan Manila and flood contingency plans for Cagayan de Oro and Iligan City; and built climate and disaster exposure databases for two cities in Mindanao. The climate and disaster exposure databases identified where people with disabilities live, to help plan for additional assistance that they might need during emergencies.

Humanitarian Response

In 2014-15, Australia responded quickly to two typhoons, Hagupit (December 2014) and Rammasun (July 2014), when they hit the Philippines.

On December 2014, 18 people were killed and 4 million people affected by Typhoon Hagupit (local name Ruby). Australia was prepared. We deployed three DFAT officers to Cebu City before the typhoon struck the Philippines, and within 24 hours of receiving a request from the Government of the Philippines for assistance, we released AUD652,850 worth of prepositioned stocks. This assistance consisted of 800 tonnes of rice (through the World Food Programme); reproductive health and dignity kits (through the United Nations Population Fund); and family survival kits (sleeping mats, blankets, mosquito nets, jerry cans, hygiene kits and tarpaulins, distributed through the Philippine Red Cross). This life-saving assistance helped 205,500 people including 3,000 pregnant and lactating women.

Typhoon Rammasun (local name Glenda) struck the Philippines in July 2014. It killed 106 people and affected 4.7 million people. Australia provided AUD248,170 worth of prepositioned emergency relief items. The assistance consisted of family survival kits (through the Philippine Red Cross), and reproductive health and dignity kits (through the United Nations Population Fund). At least 9,000 people were provided with immediate life-saving assistance.

Australia's rapid response to Typhoons Hagupit and Rammasun highlights the importance of prepositioning food and non-food-relief items in advance of a natural disaster. At the request of the Government of the Philippines, Australia established a new partnership with the Department of Social Welfare and Development to strengthen their capacity to respond to natural disasters through the prepositioning of relief items. Australia's humanitarian response to Hagupit and Rammasun also included community education to protect the vulnerable, including girls and boys from violence following a natural disaster.

Objective 4 Improving conditions for peace and security

Rating **Green**

The objective is rated green. The program continues to deliver outcomes in a fluid environment where the focus has shifted from reaching a peace agreement to passing legislation that establishes a Bangsamoro government. Given the delay in the passage of the legislation, the program was able to adapt and provided information to counter negative sentiments on the peace process whilst working with program partners to deliver development outcomes. Australia has built partnerships with key stakeholders and is part of key policy discussions on peace and security in Mindanao. Australia is also providing an education to children and youth in Mindanao (see objective 1) thereby facilitating a better environment for peace.

Australia's national interests, as well as our interests in regional stability motivate programs in Mindanao that contribute to a more credible and widely supported peace agreement, heightens institutional capacity to implement the agreement, and strengthens local mechanisms for averting the escalation of violence. Australia's support in helping the Philippine Government and the Moro Islamic Liberation Front (MILF) reach a peace agreement was acknowledged by President Aquino at the signing of the landmark *Comprehensive Agreement on the Bangsamoro* on 27 March 2014.

The long running initiative Supporting Peace in Mindanao (SPIM) commenced in June 2005 and ended in June 2015. The initiative disbursed small grants to non-government organisations, Philippine Government and multilateral agencies. Funding allowed for the provision of valued technical assistance to the Office of the Presidential Advisor on the Peace Process and the MILF (through the Facility for Advisory Support for Transition Capacities or FASTER, a joint United Nations and World Bank initiative) in support of the peace negotiations and subsequent peace agreement. Australia also funded the women's network 'WeAct 1325'. The network successfully lobbied to have women represented on Philippine government and MILF peace panels and provided input into the Bangsamoro Basic Law drafting process. An independent evaluation of SPIM found that it had great strategic value and supported innovative programs. SPIM allowed small investments in diverse sectors that were relevant to particular periods of the peace negotiations, including in the early phase where a formal peace process was absent. Independent and internal evaluations found that SPIM could do better on monitoring and evaluation, but acknowledged the difficulty of assessing the impact of a small grants program on peace.

The Building Autonomous and Stable Institutions and Communities in the Bangsamoro (BASIC) program is the successor of SPIM and was launched in late 2014. BASIC is a partnership with non-government organisations, both local and international. The program's goals are to improve institutional capacity to implement the peace agreement, ensure the peace agreement is more credible, and strengthen local mechanism for averting an escalation of violence. BASIC is still in its initial phase but is proving to be useful. It has encouraged the support of business for the

peace process and provided a space for the community to express alternative views on the peace agreement. In 2014-15 BASIC helped resolve a long-standing clan conflict in North Cotabato. Through facilitating a dialogue between clans, the MILF and Philippine government, a formal agreement was reached that set out compensation, a right of return for people who have fled, and land boundaries. BASIC has also improved the gender balance in public consultations for the peace process. In 2014-15, BASIC helped facilitate the attendance of 1,725 women in public consultations including three women specific meetings.

Australia continued to support FASTER in 2014-15. FASTER provided technical assistance to the Bangsamoro Transition Commission in the drafting of the Bangsamoro Basic Law (BBL) which enacts the peace agreement and articulates the basic structure of government for the Bangsamoro. FASTER is also supporting key transitional bodies in the normalisation process. This includes the Transitional Justice and Reconciliation Commission which is redressing unresolved legitimate grievances, and the Joint Normalisation Committee who oversees the normalisation process.

Australia also provided funds to the World Bank-administered multi-donor Mindanao Trust Fund (MTF). The MTF supported the drafting of the Bangsamoro Development Plan (BDP), agreed to by the Government of the Philippines and the MILF and released in May 2015. The BDP outlines short and medium-term development strategies for the region, promotes greater access to social services and jobs, and fosters peace in the Bangsamoro. The MTF is also providing health, education and livelihood benefits to selected MILF combatants and their families through the Sajahatra Bangsamoro program. Sajahatra is helping to build trust between Government of the Philippines and the MILF.

Objective 5 Building stronger institutions for accountable and inclusive governance

Rating Green

The objective is rated green as strong progress has been made across the three governance investments – Platforms for Policy Dialogue, Philippines-Australia Human Resource and Organisational Development Facility; and Public Financial Management Program Phase 2.

Achieving successful and lasting reform not only requires the commitment of government, but support from key stakeholders including the private sector and civil society. Australia, through the Asia Foundation's Coalition for Change Program (CFC), is building partnerships between civil society, private sector, academe and government to advocate and secure change that improves lives and promotes prosperity.

- › CFC performed strongly in 2014-15 and delivered results in priority areas of the Australian aid program. CFC highlighted a shortfall in the government's K-12 education reform agenda and subsequently secured AUD46 million of additional funding from local and national government budgets. CFC also helped the Department of Education secure additional government funding of AUD10 million to acquire land for new schools and address overcrowding in classrooms. Through a partnership between local Chambers of Commerce and government, CFC increased government infrastructure funding by AUD42 million.
- › CFC also supported Fully Able Nation, a coalition of civil society organisations, media and government agencies, to register people with disability for the upcoming 2016 Philippine general election. The coalition also helped draft guidelines for the Commission on Elections so it can better assist people with disability vote on the day of the election.

Australia, working with the Civil Service Commission (CSC), is enhancing the skills and capability of public servants in the Philippines. The Philippines-Australia Human Resource and Organisational Development Facility (PAHRODF) provides public sector organisations with training and mentoring support, advisory services, and post-graduate scholarships.

- › PAHRODF refocused in 2014-15 and supported new government partners who lead on trade, infrastructure policy and peace in Mindanao. The PAHRODF conducted needs and gap analysis and implemented training programs in human resource and organizational development for these new government partners. The facility also helped the Department of Social Welfare and Development reduce its personnel-hiring turnaround time by 30 per cent, and implemented a program to build the competencies of school teachers and staff for the Department of Education. PAHRODF interventions are consistent with global standards in human resources, management and development. The CSC maintained its ISO9001:2008 certification, to institutionalise meritocracy and excellence in human resource management, in 2014-15.
- › Australia continues to help the best and brightest Filipinos access a world-class education. In 2014-15, 120 people were provided scholarships to study in Australia. Participants included 60 public servants and 90 women. PAHRODF also brokers partnerships between Australian and Philippine Universities for research collaboration and to deliver joint degrees. These partnerships helped train 201 public servants of which 48 per cent were women.
- › An independent gender assessment of PAHRODF was undertaken by the National Economic and Development Authority in mid-2014. PAHRODF received a high score of 17.5/20. It was noted that the facility was successful in ensuring that aid activities did not systematically bias women, analysed gender issues prior to implementation of technical assistance, and encouraged women's participation especially in scholarships.

The Public Financial Management Program (PFMP) Phase 2 is a partnership between the Governments of Australia and the Philippines to improve the efficiency, accountability and transparency of public fund use in the Philippines. The program has three objectives. The first is to support the Philippine government to implement its Public Financial Management Roadmap, the second objective is to help the Department of Education enhance its financial management capability, and the third objective is to strengthen the engagement between Government and civil society on public expenditure matters.

- › PFMP's progress in 2014-15 is as expected. PFMP reforms including the Unified Account Code Structure (UACS) and the Treasury Single Account (TSA) are being implemented. UACS is now being used as the basis of all Government budget and reporting documents. TSA, through the rationalisation of dormant bank accounts, is saving the Philippines an estimated AUD75 million per annum. The Philippine Government has however decided not to proceed with the technical centerpiece of its reform, the Government Integrated Financial Management Information System. PFMP has accommodated this decision and shifted its support to other areas of the reform process, including advocacy.

Performance Benchmarks

The Philippines Program has fully achieved five out of the nine performance benchmarks identified in last year's Aid Program Performance Report. Annex B details achievements against each performance benchmark.

Two economic growth performance benchmarks were partially achieved. Designs of two new investments to support economic growth, one related to aid for trade and the other on infrastructure, were not finalised but are expected to be completed in 2016. The Philippines Program also expected to rehabilitate or maintain 360km of roads in 2014-15. Actual performance was slightly less at 320km.

The Philippines Program also marginally fell short of its objective to reach 2,000 women at public consultations on the peace process in Mindanao. Instead 1,750 women were reached. Three women specific consultations also occurred as opposed to the target of 35. Additional consultations were planned, and performance benchmarks set, to coincide with the passage of the BBL. The BBL however has not passed the Philippine Congress and therefore fewer consultations occurred.

The final performance benchmark, on assisting the implementation of a Government Integrated Financial Management Information System (GIFMIS), is no longer relevant. The Philippine Government has decided not to implement the system.

Mutual Obligations

The *Philippine Development Plan 2011-2016* is the Philippine Government's framework for inclusive growth and the anchor for the bilateral development agreement between Philippines and Australia: the *Statement of Commitment (SOC)* signed in March 2012. The Philippine Government is making significant progress in its eight commitments under the SOC:

Philippine Government commitments	Progress
Increase public expenditures, through the General Appropriations Act, in basic education and support to local government units through performance-based mechanisms.	The Philippine Government has increased the education budget year on year: 2011 - PHP207.5 billion, 2012 - PHP238.4 billion, 2013 - PHP292.2 billion, 2014 - PHP307.9 billion, and 2015 - PHP364.7 billion.
Accelerate implementation of the basic education reform agenda.	The K-12 program was approved in 2012 through the Enhanced Basic Education Act. The new K-12 curriculum has been completed and is being implemented in nine grade levels (K-4 and 7-10).
Continue investing in human resource management and development for all levels of government bureaucracy to improve service delivery and public sector accountability.	The Civil Service Commission (CSC) is implementing the ISO 9001:2008 Certified Program to Institutionalise Meritocracy and Excellence in Human Resource Management. The CSC has also been certified by Investors In People, an international quality standard accrediting agency for excellence in people management.
Ensure sufficient resources for the implementation of the national slum upgrading strategy, and the PFM reform roadmap.	The Philippine Government is implementing its AUD1.5 billion Interim Shelter Fund Program for Informal Settler Families in Metro Manila. It has to date released approximately AUD329 million to build housing units for 32,103 beneficiaries. The government is also designing a USD300 million flood control and mitigation project in Metropolitan Manila to support the Interim Settler Fund Program.
Curb corruption to ensure that resources are effectively and efficiently used for the delivery of	The Freedom of Information Bill has yet to be enacted but is a priority legislative agenda of the President of the Philippines and

public goods and services.	has strong support from civil society. The Commission on Audit is conducting a review on provincial road ownership so that asset management and depreciation accounting mechanisms can be established. This will provide greater transparency and accountability in road investment programming.
Strengthen mechanisms to further boost citizen's access to information and boost the quality of their participation in local governance.	The Government is seeking to continue its Grassroots Participatory Budgeting Process beyond 2016. This process helps ensure communities are informed, consulted, and take part in projects implemented by their local government.
Work towards building safer and disaster-resilient communities.	A review of the <i>Disaster Risk Reduction and Management Act</i> by the Government of the Philippines is underway and is expected to be completed in 2015. The AUD30 million People's Survival Fund to finance climate change adaptation programs is expected to be operational in late 2015. The Government of the Philippines has committed to the AUD5 billion reconstruction of Typhoon Yolanda affected areas. To date, AUD2.4 billion has been released.
Exert all efforts to win peace and ensure national security through negotiated political settlements of all armed conflict and implementation of complementary development tracks to address the causes of conflict.	The peace process with the MILF remains a major priority for the government. The President of the Philippines stressed in his 2015 State of the Nation Address that the Bangsamoro Basic Law is the most important legislation he wishes to be passed in the current term of Congress.

Program Quality and Partner Performance

Overview

Australia's new aid policy and performance framework was launched in June 2014 and included targets to ensure value for money, increase consolidation and empower women and girls. The Philippines Program has met the value for money target: more than 85 per cent of investments to be rated at least "satisfactory" for effectiveness and efficiency in aid quality checks (see Appendix D). The Philippines Program also met the target of reducing the number of individual investments by 20 per cent by 2016-17. Between June 2014 and June 2015 the number of investments decreased from 25 to 18 or by 28 per cent. Consolidation has reduced the administrative and management burden of the Philippines Program. The Philippines Program however did not meet the empowering women and girls target. Less than eighty per cent of investments were rated as satisfactory under the gender equality criteria of the aid quality checks.

A Performance Assessment Framework (PAF) was finalised and approved in early 2014. The PAF incorporated the new priorities of the Australian Government and informed monitoring and evaluation frameworks of individual investments in the Philippines Program.

In total five evaluations were conducted in 2014-15, three independent progress reviews and two final reviews. The independent final review for BRACE found that it met its objectives, impacted positively on people's lives, and established Australia as a favoured partner for the Philippines in disaster risk reduction and management. A final internal review of SPIM was similarly positive and found that it was strategic, innovative and established Australia as a key donor in Mindanao.

Independent progress reviews (for BEAM-ARMM, DCRM, and PRMF) confirmed the investments' strong relevance to the Philippines and that progress was generally on track to achieve intended results. A common area of improvement across investments was on monitoring and evaluation. Progress reviews highlighted the low quality of baseline data for BEAM-ARMM and PRMF and that DCRM lacked program level outcomes. The independent progress review of DCRM also highlighted that Australia pioneered the use of pre-positioned life-saving support to respond to natural disasters. This innovation has been effective and subsequently adopted by the Government of the Philippines in their humanitarian relief efforts.

Analysis of Aid Quality Checks (AQC's)

Thirteen investments in the Philippines Program completed AQC's in 2014-15 (See Annex D for AQC results for each investment). Overall performance was strong with only one investment rated as less than satisfactory under the effectiveness and efficiency criteria of the AQC.

The Philippines Research Initiative (INJ168) has been earmarked as an "Investment Requiring Improvement". INJ168's objective is to generate high-quality evidence on key development issues and support impact evaluations. The investment however has not had time to produce specific results, especially on economic growth, due to its transitioning to align with the new priorities of the Australian Aid Program. Impact evaluations have been delayed and are expected to be finalised in 2018-19. The remediation plan for INJ168 includes: a reduction in the value of the investment (from AUD12.4 million to AUD5.4 million); at least twice a year meeting of the Steering Committee; monthly reporting from the implementing partner to DFAT; and monthly progress reporting to Manila Post Aid Management Team.

The Australia-WB Philippines Development Trust Fund (INI632), while not classified as an "Investment Requiring Improvement", did not perform as strongly as other investments in regards to overall AQC scores. INI632 was also rated as less than satisfactory on monitoring and evaluation and gender criteria of the AQC. The trust fund provides grants for analytical work and technical assistance to support the development priorities of the Philippine Government. The fund's large number of priority sectors, seven in total, may be diluting its impact. Technical assistance produced by the World Bank is generally well received and regarded by the Philippine Government. The trust fund does not however have an approved monitoring and evaluation framework and gender equality outcomes are not systematically reported.

AQC results show that Philippines Program overall could do better in making a difference to gender equality and empowering women and girls. Four investments were rated as less than adequate on the gender criteria of the AQC: Philippines Research Initiative (INJ168); Public Financial Management Program Phase 2 (INK078); Australia-World Bank Philippines Development Trust Fund (INI632); and the Asia Foundation Partnerships Philippines (INJ839). AQC's for each of these investments identified recommendations to improve gender equality ratings. This includes: incorporating gender in the design of impact evaluation studies (INJ168); improving the monitoring of budget allocations for gender programs (INK078); better capturing gender issues and outcomes in the investment's monitoring and evaluation framework (INI632); and ensuring adequate progress of the investment's gender workplan (INJ839).

Performance of key delivery partners

The Philippine Government is the principal partner of the Philippines Program. We regularly engage with the National Economic Development Authority at the strategic level to confirm that Australia's priorities remain aligned with and contribute to the development agenda of the

Philippines. The Philippines Program also works with multilateral organisations, non-government organisations and managing contractors who provide critical technical, analytical and managerial expertise.

The performance of our delivery partners was assessed as part of the *2015 Aid Investment Quality Reporting* process. In total 18 *Partner Performance Assessments* (PPAs) were undertaken and results overall indicate effective and value-for-money partnerships. Areas for improvement include ensuring partner’s monitoring and evaluation frameworks match DFAT’s requirements; aid activities are appropriately branded with the Australian Aid identifier; and communications between DFAT and delivery partners occur outside formal reporting mechanisms.

The Philippines Program implements several small grant programs in 2014-15. PPAs highlight that while these small grant programs can yield high impact and a wealth of knowledge, there are also efficiency and effectiveness considerations. Small grant programs have been found to be challenging to manage and results difficult to report at an aggregate level.

UN agencies (OCHA, UNDP, UNFPA, UNICEF, WFP, and WHO) and non-government organisations (Care, Caritas, Oxfam, Plan International, Save the Children and World Vision) delivered critical humanitarian assistance in the aftermath of Typhoon Hagupit and Rammasun in 2014-15. While their assistance was generally effective, coordination could be improved to ensure rapid deployment of goods, adequate geographical coverage of support and cost minimisation.

Australia and our delivery partners are trialling new and innovative development approaches which are yielding encouraging results. This includes successful partnerships between Australian and Philippine universities to provide technical advice on education curriculums and teacher training; leveraging the private sector funding to build infrastructures; prepositioning emergency supplies before natural disaster; and working with Australian research organisations to map earthquake fault lines and strengthen local infrastructure against natural disasters.

Risks

Table 3 Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging / ongoing risks provide a Risk Rating (low, medium, high, very high)
Delivery of aid is impacted by the transition to a new Aid Investment Plan (AIP)	A new AIP for the Philippines was launched on 30 September. The AIP articulates the consolidation of the Philippines Program to three central pillars - economic growth, governance and peace, and stability.	Implementation of the new AIP will be monitored against performance benchmarks and the Philippine Program’s <i>Performance Assessment Framework</i> . New investments including on education, infrastructure and aid for trade are currently being designed. The Australian Government will continue regular discussions with the Philippines on our aid priorities.	Medium

Passage of the Bangsamoro Basic Law (BBL) continues to be stalled, impacting on planned aid investments in Mindanao.	Australia's aid investments supporting peace provides us access to key stakeholders in both the government and the Moro Islamic Liberation Front.	In the event that the BBL remains stalled, DFAT's investments have the flexibility to respond and demonstrate to stakeholders the benefit of remaining engaged in the peace process.	Medium
Design of new investments on economic growth is further delayed.	A concept note for a new infrastructure investment has been approved. A scoping study has been completed and consultants hired to design a new aid for trade investment.	Design of economic growth investments are expected to be completed in 2016.	Low

Management Responses

Results from the 2014-15 APPR indicate that the Philippines Program can improve its performance on gender equality. A new Investing in Women Initiative (IWI) is scheduled to start in 2016 and will increase investments in small and medium enterprises owned by women and remove regulatory barriers to women's economic empowerment. A dedicated staff member in DFAT's Manila Post will manage IWI and help identify opportunities to collaborate with, and strengthen existing Philippines Program investments for improved gender outcomes. The Philippines Program will also aim to improve aid investments that received low ratings under the gender criteria of the 2014-15 AQC (see AQC discussion on p.16 which highlights how this can be achieved). The goal in 2015-16 will be to meet the Australian Aid Program's target of more than 80 per cent of investments performing satisfactory under the gender criteria of the AQC.

The second area of improvement highlighted by the 2014-15 APPR relates to economic growth, notably delays in finalising designs of new aid for trade and infrastructure investments. The Philippines Program will ensure that designs of new economic growth investments are adequately prioritised and resourced, and delays contained. The Philippines Program will also closely monitor its investment pipeline to ensure that other new investments, including a new education program in Mindanao, and a second phase of the Philippines-Australia Human Resource and Organisational Development Facility, are implemented on-time.

DFAT will continue to ensure that our aid investments remain relevant to the development priorities of the Philippines, given a change of administration following the 9 May 2016 general election. DFAT will consult with the incoming administration, National Economic Development Authority and other government stakeholders to ensure the Australian aid program continues to align with Philippine Government priorities.

Annex A details progress against management responses in the 2013-14 APPR. Consistent with the findings above, it highlights that the Philippines Program can perform better on gender and economic growth.

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- ¹ World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ² Philippine Statistical Authority, 'Labor and Employment', Philippine Statistical Authority, viewed 5 September 2015, <<https://psa.gov.ph/statistics/survey/labor-force>>.
- ³ World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ⁴ Philippine Daily Inquirer 2015, 'IT-BPO sector posted 18.7 per cent revenue growth in 2014', Philippine Daily Inquirer, viewed 5 September 2015, <<http://business.inquirer.net/188861/it-bpo-sector-posted-18-7-revenue-growth-in-2014>>.
- ⁵ Tholons 2015, *2015 Top 100 Outsourcing Destinations*, Tholons, New York.
- ⁶ World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ⁷ World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ⁸ World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ⁹ Poverty incidence is the proportion of people below the poverty threshold relative to total population. The poverty threshold is the minimum income/expenditure required for an individual to meet their basic food and non-food requirements. See Philippine Statistical Authority, 'Poverty Statistics - Data and Charts', Philippine Statistical Authority, viewed 5 September 2015, <<http://www.nscb.gov.ph/poverty/dataCharts.asp>>.
- ¹⁰ PPP Centre 2015, 'Pipeline of Projects', Republic of the Philippines, viewed 5 September 2015, <http://ppp.gov.ph/?page_id=26075>.
- ¹¹ Between 2010 and 2015 the Philippines improved its distance to the frontier score by 8 percentage points. See World Bank 2015, 'Distance to Frontier', World Bank, viewed 5 September 2015, <<http://www.doingbusiness.org/data/distance-to-frontier>>.
- ¹² From 85 in 2010-11 to 52 in 2014-15. See <http://www.weforum.org/>.
- ¹³ From 92 in 2010 to 64 in 2014. See <http://www.weforum.org/>.
- ¹⁴ From 134 in 2010 to 85 in 2014. See <http://www.transparency.org/>.
- ¹⁵ Gross fixed capital formation was 20.5 per cent of GDP in 2014 compared to an average of 20.0 per cent over 2010-2014. Net foreign direct investment (FDI) was 2.2 per cent of GDP in 2014 compared to an average of 1.3 per cent over 2010-2014. Net FDI was also relatively high in 2006 and 2007 at 2.2 per cent and 2.0 per cent respectively. See World Bank 2015, 'World Development Indicators', World Bank, viewed 5 September 2015, <<http://data.worldbank.org/data-catalog/world-development-indicators>>.
- ¹⁶ A study by the Philippine Institute for Development Studies and the United Nations Children's Fund found that the proportion of out-of-school youth aged 5-11 declined from 11.7 per cent in 2008 to 5.2 per cent in 2012. National Achievement Test results also increased by two percentage points for elementary students (from 68 per cent in 2010 to 70 per cent in 2013) and six percentage points for high school students (48 per cent in 2010 to 54 per cent in 2013). See: PIDS 2015, 'PIDS and UNICEF study finds dwindling numbers of out-of-school children', Philippine Institute for Development Studies, viewed 5 September 2015, <<http://www.pids.gov.ph/index2.php?pr=221>>; Department of Education 2015, K to 12 Basic Education Program Midterm Report, Department of Education, Pasig City.
- ¹⁷ NDRRMC 2014, *SitRep No.27 re Effects of Typhoon "Ruby" (HAGUPIT)*, National Disaster Risk Reduction and Management Council, Quezon City; NDRRMC 2014, *FINAL Report re Effects of Typhoon "GLENDA" (RAMMASUN)*, National Disaster Risk Reduction and Management Council, Quezon City.
- ¹⁸ Government of the Philippines 2015, '[English] Benigno S. Aquino III, Sixth State of the Nation Address, July 27, 2015', Government of the Philippines, viewed 5 September 2015, <<http://www.gov.ph/2015/07/27/english-president-aquino-sixth-sona/>>.
- ¹⁹ Constantino-David 2007, as cited by Monsod in *The Philippine Bureaucracy: Incentive structures and implications for performance*, Human Development Network, 2008/2009.
- ²⁰ NEDA 2015, *CY 2014 ODA Portfolio Review*, National Economic and Development Authority, Pasig City.
- ²¹ DBM 2015, 'The 2015 National Budget', Department of Budget and Management, viewed 9 September 2015, <http://www.dbm.gov.ph/?page_id=12475>.
- ²² JMNHP's 2014-15 progress report highlights that maternal mortality rates decreased from 67.6 per 100,000 live births (LB) in 2013 to 64 per 100,000 LB in 2014; neonatal mortality rates decreased from 5.86 per 1,000 LB in 2013 to 5.32 per 1,000 LB in 2014; and contraceptive prevalence rates increased from 70% in 2013 to 76% in 2014.
- ²³ The Economist Intelligence Unit 2015, *Evaluating the environment for public private partnerships in Asia-Pacific - the 2014 Infrascope*, The Economist Intelligence Unit, London.

Annex A - Progress in Addressing Management Responses

Management responses identified in 2013-14 APPR	Rating	Progress made in 2014-5
A new four-year Aid Investment Plan (AIP) will be developed in consultation with the Philippine Government. Consideration will be given to the existing Statement of Commitment agreed in 2012, and the revised aid objectives agreed in February 2014.	Achieved	The AIP was launched on the DFAT website on 30 September. The AIP consolidates the aid program and focuses on three central pillars - economic growth, governance and peace and stability.
DFAT will continue to ensure that the organisational changes brought about by the integration, i.e., new Post structure and new responsibilities, will contribute positively to the effective delivery of the aid program. Post will work to retain its development expertise by maintaining the high quality of its local staff.	Achieved	The Philippines country program has reviewed staffing levels and structural arrangements, and has reorganised its workforce around the three central pillars in the new AIP.
Investments in aid for trade will be developed during the next year, and include a focus on gender and aid for trade.	Partly Achieved	A scoping study has been completed and consultants hired to design a new aid for trade investment.
DFAT will continue to support the Philippine Government with the long-term recovery efforts from Super-Typhoon Haiyan. The challenge is to ensure that our support will help unlock blockages and facilitate the rehabilitation of devastated areas in Eastern Visayas.	Achieved	Our recovery efforts for Super-Typhoon Haiyan has: <ul style="list-style-type: none"> • built 1,533 permanent housing with water and sanitation facilities for the benefit of 7,665 individuals; • provided grants to 6,000 households to rebuild their livelihoods and earn an income; • constructed 187 classrooms; and • built 65 daycare centres.
DFAT will also monitor developments in the drafting and passage of the Bangsamoro Basic Law. If the law is passed in Congress this year, this may entail reconfiguring our program to align with the new Bangsamoro political entity.	Achieved	The Bangsamoro Basic Law (BBL) is stalled in Congress (as at September 2015). The aid program remains engaged with key stakeholders and can reconfigure its peace and security investments to deal with either context of a BBL passing or not passing through Congress.
The Philippines Program <i>Gender Note</i> will be updated to reflect Australian Government priorities and identify entry points for women's economic empowerment and leadership in peace-building, as well as developing a more appropriate monitoring and evaluation indicators for capturing outcomes from gender mainstreaming activities.	Not Achieved	The gender note has not been updated. A new Investing in Women Initiative (IIW) is scheduled to start in 2016 and will increase investments in small and medium enterprises owned by women and remove regulatory barriers to women's economic empowerment. A dedicated staff member in DFAT's Manila Post will manage IIW and help identify opportunities to collaborate with, and strengthen existing Philippines Program investments for improved gender outcomes.
Investments will address management response in QAIs particularly in areas that have been rated unsatisfactory.	Partly achieved	Five investments had categories rated as unsatisfactory in the 2013-14 QAI. Three investments improved their ratings in the 2014-15 AQC to a satisfactory level. The remaining two investments (Australia-WB Philippines Development Trust Fund on monitoring and evaluation; and the Asia Foundation Partnership Philippines on gender equality) were still rated as unsatisfactory.
Management response to recommendations from independent reviews will be addressed through the specific aid investments.	Achieved	All recommendations from independent reviews have been appropriately actioned.

Note:

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

Annex B - Progress towards Performance Benchmarks in 2014-15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
1	500 new classrooms built	Achieved	1,047 new classrooms (BEST 187 classrooms; Social Protection Initiative 158 classrooms; BEAM-ARM 50 classrooms; Classroom Construction Initiative 652 classrooms)
1	BEST contracted and mobilised	Achieved	BEST is fully operational.
2	Finalise the design of a new investment to support economic growth	Partly Achieved	Concept note for a new infrastructure investment has been approved. A scoping study has been completed and consultants hired to design a new aid for trade investment.
2	360 km of provincial roads rehabilitated or maintained	Partially Achieved	320 km rehabilitated or maintained.
3	5 government agencies produce hazard and risk models informing the development of 6 risk-sensitive local land use plans, and contingency plans and early warning systems of 115 barangays	Achieved	24 hazard and risk maps for local government units in Metropolitan Manila and Northern Mindanao. 26 comprehensive Land Use Plans for cities in Metropolitan Manila and Northern Mindanao. Improved early warning systems and risk plans for 143 barangays in Metropolitan Manila.
4	Gender balance in consultations on the peace process: 2,000 women at public consultations; 35 women specific consultations	Partly Achieved	1,725 women at public consultations 3 women specific consultations Consultations were planned to coincide with the passage of the Bangsamoro Basic Law (BBL). As BBL has yet to pass the Philippine Congress, consultations did not proceed.
5	Support the acquisition and implementation by the Government of the Philippines of a Government Integrated Financial Management Information System (GIFMIS).	n/a	The Government of the Philippines has decided not to implement a GIFMIS.
5	7 new partners assisted in the development of their Human Resource Development Plans	Achieved	8 partners have been assisted under the Philippines-Australia Human Resource and Organisational Development Facility.
5	Facilitated 6 partnership agreements between Philippine and Australian academic institutions	Achieved	7 partnerships have been facilitated.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

Annex C - Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Basic Education Assistance for ARMM	INH947	Independent progress review	September 2014	September 2014	N/A	No
Supporting Peace in Mindanao	ING238	Internal final review	September 2014	N/A	N/A	N/A
Philippines: Disaster and Climate Risks Management	ING581	Independent progress review	June 2015	September 2015	N/A	No
Building Disaster Resilience of Manila Communities	INJ138	Independent final review	June 2015	September 2015	N/A	No
Provincial Road Management Facility (PRMF)	INI171	Independent progress review	February 2015	February 2015	September 2015	No

List of evaluations planned in the next 12 months

Name of Investment	AidWorks number	Type of evaluation	Purpose of evaluation	Expected completion date
The Asia Foundation Partnership Philippines	INJ839	Independent Progress Review	To demonstrate achievements and identify areas for improvement	July 2016
Basic Education Sector Transformation (BEST) Program	INJ223	Independent progress review	To demonstrate achievements and identify areas for improvement	July 2016 - October 2016
Peacebuilding in Conflict-Affected Mindanao	INL343	Independent progress review	To inform a new investment	July 2016 - September 2016

Annex D - Aid Quality Check ratings

AQC ratings

Investment name	Approved budget and duration	AQC/QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
INI171 - Provincial Road Management Facility (PRMF)	AUD100,000,000 1/09/09 - 30/06/16	2014 AQC	5	4	5	5	4	5	5
		2013 QAI	4	4	4	4	4	3	n/a
INI294 - Human Resource Organisational	AUD73,408,909 23/03/09 - 30/06/19	2014 AQC	6	6	6	6	5	6	5
		2013 QAI	6	5	4	6	5	5	n/a
INI428 - Philippines Social Protection	AUD27,926,895 3/02/09 - 30/06/17	2014 AQC	6	5	5	4	5	4	5
		2013 QAI	6	5	3	4	6	5	n/a
INJ168 - Philippines Research Initiative	AUD5,844,268 1/01/10 - 30/06/19	2014 AQC	3	3	3	3	3	3	3
		2013 QAI	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	n/a
INJ223 - Basic Education Sector Transformation (BEST) Program	AUD157,465,811 1/07/10 - 30/06/19	2014 AQC	6	5	5	5	5	5	5
		2013 QAI	6	5	5	5	6	5	n/a
INJ251 - UN Maternal and Neonatal Mortality Reduction	AUD20,257,892 30/05/10 - 30/06/16	2014 AQC	5	5	4	4	5	5	4
		2013 QAI	4	4	3	4	5	5	n/a
INJ766 - Strengthening Public Private Partnership Program	AUD26,277,692 22/03/11 - 30/06/17	2014 AQC	6	6	5	5	5	4	5
		2013 QAI	6	6	5	5	5	5	n/a
ING581 - Philippines: Disaster and Climate Risks Management	AUD70,532,185 2/06/06 - 31/12/17	2014 AQC	6	4	4	4	6	4	5
		2013 QAI	6	6	4	4	6	4	n/a
INK078 - Public Financial Management Program Phase 2	AUD30,000,000 1/07/11 - 30/06/17	2014 AQC	5	5	4	5	4	3	5
		2013 QAI	5	4	4	4	5	5	n/a
INH947 - Basic Education Assistance for ARMM	AUD108,247,248 1/09/09 - 30/06/17	2014 AQC	6	4	4	4	4	4	5
		2013 QAI	6	5	4	4	5	5	n/a
INI632 - Australia-WB Philippines Development Trust Fund	AUD50,000,000 1/06/09 - 30/06/16	2014 AQC	4	4	4	3	4	3	4
		2013 QAI	5	4	5	3	5	5	n/a
INJ839 - The Asia Foundation Partnership Philippines	AUD33,920,001 1/07/11 - 30/06/17	2014 AQC	6	4	4	4	5	3	5
		2013 QAI	6	5	5	4	5	3	n/a
INL343 - Peacebuilding in Conflict-Affected Mindanao	AUD13,750,000 1/04/14 - 30/06/17	2014 AQC	5	5	5	5	5	5	5
		2013 QAI	n/a	n/a	n/a	n/a	n/a	n/a	n/a

HAQC ratings

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Connectedness	Protection	Gender equality	Risks and Safeguards
INL255 - Philippines - Typhoon Haiyan Response 2013	AUD38,695,392 16/11/13 - 30/06/15	6	5	4	3	5	5	3	4

FAQC ratings

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
INH946 - Muslim and Indigenous Peoples Education Program	AUD19,989,063 1/07/08 - 30/06/14	5	6	5	4	5	5	4	5
INJ138 - Building Disaster Resilience of Manila Communities	AUD14,434,373 14/01/10 - 30/06/16	6	6	5	4	5	5	4	6
ING238 - Supporting Peace in Mindanao	AUD15,416,043 15/06/05 - 30/06/15	5	5	4	4	3	4	4	5
INK346 - Classroom Construction Initiative	AUD25,221,600 15/12/11 - 31/12/14	5	5	4	4	5	5	4	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very good; satisfies criteria in all or almost all areas

5 = 5 = Good; satisfies criteria in most areas

4 = 4 = Adequate; on balance, satisfies criteria; does not fail in any major area

Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate; on balance does not satisfy criteria but does not fail in any major area

2 = 2 = Poor; does not satisfy criteria in major areas

1 = 1 = Very poor; does not satisfy criteria in many major areas