



Australian Government
Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Philippines

September 2017

KEY MESSAGES

This report summarises the progress and performance of Australia's aid program in the Philippines for the period 1 July 2016 to 30 June 2017, as assessed against the *Aid Investment Plan for the Philippines 2014-15 to 2017-18*. Over the reporting period, we have adjusted our investments to ensure they remain closely aligned to priorities of the Australian Government and to the emerging priorities of the new Philippine Government. A founding principle of our economic partnership with the Philippines is that we work to leverage reforms through enabling the Philippines to better use its own resources to effect change¹.

This has been a year of transition both in terms of a change in government in the Philippines and because much of our effort was focused on design and procurement of new investments. Australia's Comprehensive Partnership with the Philippines seeks to address major sticking point issues crucial to assisting the Philippines to achieve middle income status by eliminating barriers to trade and investment, tackling inequality, creating jobs and improving the quality of education, as well as supporting peace and stability in Mindanao. It is in our national interest the Philippines is a prosperous and stable neighbour in our region.

The Philippines program supports better governance, more efficient trade, economic and social protection policies and systems, quality education services, and the peace process. During the year we delivered the following key results:

Australia supported efforts in the Philippines to address women's economic participation and empowerment

- We worked with the Philippine Department of Education (DepEd) to integrate the principles of gender equality, equity, sensitivity, as well as non-discrimination and human rights, in basic education. With the support of the **Basic Education Sector Transformation (BEST)** program, the DepEd developed the Philippine Government 2016-18 Gender Plans and Budget and the Gender and Development monitoring and evaluation framework, leading to the development of the landmark Gender Responsive Basic Education Policy.
- We helped establish the Philippines Business Coalition for Women's Empowerment through the **Investing in Women Initiative (IWI)**. The Coalition members committed to promoting gender equality in the workplace and to ensure systematically that the women they employ enjoy the same opportunities as men. The seven founding members of the Coalition employ a total of 300,000 Filipinos.

We contributed to reform of national systems to encourage economic growth

- We supported policy change through the **Coalitions for Change (CfC)** program in: airport infrastructure policy; access to government disaster funds at the local level; and reduction of school congestion by facilitating DepEd to acquire additional land for new schools.
- We developed improved systems for budget and expenditure management under the **Public Financial Management Program (PFMP) Phase 2**, which ended in 2016-2017. The introduction of a Treasury Single Account (TSA) consolidated 323 revenue bank accounts into one and saved the Philippine Government PHP2.863 billion (\$76 million) in the first two years of TSA operation following its launch in November 2013.

We built institutional capacity to support peace agreements and continued engagement in political dialogue in conflict-affected Mindanao

- Over 7,500 participants were involved in consultations on the peace process and received training in areas such as conflict analysis and resolution; women's leadership; youth leadership; human rights monitoring; and conflict-sensitive development principles through the **Building Autonomous and Stable Institutions and Communities in the Bangsamoro (BASIC Bangsamoro)** program.

Australia supported economic development by providing access to education and economic opportunity

¹Australia's aid program represents 0.2 per cent of Philippines Government annual revenue of US\$42.5 billion.

- We enabled an additional 29,330 children to enrol in school, more than 14,000 of whom were female under the **Basic Education Assistance to the Autonomous Region in Muslim Mindanao (BEAM-ARMM)** which was completed in 2016-2017. Training was also provided to 2,264 teachers, the majority of whom were female. This program will be succeeded by a new investment from 2017-18: the Education Pathways to Peace in Mindanao program.
- Australia supported a business process review of the **Philippine Government's Sustainable Livelihood Program (SLP)**, and developed policies, tool kits and manuals to improve the program's monitoring and evaluation, organisational structure, and livelihood development activities. The SLP helped 1,345,867 families, between 2011 and 2016 to find employment or start an enterprise.

We supported the Philippines' responsiveness to disasters reducing; localised disruptions to economic growth and economic equality

- Australia was the first bilateral donor to provide humanitarian support in response to the **crisis in Marawi**, which started in May 2017. Through in-country partners the Philippine Red Cross, the UN Population Fund and the World Food Programme, we provided \$920,000 in immediate humanitarian support to help civilians displaced by the crisis benefiting a total of 71,452 people including 39,836 women, girls and pregnant and lactating women.
- Australia was the only bilateral partner requested by the Philippine Government to provide **humanitarian assistance** in response to Typhoon Nock-ten (Nina). Our in-country prepositioned humanitarian emergency relief supplies benefited a total of 12,500 people including 6,375 women and girls.


The Philippines Program worked over the reporting period to deepen development outcomes for women, building on progress from the previous year. Given the program has continued to invest in a lot of design work over the reporting period, this has been a good opportunity to ensure programs are well-positioned to address gender equality during implementation. With the increasing application of a gender lens in our investments, specific gender targets for both ongoing and upcoming programs were identified, building the foundation for the new Philippines Gender Action Plan. Identifying ways our programs can respond to gender equality gaps and continue to identify opportunities to further promote women's empowerment throughout implementation is important for the Philippines Program.

Three major programs are mobilising in 2017-18 – the **Trade and Inclusive Economic Growth Facility**, the **Australia Awards and Alumni Engagement Program**, and the **Education Pathways to Peace in Mindanao (Pathways) program**. The new Trade and Inclusive Economic Growth Facility will be the centrepiece of Australia's investment in working with the Philippines to build the foundations for sustained and inclusive economic growth. Our Public Financial Management work will continue under a one-year interim agreement while options for further investment in infrastructure systems are designed. It will also be the final year of our current Aid Investment Plan.

CONTEXT

The operating environment in the Philippines has become more challenging for the program over the last year, with a change in leadership following the election of President Rodrigo Duterte – sworn in on 30 June 2016 – and more recently the conflict in Marawi City. Several natural disasters (typhoons and earthquakes) have also affected more than seven million people.

The Philippines Government's transition period has been complex and there continue to be significant changes to the Philippines administration and bureaucracy. This has reduced the scope for detailed policy engagement in the first half of 2016-2017, with flow on effects to policy priorities and directions in some sectors. For example, activities under one of our peace and stability investments were delayed while the Office of the Presidential Adviser on the Peace Process (OPAPP) sought to establish the new administration's peace and development agenda. The flexibility and responsiveness of our programs has ensured we can maintain relationships, build new ones where needed, and continue program implementation as we build in



changes based on the emerging policies of the Philippine Government. We expect these challenges to continue into 2017-2018.

The Philippines' development experience underscores the significant role of macroeconomic and political stability in creating the conditions for sustained growth. The economy grew at an average rate of 6.3 per cent from 2010 to 2016; the country's poverty incidence dropped substantially from 26.3 per cent in 2009 to 21.6 per cent in 2015. In 2016, the GDP rate was 6.8 per cent². The Philippines aims to graduate from lower-middle income to upper-middle income status by 2022, which will impact our future engagement. Several constraints to sustained and inclusive growth remain and are linked to long-standing policies and governance systems.

In June 2017, the Philippine Development Plan (PDP) 2017-2022 was launched, providing the first medium-term plan anchored on a national long-term vision³. All government agencies, state-run firms and local government units are required to undertake efforts to implement the PDP, as well as align their budgets and departmental programs with strategies and activities identified in the Plan. The purpose of the PDP is to make growth more inclusive by lowering the incidence of poverty in rural areas, creating jobs, helping individuals and communities to be more resilient, encouraging innovation and entrepreneurship, and building greater trust in government and in society. Our ongoing close contact with key government agencies puts us in a strong position to continue to ensure our investments are effective and relevant, given the aims of the PDP closely align with our program priorities.

The Duterte administration is pushing an ambitious infrastructure program and public financial management reforms. Infrastructure spending represents 5.3 per cent of GDP in the 2017 budget, and the administration plans to invest up to 7.4 per cent of GDP by 2022⁴. The administration will fund infrastructure through a hybrid Public Private Partnership (PPP) model (where government constructs while operations and maintenance would be bid out to the private sector) which would be open to unsolicited PPP proposals. The administration intends to continue Public Financial Management reforms in three new areas: the Unified Accounting Code Structure; the implementation of a Treasury Single Account; and the Budget and Treasury Management System. It is unclear how these changes will affect Australia's support for infrastructure; however there are opportunities to support public financial management reforms in lieu of direct infrastructure investment. Changes to the Philippine Government's infrastructure policy has further delayed our infrastructure design process. The design has been adjusted and is expected to be finalised in 2017-18.

On 23 May 2017, President Duterte imposed Martial Law in Mindanao (Proclamation No. 216) in response to a conflict between the Philippine military and the ISIS-affiliated Maute group. Military operations are focused in Marawi City (located in Lanao del Sur province) which has caused localised economic disruption and a significant humanitarian crisis. On 22 July, Congress jointly voted to extend Martial Law until 31 December 2017. The conflict has displaced around 360,000⁵ people and we remain in close contact with the Philippines Government to monitor the situation as the crisis evolves. The rehabilitation of Marawi City looms as a major challenge for the Philippines. The conflict will also have significant wider implications for the security of the region and the peace process.

While the Philippines is often cited as an exemplar of gender equality⁶, inequalities persist: about 10 million Filipino women still live in poverty; half of the working age women are not able to participate in the labour force; and a woman experiences domestic violence every 16 minutes. Much more remains to be done to improve outcomes for women in the Philippines.

² The administration aims for economic growth of 6.5 – 7.5 per cent in 2017, and 7.0 – 8.0 per cent in 2018 and beyond. The IMF forecasts economic growth of 6.6 per cent in 2017 and 6.8 per cent in 2018.

³ Philippine Development Plan - <http://pdp.neda.gov.ph/>

⁴ The administration has budgeted PHP847.22 billion (\$22.47 billion) for infrastructure in 2017, increasing to PHP1,898.77 billion (\$50.34 billion) in 2022.

⁵ Department of Social Welfare and Development Disaster Response Operations Monitoring and Information Centre (DSWD DROMIC) Report No. 75, 26 July 2017.

⁶ The Philippines is ranked 1 in gender equality in Asia and currently ranks 7th among 144 economies in the 2016 Global Gender Gap Report released by the World Economic Forum.

EXPENDITURE

In 2016-17 Australia's total ODA to the Philippines was \$81.8⁷ million, a slight reduction as compared to \$84.8 million in 2015-16 representing around 0.2 per cent of Philippines Government annual revenue of US\$42.5 billion. The challenge for Australia remains in how we engage in the Philippines to leverage change to promote economic growth. Our Aid Investment Plan reflects this, by focusing on three pillars:

1. Enhancing the foundations for economic growth
2. Building stronger institutions for transparent and accountable governance
3. Improving conditions for peace and stability

The bilateral aid program managed by the Department of Foreign Affairs and Trade totalled \$66.3 million, with the rest comprising regional and global programs and other flows through other Australian Government Departments.

Table 1 Total ODA Expenditure in FY 2016-17

Objective	\$ million	% of total ODA
<i>Bilateral</i>		
Objective 1 Enhancing the foundations for economic growth	19.5	23.8
Objective 2 Building stronger institutions for transparent and accountable governance	26.0	31.8
Objective 3 Improving conditions for peace and stability	20.8	25.4
Sub-Total Bilateral	66.3	81
<i>Regional and Global</i>		
	10.3	12.6
<i>Other Government Departments</i>		
	5.2	6.4
Total ODA Expenditure	81.8	100

PROGRESS TOWARDS AIP OBJECTIVES

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

Objective	Previous Rating	Current Rating
Objective 1: Enhancing the foundations for economic growth	Amber	Amber
Objective 2: Building stronger institutions for transparent and accountable governance	Green	Green
Objective 3: Improving conditions for peace and stability	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.

⁷ Total expenditure reported above is as at 30 June 2017. There were additional reallocations following publication of the DFAT budget figures in May 2017, accounting for the small discrepancy from that published figure of \$82.9 million.

OBJECTIVE 1: ENHANCING THE FOUNDATIONS FOR ECONOMIC GROWTH

RATING: AMBER



This objective is rated amber, as the two benchmarks that were partially achieved last year are not yet finalised. Development of the new infrastructure program and the trade facility has progressed significantly this year, and will be finalised in 2017-18. As outlined in Annex B, as Philippine Government policy discussions continue on the social protection reform agenda we are still working to leverage our support in this sector. It has been harder to contribute to the policy dialogue and evidence base, and this work is ongoing with partners.

While the Philippines has experienced significant economic growth, several constraints to sustained and inclusive growth remain and are linked to long standing policies and governance systems. Australia's partnership with the Philippines works to support more efficient trade, economic and social protection policies and systems along with quality education services. With two investments under this objective under design and/or procurement during the reporting period, we have been able to take full advantage of the transition between Philippine administrations to shaping the investments in partnership with incoming officials.

The new **Trade and Inclusive Economic Growth Facility** will begin in 2017-18. It will be the centrepiece of Australia's investment in building the foundations for sustained and inclusive economic growth in the Philippines. The Australian and Philippine Governments are considering a range of activities to be prioritised under the Facility, including competition policy, increased access to value chains by micro, small and medium enterprises, and enhanced social protection and livelihood programs.

Australia is a long-term and trusted partner for the DepEd. We support the Philippine Government's education reform agenda as part of a broader objective of producing graduates that are competitive in the international labor market. The **Basic Education Sector Transformation Program (BEST)** has supported the Philippine Government add years 11 and 12 and a mandatory Kindergarten to the 10-year education system. Our support has contributed to improved learning quality, increased access to basic education, and better governance and service delivery, while supporting links between school education and industry. In 2016-17 BEST has delivered the following key results:

- increased access to education by building 55 classrooms that provide a quality learning environment for up to 2,475 students. The new classrooms reduce overcrowding in some schools and provide access for children in isolated or underserved areas.
- provided access to school for 150 children with disabilities from Region 8 (Eastern Visayas). Teachers were trained to work with children with disabilities, creating a more inclusive education culture in schools and communities.
- supported the development of the new curriculum monitoring and evaluation framework for kindergarten to year 12, to measure changes in the quality of education.



There is still a critical shortage of infrastructure in the Philippines, which constrains growth and poverty reduction efforts. The new administration plans to increase infrastructure spending, particularly for regions outside Metro Manila, and aims to increase infrastructure allocations from five per cent to 7.4 per cent of GDP by 2022. The design of Australia's new aid investment – the **Public Financial Management Program for Infrastructure and Institutions** – will work to improve public financial management systems to enable the Philippine Government reach infrastructure spending ambitions. The design is expected to be completed by late 2017.

The new administration also announced that a hybrid Public Private Partnership (PPP) model would be employed (where government constructs while operations and maintenance would be bid out to the private sector), and that it would be open to unsolicited PPP proposals. These changes suggest that ADB's **Strengthening Philippines Public Private Partnership (PPP) Program** that Australia supports will be affected but it is not yet clear how this will play out. These policy shifts, coupled with the challenge of high staff turnover at the PPP Centre as a result of the transition between administrations, meant that implementation of the program's technical assistance activities slowed down in 2016-17.

Despite this challenging operating environment, Australia's grant funding for the PPP program administered through the Asian Development Bank (co-funded by Canada) exceeded its intended outcome of 'improved government capacity to promote, develop and implement PPP projects'. Twenty-two projects (target 15) were competitively tendered, of which six (target five) reached financing close and 15 (target 10) were awarded by the end of 2016. Australia's support ensured more than \$220 million (PHP8.856 billion) worth of private sector investment was leveraged through the PPP program in the 2016 calendar year.

Social protection remains a key mechanism through which the Philippine Government reduces poverty. The Philippine Department of Social Welfare and Development (DSWD) leads implementation of the **Philippine Government's social protection** reform agenda through three flagship programs: the *Pantawid Pamilyang Pilipino Program* (the conditional cash transfer), the *Kapit-Bisig Laban sa Kahirapan*-Comprehensive and Integrated Delivery of Social Services (Kalahi-CIDSS) program and the Sustainable Livelihood Program (SLP). Australia, in partnership with the DSWD and the World Bank, helped the Philippines to improve these programs. Over the life of our social protection investment we have:

- helped to lift 1.5 million families out of poverty between 2010 and 2016 through the *Pantawid Pamilyang Pilipino Program* (also known as the 4Ps). Australia, through technical assistance provided by the World Bank, reviewed the conditional cash transfer program and improved its business processes including for targeting poor households, delivering cash grants and managing grievances.
- helped build 601 classrooms and daycare centres thereby improving poor families' access to early childhood learning and development activities.

The **Disaster and Climate Risks Management initiative** introduced to DSWD the prepositioning of non-food relief items for families and children, and constructed a warehouse for the DSWD's National Resource Operations Centre, increasing its warehousing capacity by 35 per cent. The warehouse allows DSWD to preposition more family food packets to facilitate prompt delivery during disasters. DSWD has already included the prepositioning of non-food items and maintenance costs of the warehouse in its annual budget. The project with technical assistance from an Australian Civilian Corps deployed to DSWD, also helped the Department develop its Disaster Response Manual including in five of its regional offices.

Critical to achieving sustainable economic growth is having development that is more resilient to shocks and natural hazards - development which reduces the lives lost, economic losses and damage caused to critical infrastructure, residential and business buildings and assets during a disaster. Through the Disaster and Climate Risk Management initiative, Australia continues to work with the Philippines Government, making strategic investments to help the Philippines achieve more resilient development. Australian expertise helped the Philippines government develop guidelines for designing and constructing infrastructure to standards that are appropriate for the types of disasters experienced in the Philippines. We also helped develop an earthquake warning and preparedness system that is being used by the government for annual

simulations and drills, which will significantly improve the preparedness of communities and reduce lives lost during future earthquakes.

The **Australia-World Bank Philippines Development Trust Fund** significantly changed its work program in 2016-17 and now focuses on a shorter list of activities: economic reform, competition, social protection, and customs reform and SME support. Progress towards outcomes was slower this year as a result of the transition. However, the Trust Fund still contributed towards significant outcomes, including providing technical assistance to support Philippine government economic reforms.

OBJECTIVE 2: BUILDING STRONGER INSTITUTIONS FOR TRANSPARENT AND ACCOUNTABLE GOVERNANCE

RATING: GREEN



The **Human Resource Organisational Development Facility (HRODF)** was in its final year in 2016-17. This investment contributed to a more competent and efficient public service by addressing the human resource and organisational development needs of select public sector partner organisations. DFAT analysis consistently highlights bureaucratic capacity as one of the top three constraints to economic growth in the Philippines, and the program worked to support key agencies in pursuit of a more efficient public service including the: the Civil Service Commission (CSC), Philippines Competition Commission (PCC), the Department of Budget and Management (DBM), the Department of Interior and Local Government (DILG), and DepEd.

It is expected that HRODF's outcomes will be sustained beyond the end of the investment. HRODF used a formal system to categorise the level of readiness of a government partner to sustain program gains, which helped agencies to ensure sustainability through the change in government administration. While staff turnover in the transition between administrations has been a major challenge in 2016-17 the HRODF systems have remained, demonstrating that reforms will stand. In addition to reporting in previous APPRs, the following major results were achieved under this investment:

- HRODF assisted the DBM to establish a Public Financial Management (PFM) Institute that offers a competency program to train public financial management bureaucrats. The institute will continue to provide this service after the investment concludes.
- the DILG developed and installed a web-based system to monitor projects nationwide. The system allows DILG to track project status, level of spending and other factors that assist in decision-making. The system is accessible to the public allowing greater civic engagement and transparency about government programs. It was pilot tested during two major natural disaster responses and is now being used more broadly across 25,000 of the Departments projects. Programs on which this system was tested were delivered faster and more completely than other projects.
- in 2016, 60 scholarships were awarded to Filipinos to study in Australia, of which 29 were women. In-country scholarships were provided to 67 people from Mindanao, including 40 women.



We will continue some of the successful human resource and organisational development aspects from HRODF under the new Trade and Inclusive Economic Growth Facility. Our Australia Awards program will continue in a stand-alone investment in 2017-18. Australia Awards (long and short course) alumni in the new Philippine Government administration include four people working in the office of the President, two senior diplomats and three Secretary level officers (or equivalent). These linkages with Australia have assisted us to build relationships with the incoming Philippine Government, and our next investment in the Awards will work to more explicitly complement Australia's political, economic, trade and public diplomacy objectives, as aligned with Philippine priorities.


The **Public Financial Management Program (PFMP) Phase 2** is supporting the Philippine Government to improve the efficiency, accountability and transparency of public fund use in the Philippines. This investment was in its final year in 2016-17, and while the program in its current form will not be extended, the lessons and gains made to date will feed in to new program designs for 2017-18 onwards. The PFMP reforms have been validated by the incoming administration, which has decided to continue the same reform trajectory and build on three new reform areas: the Unified Accounting Code Structure; the implementation of a Treasury Single Account; and the Budget and Treasury Management System. An example of the benefits of these reforms is the saving to the Philippine Government of \$76 million (PHP 2.863 billion) in the first two years alone of operations of the Treasury Single Account, through reducing unnecessary borrowing.

The value of the program's engagement with the Philippine Government was demonstrated when Australia was approached to help plan for the incoming administration's Public Financial Management (PFM) roadmap. The Philippine Government has publicly acknowledged the PFMP-supported reforms were integral to their budget reform process over the last five years in its publication '*A Story of Budget and Management Reforms 2010-2016*'.

The **Coalitions for Change program (CfC)** forms coalitions among civil society, the private sector and government to influence public policy. CfC reform areas respond to many priority areas of the Duterte administration. In 2016-17 CfC achieved gains for airport infrastructure and disaster risk reduction and made good progress on other reforms:

- An investment of \$175,000 through CfC, working on airport infrastructure contributed to the development of Clark Airport as a secondary international gateway. This led to an incremental tourism revenue increase of about PHP 23 million (\$570,000) in the first quarter of 2017 and consumer savings estimated at PHP 40 million (\$990,000) from avoiding travel to the Ninoy Aquino International Airport (NAIA).
- CfC enabled the revision, approval and adoption of the National Disaster Risk Reduction and Management Fund (NDRRMF) guidelines of the Philippine government. The revised guidelines feature a more transparent and streamlined procedure, and allows better access for poor and vulnerable communities to PHP 18 billion (\$450 million) in disaster funds.
- CfC is working on the passage of the free internet bill, which aims to expand internet access across public spaces in the Philippines - including public schools to support teaching and enhance learning. Once passed, it will provide free internet access in all national and local government offices, public schools, public transport terminals, public hospitals and public libraries.
- As part of the successful changes to land titling for schools, an additional 2,600 titled school lots were generated (adding to 2,053 in 2015-16) which will protect schools from eviction by landowners (or their heirs who claim land ownership or may be interested in repossessing lands they have earlier donated). With this extra land DepEd is reducing school congestion by building new schools in areas of most need, giving students better opportunities to learn in less crowded classrooms.

Australia launched the **Australia-Philippines Child Protection against Online Sexual Abuse and Exploitation Program** in 2015. Program partners – the Philippine Government, The Asia Foundation (TAF) and UNICEF – bring together public and private resources to strengthen the Philippine family court system by establishing child-sensitive rules and spaces; supporting community-based rapid reaction teams for more effective investigation and prosecutions; and providing welfare assistance to victims of abuse. The program also developed an education campaign for online safety for children, directed at parents, children and carers. The



first private sector contribution was made to the program in 2016-17, following the pledge made at the program launch in November 2015. Support from QBE provided for two family courts and two forensic interview rooms to be equipped to become more child-sensitive, which is critical to enable the justice system to be more victim-friendly.

OBJECTIVE 3: IMPROVING CONDITIONS FOR PEACE AND STABILITY

RATING: GREEN



The program objectives were met despite the deterioration in the security situation in Mindanao, by utilising existing partners and adapting workplans in order to maintain program momentum.

The **Basic Education Assistance in Muslim Mindanao (BEAM-ARMM) program** ended in 2016-17, and to date remains the biggest bilateral aid education program in the Autonomous Region in Muslim Mindanao (ARMM). The program improved management and governance of the basic education system. Outcomes included improved access rates, reduced disparity in the performance of boys and girls, learning opportunities for children in remote and isolated communities; and livelihood and employability skills for senior high school and out-of-school youth. An unintended benefit of the program is the working relationship between DepEd-ARMM and the Bangsamoro Development Agency and its education committee. They are now working together on *tahderiyyah* (Islamic kindergarten) and madrasah education (and also benefits education outcomes of ARMM as efforts to improve existing *madraris* and *tahderiyyah* to meet accreditation standards continue). This relationship is expected to continue and contribute to the anticipated regional political transition.

In 2016-17, the program enabled an additional 29,330 children to enrol in school, more than 14,000 of whom were female. Training was also provided to 2,264 teachers, the majority of whom were female. Over the five years of the investment BEAM-ARMM has also:

- contributed to an increase in assessment test scores for Grade 3 students in the core subjects of maths, science, reading and grammar in English and Filipino (as measured in the National Achievement Test conducted in August 2016)
- demonstrated that teachers who had longer exposure to BEAM-ARMM training had students achieve consistently higher learning outcomes and test results – and trained more than 12,000 teachers in support of this
- provided access for around 54,000 children to learning centres in locations with limited or no access to regular schools
- supported more than 50 Islamic schools to implement a regular curriculum and achieve management standards, allowing them to access recurring government funding
- adapted and implemented a new government policy on school health and installing nearly 2,000 school handwashing units
- constructed and rehabilitated 173 classrooms and refurbished and stocked 300 school libraries.

The **Building Autonomous and Stable Institutions and Communities in the Bangsamoro (BASIC Bangsamoro)** program has adapted to support the peace and development agenda of the new administration. Partners are supporting the convergence of the various stakeholders in the Bangsamoro by, for example, helping ensure that local governments and communities are consulted on and engaged in the peace process. Partners are also supporting the monitoring and resolving of local conflict and helping build community cohesion and

resilience against violent extremism. The Strategic Review of Australia’s Support for Peace in Mindanao found that our partners were able to deploy local conflict management tools effectively and build successful constituencies at the community level for peace, but also that there was still work to do to reach all key political stakeholders.

The review findings have been useful as the Australian Partnerships for Peace program was put in place at the end of 2016-17. Incorporating lessons learned and mobilising our new support for peace in Mindanao in the midst of the conflict in Marawi and martial law have been critical both for Australia’s reputation as a reliable partner in the peace process and to ensure our support is effective.

Australia is a leading contributor to the multi-donor **Mindanao Trust Fund**, which has delivered projects in conflict-affected communities, selected by the communities themselves. These have included small-scale infrastructure, such as drinking water supplies and local roads, and livelihoods projects, such as dressmaking and livestock breeding.

In 2016-17 the program continued to support Australia’s women, peace and security agenda in Mindanao in the following ways:

- International Alert supported womens’ civil society organisations to raise awareness about the peace process and its local mediation activities, and worked directly with female traders in Sulu to strengthen women’s livelihoods and ongoing economic security.
- The Asia Foundation partnered with women’s groups to include indigenous peoples and the Moro National Liberation Front to support an inclusive peace process and ensure women’s roles in the settlement of clan conflict –leading to women playing primary roles in solving a decades long clan-conflict.
- Oxfam and its local partners provided political leadership training for 405 women on laws and policies promoting gender equality and women’s human rights, UN Security Council Resolution 1325 and the Philippines’ National Action Plan on Women, Peace, and Security. 503 female community partners were provided with capacity building session and skills training to engage in ongoing peace and development projects.

MUTUAL OBLIGATIONS

The Philippine Development Plan 2017-2022 is the Philippine Government’s framework for inclusive growth and the anchor for the bilateral development agreement between the Philippines and Australia. These high-level goals of the Philippine Government shape Australia’s priorities in the Philippines, and we will track progress against these benchmarks during President Duterte’s term.

Philippine Government commitments	Progress
Increase annual infrastructure budget allocations to 7% of GDP by 2022 (or Invest PHP8.4 trillion in infrastructure from 2017-2022)	Baseline CY2017: 5.3% of GDP (PHP847 million in annual budget)
Reduce the national rate of poverty incidence to 14.0 per cent by 2022. Reduce poverty incidence in rural areas to 20 per cent in 2022	Baseline: National 21.6 per cent in 2015; Rural: 30 per cent in 2015
Reducing the unemployment rate to 3 to 5 per cent by 2022	Baseline: 5.5 per cent in 2017
Increase the labour force participation rate of women to 51.3 per cent by 2022	Baseline (2015) 49.3
Improve the Philippines’ percentile ranking in the Worldwide Governance Indicators (WGI) – Regulatory Quality Improved, to 60 pctl by 2022	Baseline (2016) 53 pctl
Improve the Philippines’ percentile ranking in the Global Competitiveness Index (GCI) to 62 pctl by 2022	Baseline (2016) 59 pctl

Improve the Philippines' overall ranking in the WB-IFC Doing Business Report	Baseline: 2017, 99/190
Increase total government spending in social protection as a proportion of the GDP (in PHP) to 5 per cent by 2022	Baseline: (2017) PHP128,070,504,000 Budget allocation in 3 core social protection programs: <ul style="list-style-type: none"> • PHP10,229,160,000 (Kalahi-CIDSS-NCDDP) • PHP78,186,551,000 (4Ps) • PHP9,112,556,000 (SLP)
Peace agreements with all internal armed conflict groups successfully negotiated and implemented, with passage and ratification of an enabling law in accordance with the Comprehensive Agreement on the Bangsamoro	Bangsamoro Basic Law (BBL) submitted to President Duterte in July
All families affected by natural and human-induced calamities are provided with relief assistance	Baseline: (2015) 54%
Net enrolment rate in school: <ul style="list-style-type: none"> • Kindergarten to 95.00 by 2022 • Elementary to 95.00 in 2022 • Junior High School to 75.44 in 2022 	Baseline (2015) 74.65 91.05 68.15

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

In order to improve our whole-of-program reporting we revised the Performance Assessment Framework (Annex E), and interim progress indicators under our three objectives in 2016-17. We will improve our reporting at this whole-of-program level from late 2017-18 using monitoring and evaluation expertise to help us review strategic priorities and objectives in our program. We will develop a new Performance Assessment Framework to measure and report on progress under the next iteration of the Aid Investment Plan. In 2016-17 we completed an independent Strategic Review of Australia's Peace in Mindanao investments, and prepared to undertake the mid-term evaluation of the Basic Education Sector Transformation Program. A forward evaluation pipeline is outlined in Annex C.

Analysis of Aid Quality Checks (AQC)

In 2016-17 the Philippines program completed seven AQC and four Final AQC. One initiative was exempted from the process for administration reasons. A summary of the AQC and FAQC including ratings for each investment is at Annex D. The overall performance of our investments in 2016-17 was satisfactory, with no investment rated below satisfactory under the 'effectiveness' and 'efficiency' criteria. Our assessment reflects the mature portfolio that we have in the Philippines, with many initiatives going well in their final one or two years.

The Aid Quality Check process determined that the **Philippines Research Initiative** would be closed, for management and performance reasons. Pieces of ongoing research would be moved to sit with relevant sector management arrangements, to better link in with programs. This initiative was set up as a mechanism to improve Australian aid in the Philippines by generating high quality evidence on key development issues. The research outcomes were intended to inform partner government decision-making and to use research for better development outcomes. The initiative covers a collection of research activities with different implementing partners, counterparts, activity end dates, reporting and monitoring and evaluation



frameworks. The initiative was not set up with an overarching design, making it difficult to apply a strategic assessment of progress across the investment. Achievements in 2016-17 included:

- the initiative produced a book “*Mindanao: The Long Journey to Peace and Prosperity*”. The book played an important role in public diplomacy and in strengthening Australia’s reputation as bilateral partner contributing to the ongoing dialogue for a prosperous and peaceful Mindanao.
- the Longitudinal Study of Learning Achievements of Students in Autonomous Region of Muslim Mindanao concluded that students in alternative delivery models could make progress in Literacy and Mathematics similar to their counterparts in conventional schools. This is an important research finding to guide policy makers in designing learning avenues for children indifferent learning contexts.

Performance of key delivery partners

The Philippines Program works with a range of partners including the government, multilateral organisations, non-government organisations and managing contractors. All of our partners provide critical technical, analytical and managerial expertise. In 2016-17, 17 Partner Performance Assessments were conducted for ten delivery partners. Results indicate that our partners are providing effective program support and that DFAT is achieving value for money in these partnerships. Where there have been concerns with partner performance, and where AQC’s identified poor program performance, we took action by discussing implementation issues with delivery partners. In the case of the Strengthening the Philippines Public Private Partnership Program, run through the Asian Development Bank (ADB), improvements to monitoring and reporting, better utilisation of Australia’s grant contribution, and improved management of program risks were identified as areas for improvement, and these were discussed and agreed with the ADB.

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)	Are these same risks in Post’s Risk Register (Yes/No)
Humanitarian emergencies and natural disasters disrupt programs and divert resources	Effective Whole-of-Government humanitarian response, backed by annual Emergency Response Team (ERT) training exercises	Continue to monitor targets of interest where Australia can provide effective support in humanitarian and disaster risk reduction	Medium	Yes
Changes in GPH priorities, changes in key contacts and/or political and security instability delay program designs or sign off/mobilisation	Due diligence done prior to engagement with partners and contractors; worked flexibly to accommodate emerging priorities	Continue with existing controls; build and strengthen relationships with the new administration, and working on regular dialogue with counterparts – including at Secretary level as new programs mobilise	Medium	Yes

Complex operating environment, active conflict setting, and presence of unlawful groups sees funds unintentionally directed towards entities/individuals with links to unlawful activity.	Contractual obligations for Managing Contractors require compliance with Commonwealth Procurement Guidelines, including screening entities and individuals through publically available databases.	Manila post has been implementing and will continue to implement additional screening measures on a quarterly basis; additional measures to be put in place for conflict-settings as required.	Medium	Yes
Significant pressure on Embassy staff in Manila due to workloads and the fluid policy environment result in our programs becoming less effective.	Additional resources for Post were requested where possible; sectoral expertise was enlisted from Canberra.	In developing the next Aid Investment Plan, resourcing for program implementation will be closely considered to ensure against staff burnout; relationships with implementing partners will be adjusted to maximise management efficiencies.	Medium	Yes

The risk profile for the program has changed over the last twelve months given the deterioration of the security situation in Marawi and the slow transition of the new Philippine Government administration. As discussed throughout this report, we have adjusted our approaches and programming accordingly.

MANAGEMENT ACTIONS

A summary of progress on management responses is in the table in Annex A. In 2016-17 a number of new priorities will guide our management response to this APPR. The Philippine Development Plan 2017-2022 was officially launched by the Philippine Government in June 2017. Our Aid Investment Plan is already well aligned with the new Philippine Development Plan, and only minor changes will be required. The Performance Assessment Framework (PAF) was revised in 2016-17 with interim indicators and benchmarks for the year, providing us with a basis against which to assess progress in this APPR.

Strategic responses:

- In 2017-18 the Philippines Desk will lead on a strategic planning process, reflecting on the overall bilateral relationship and how the development program can continue to evolve and complement our foreign policy, trade, and security objectives. This will inform development of the next Aid Investment Plan by July 2018.
- A new PAF will be developed in order to assess progress of our aid investments under the next Aid Investment Plan. The PAF will be developed, with the support of a monitoring and evaluation adviser.
- The new Philippines Program Gender Action Plan will be implemented, supporting programs to increase their efforts to promote improved outcomes for women. Programs will also look to ensure they have adequate social inclusion strategies in place to support this work.

Operational responses:

- The three benchmarks that were rated Amber in 2016-17 will be prioritised by Post in 2017-18:
 - the Trade and Inclusive Economic Growth Facility will mobilise in late 2017
 - design of the new infrastructure program will be completed and a procurement approach commenced
 - we will work with the new Secretary of DSWD to establish policy priorities and support the review of the Philippines' social protection framework. We will work through policy dialogue with key partners in Manila to advocate for critical program reforms to support the social protection programs to be inclusive and better meet the needs of the poor.

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- The process of developing interim indicators will be repeated in 2017-18, to allow us to assess progress in the last year of the Aid Investment Plan. The Philippines Desk in Canberra will lead the process of developing interim indicators for 2017-18, by the end of 2017.
 - Progress against program level management responses identified as part of the Aid Quality Check process in 2016-17 will be tracked at regular aid management team meetings led by the Deputy Head of Mission at Post.
 - Post will focus on mobilizing three programs: the Trade and Inclusive Economic Growth Facility, PATHWAYS, and the Australia Awards and Alumni Engagement Program. Transition plans will be in place with implementation teams and senior management regularly advised of progress at Aid Management Meetings each quarter.
 - Post will continue to monitor and support humanitarian and recovery activities for communities affected by the Marawi conflict. Immediate support will be provided via existing partners with medium term recovery programs delivered in coordination with the Philippine Government's *Bangon Marawi* Task Force and the World Bank and other multilateral partners.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management responses identified in 2015-16 APPR	Rating	Progress made in 2016-17
Development of new performance benchmarks and adjustments for the longer term Aid Investment Plan will follow on from the new Philippine Development Plan. A new Performance Assessment Framework (PAF), including interim indicators for 2016-17, will be developed to ensure we are measuring the most relevant program outcomes.	Achieved	The Philippine Development Plan 2017-2022 was officially launched by the Philippine Government in June 2017. Our Aid Investment Plan is already well aligned with the new Philippine Development Plan, and as yet no adjustments have been made. The PAF was revised in 2016-17 with interim indicators and benchmarks for the year, providing us with a basis against which to assess progress. This same process will need to be repeated in 2017-18, to allow us to assess progress in the last year of the Aid Investment Plan.
Develop a gender and social inclusion action plan for the Philippines Program. This plan will consider opportunities to help empower women and other vulnerable communities in the Philippines, across all investments in the program including those related to economic growth.	Achieved	As the first step towards this response, the Philippines Program Gender Action Plan was completed and went through extensive consultation and peer review. It was finalised in July 2017. We will monitor implementation of this Plan throughout 2017-18 to be able to report on progress next year. Social inclusion remains an important part of our aid program, and we will work to ensure our programs have an effective approach to this wherever possible.
Undertake a strategic review of our peace and stability initiatives in Mindanao to ensure that they align with the priorities of the new Philippine administration. Our peace and stability investments will remain flexible, to allow the program to adapt to shifts in the operating environment.	Achieved	The Strategic Review of Australia's Support for Peace in Mindanao was published on the DFAT website in early 2017. The review has informed the design of our next peace and stability investments, and supported our strategic discussions regarding this work with incoming Philippine Government officials.

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 – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Aid Objective 1

<p>Strengthen Philippine Government planning for interconnectivity of transport infrastructure at the national and local levels</p>	<p>Key transport planning and project bottlenecks are addressed</p>	<p>Partly Achieved</p>	<p>The design for the new investment infrastructure is not yet complete; it is being revised according to the policy priorities of the new Philippine Government administration. Technical assistance on procurement, right of way acquisition and information management for the Dept of Transport are on track for completion by 30 June 2017</p>
<p>Contribute to Australia’s commitment to increase Aid for Trade spending to 20% of the aid program</p>	<p>Trade and Inclusive Economic Growth Facility ready for implementation</p>	<p>Partly Achieved</p>	<p>The Facility was designed and tendered in 2016-17. Implementation is expected to commence in 2017-18. The program will also look to capture aid for trade outcomes across the full range of investments in 2017-18</p>
<p>DepEd has an appropriate org structure, functioning management systems and improved staff capacity in leadership, planning and decision making to deliver better education services</p>	<p>Strategic and foundational capacities and competencies build in DepEd to support improvements in learning, teaching and operations, in at least 20,000 schools and 214 school divisions</p>	<p>Achieved</p>	<p>K-12 monitoring and evaluation framework that tracks the new curriculum developed; 303 new teach scholarships provided, to support implementation of the Philippine Professional Standards for Teachers; implementation of the Unified Information System has rolled out to high schools nationally to capture accurate, real-time enrolment data of the first cohort of Grade 11</p>
<p>DSWD has improved analytical capacity to develop policies and guidelines to effectively implement its social protection reform agenda</p>	<p>CCT policy dialogue is informed by the outputs of analytical research produced through our investments</p>	<p>Partly Achieved</p>	<p>Australia, in partnership with DSWD and the World Bank, provided technical assistance to help the Philippines improve its social protection programs and approach more broadly. This includes improvements to the national household targeting system and the proxy means test, and the business processes for the SLP. This is marked as partially achieved as there is still ongoing policy discussions about the future of the social</p>

Aid Objective 2

Improved Philippine Government systems for budget formulation, execution, accounting and reporting	Electronic Budget and Treasury Management System is adopted	Achieved	This system was designed, adopted, and is still being implemented by the new Philippine Government administration.
	Budget preparation processes are improved	Achieved	Our investment supported design and implementation of the Treasury Single Account and its associated reporting system, and the new Philippine Government administration has continued this system
	Internal control systems and internal audit practices of Philippine Government agencies strengthened	Achieved	HRODF assisted the Department of Budget Management to establish a Public Financial Management (PFM) Institute that offers a competency program to train PFM bureaucrats. The reforms achieved by our PFM Program have been validated by the incoming administration, which has decided to continue the same reform trajectory and build on three new reform areas: the Unified Accounting Code Structure; the implementation of a Treasury Single Account; and the Budget and Treasury Management System

Aid Objective 3

Peace process more credible and widely supported	DFAT programs aligned with the peace and development framework of the new Philippine Government administration	Achieved	The scope of the mid-term review of the BASIC Bangsamoro program was expanded to encompass Australia's broader range of support for peace and stability, and the review report published in 2017 made recommendations for future investments. The next phase of BASIC, expected to begin in July 2017, takes the review recommendations into account, and is aligned with the new government's peace and development strategic framework
	Women more actively participating in peace building and political reform and dialogue	Achieved	Under the BASIC Bangsamoro program, 405 women were trained on political leadership with some elected as public officials in the May 2016 elections and 503 community women partners were provided capacity building sessions and skills training and are involved in peace and development projects. These trained women leaders have reported becoming empowered in their communities
	Number of additional girls and boys enrolled in school	Achieved	29,330 additional children enrolled (14,206 of whom were female)
Children in economically deprived communities have infrastructure and resources to access to pre-school, school and community learning, including technical /vocational skills	Per cent of completers reached in ARMM employed or engaged in livelihood activities	Achieved	68 per cent of the out-of-school youth who were trained in technical and vocational skills programs were employed after completing their training. This represents a significant growth on results from previous years—in 2016, the BEAM-ARMM program took a new approach of partnering directly with major local industries to improve employment prospects

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 PLANNING

List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INL343 - Peacebuilding in Conflict-Affected Mindanao	Midterm/Strategic Review for the BASIC Bangsamoro Program	November 2016	March 2017	March 2017	February 2017
ING581 - Disaster and Climate Risks Management	i) GMMA READY Project completion and terminal evaluation	June 2016	December 2016	n/a (UNDP administered)	
	ii) RAPID Program/Project Climate Twin Phoenix mid-term evaluation	March 2016	August 2017	n/a (UNDP administered)	
INI294 - Human Resource Organisational Development Facility	Review of the Philippines Australia Human Resources and Organisational Development Facility	October 2016	January 2017	January 2017	October 2016.

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Independent Progress Review of BEST	INJ223	August 2017	December 2017	To assess effectiveness and verify performance; improve existing investment	DFAT-led
Review of the Australia-WB Philippines Umbrella Trust Fund	INI632	June 2018	October 2018	To assess effectiveness; advise structure of the UTF in final year and potential successor functions	DFAT-led
Australia – The Asia Foundation Partnership Independent Completion Review	INJ839	October 2017	February 2018	To demonstrate results; inform new investments.	DFAT-led

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS

Investment name	Budget and duration	Year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards *
INJ168 - Philippines Research Initiative	\$5,787,577 1/01/10 - 30/06/19	2016-17	4	4	4	3	4	4	n/a
		2015-16	5	4	4	3	4	4	5
INJ223 - Basic Education Sector Transformation (BEST) Program	\$158,716,392 1/07/10 - 30/06/19	2016-17	5	4	4	4	5	4	n/a
		2015-16	6	5	5	4	5	5	5
INJ766 - Strengthening Public Private Partnership Program	\$26,074,557 22/03/11 - 31/06/17	2016-17	5	4	4	4	5	4	n/a
		2015-16	6	5	4	5	5	4	5
ING581 - Philippines: Disaster and Climate Risks Management	\$48,061,706 2/06/06 - 31/12/17	2016-17	5	5	4	4	5	5	n/a
		2015-16	6	5	4	4	5	5	4
INI632 - Australia-WB Philippines Development Trust Fund	\$47,094,288 1/06/09 - 30/06/16	2016-17	5	4	4	4	5	3	n/a
		2015-16	5	4	4	3	4	4	4

Note: * Risk and Safeguards not rated in 2016-17

Investment name	Budget and duration	Year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards *
INJ839 - The Asia Foundation Partnership Philippines	\$34,955,000 1/07/11 - 30/06/17	2016-17	6	5	4	5	5	4	n/a
		2015-16	5	5	4	4	5	4	5
INL343 - Peacebuilding in Conflict-Affected Mindanao	\$22,401,639.26 1/04/14 - 30/06/17	2016-17	6	5	4	4	5	5	n/a
		2015-16	5	5	5	5	4	4	5

Note: * Risk and Safeguards not rated in 2016-17

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
INI294 - Human Resource and Organisational Development Facility	\$45,670,140 23/03/09 - 30/06/19	5	5	5	5	5	5	4
INI428 - Philippines Social Protection	\$27,767,426 3/02/09 - 30/06/17	5	5	5	4	4	5	4
INK078 - Public Financial Management Program Phase 2	\$28,939,542 1/07/11 - 30/06/17	4	5	4	4	5	4	4
INH947 - Basic Education Assistance for ARMM	\$94,973,594 1/09/09 - 30/06/17	4	5	4	4	4	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

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

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

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

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

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

AUSTRALIA'S AID OBJECTIVE	ENHANCING THE FOUNDATIONS FOR ECONOMIC GROWTH		
		Annual Progress Targets/Milestones	
Intermediate outcome	Intermediate outcome indicators	2016-17	Data source and baseline
Strengthen Philippine Government planning for interconnectivity of transport infrastructure at the national and local levels	Key transport planning and project bottlenecks are addressed	Technical assistance activities on procurement, Right-of-Way acquisition, and information management for the Department of Transportation (DOTr) are completed by 30 June 2017 Design of new aid investment in infrastructure is completed	Public Financial Management Program (PFMP) Monitoring and Evaluation (M&E) Reports DFAT internal reports (Investment concept and design documents)
Improve Philippine Government capacity to promote, develop, and implement Public Private Partnership (PPP) projects	Capacity of implementing agencies to ensure probity of PPP project procurement and quality construction of PPP projects are strengthened Well-structured bankable PPP projects developed	Negotiate new technical assistance project on probity and independent construction supervision consultants by 30 June 2017 At least five PDMF-support projects approved by Investment Coordinating Committee by 30 December 2016	DFAT internal reports ADB PPP Technical Adviser Quarterly Reports PPP Centre website ADB Capacity Development Technical Assistance Six-monthly Reports Baseline (1 July 2015): Nine (9) competitively tendered PPP projects awarded
Contribute to Australia's commitment to increase Aid for Trade spending to 20 per cent of the aid program	New Trade and Inclusive Economic Growth Facility out to tender	Trade and Inclusive Economic Growth Facility out to tender in March 2017	DFAT internal reports (Investment concept and design documents; confirmed via AusTender)
Quick and responsive Australian humanitarian assistance to the Philippines	Capacity of partners strengthened and partnerships sustained to coordinate, mobilise and respond to natural disasters Displaced and vulnerable women, men, girls and boys provided with life-saving assistance in conflict and crisis situations Displaced and vulnerable women and men with increased access to safe water and basic sanitation Displaced and vulnerable women survivors of violence receiving services such as counselling Manila Post Emergency Response Team trained	National Disaster Response Manual of DSWD developed, and Regional Field Offices assisted in preparing their respective Disaster Response Manuals One warehouse in the National Resource Operation Centre of DSWD constructed Prepositioning of Humanitarian Emergency Relief Stores (HERS) with DSWD established and maintained to provide needs of most vulnerable populations affected by disasters and emergencies Prepositioning of HERS with PRC, UNFPA and WFP maintained to provide needs of most vulnerable populations affected by disasters and emergencies	Support to Disaster Response Program Inception Plan, Technical Assistance Facility Meeting, Annual Accomplishment Report and Annual Work and Financial Plan Zamboanga Recovery Program Inception Plan, Steering Committee Meeting, Annual Accomplishment Report and Annual Work and Financial Plan Deployment proposal and monitoring report for HERS with PRC, UNFPA and WFP

		<p>Up to 1,000 displaced poor and most vulnerable families provided with livelihood, protection and psychosocial assistance</p> <p>SOP for Disaster Response updated, additional ERT members recruited, and training conducted</p>	
	<p>Number of programs, and per cent of the program budget supporting climate change policy</p> <p>New program and activity designs include consideration of climate change where possible – whether through risk screening to ensure investments are climate resilient or do not increase vulnerability to climate change, or looking for opportunities for institutional, policy or programmatic capacity building and resilience building.</p> <p>Consideration of standalone climate change programs where Australian expertise has a comparative advantage, ensuring investments are aligned with partner country priorities.</p>	<p>Existing programs screened to establish how they may already work to address the impacts of climate change</p> <p>Per cent of program budget that is climate related that support climate change adaptation or mitigation to be reported</p> <p>Where possible and appropriate, such as during mid-term reviews, climate change is integrated into existing programs. In 2017-18, work to having 1-2 programs incorporating climate change capacity building/resilience, or standalone projects</p>	<p>Baseline: 0, at June 2017</p> <p>Relevant program and activity documents</p>
	<p>Capacity of GPH and local government partners on preparedness and risk reduction strengthened</p> <p>Displaced and vulnerable poor women and men with increased incomes</p> <p>Displaced and vulnerable men and women with access to permanent shelter</p> <p>Management committees in which women are equally represented</p>	<p>Handbook on Designing Resilient Local Structure finalised and handed over to GPH and LGUs</p> <p>At least 10 communities including most vulnerable families, men and women provided with livelihood assistance</p> <p>Up to 95 displaced, poorest and most vulnerable families, including men and women provided with permanent shelter</p> <p>All project committees at strategic and operational levels have equal female representation</p>	<p>PCTP-RAPID Program Annual Accomplishment Report, Project Management Board Meeting, Annual Work and Financial Plan</p> <p>GMMA READY Project Terminal Report</p> <p>ReStructure Project Completion Report</p>
<p>DepEd has an appropriate organisational structure, functioning management systems and improved staff capacity in leadership, planning and decision-making to deliver better education services</p>	<p>Status of Rationalisation Plan implementation</p> <p>Evidence that Unified information System (UIS) (e.g. EBEIS, HRIS, LRMDs) used for policy analysis and development, planning and budgeting using gender disaggregated data</p> <p>Strategic and foundational capacities and competencies built in DepEd to support improvements in learning, teaching and operational</p>	<p>Staff movement to the new DepEd structure progressed</p> <p>UIS Enterprise Architecture drafted, existing elements of the UIS improved (e.g. EBEIS, HRIS, LRMDs)</p> <p>Human Resource Management and Development Systems implemented</p>	<p>BEST M&E Reports</p> <p>Department of Education Transition Report 2010-2016</p> <p>Baseline: Reorganisation Plan approved by Department of Budget and Management in late 2013. Hiring of new staff ongoing. Movement to new structure has been slow.</p>

	<p>processes and practices in at least 20,000 schools and 214 schools divisions</p> <p>Superintendents have appropriate capacity for leadership and engagement with education stakeholders</p> <p>Number of school heads in target regions have appropriate capacity for school management</p>	<p>Coherent system of planning and policy research implemented</p> <p>Division Superintendents capacitated in leadership and engagement with education stakeholders</p> <p>Educational Leadership and Management Training Curriculum and Content for School Heads developed</p>	<p>Elements of the UIS have been developed through various development programs, but in need of update based on K-12 and Rationalisation Plan requirements. No UIS enterprise architecture exists that defines the integration of the various information systems.</p> <p>SDS and School Heads require updated skills in leadership and management to lead education reforms</p>
<p>DSWD has improved analytical capacity to develop policies and guidelines to effectively implement its social protection reform agenda</p>	<p>Improved systems for implementation of the <i>Pantawid Pamilyang Pilipino Program (CCT)</i></p> <p>CCT policy dialogue is informed by the outputs of the analytical products and research initiative through the TA Facility and UTF AAA</p>	<p>Enhanced CCT program grievance redress system and payment mechanisms</p> <p>Enhanced CCT Management Information Systems (MIS) operations to improve inter-operability of various operations</p> <p>Enhanced National Household Targeting System (to reduce inclusion and exclusion errors)</p>	<p>Annual WB UTF AAA reports</p> <p>DSWD TA Facility M&E reports, completed studies</p>
<p>Teachers demonstrate the skills required to teach the K to 12 curriculum to improve the learning outcomes of students in target regions</p>	<p>Evidence that teachers in target areas progressively have improved skills, knowledge and understanding to teach the new curriculum</p> <p>Evidence that teachers in target areas are developing professional awareness in order to take ownership of reforms within their own schools</p> <p>Evidence that children have improved learning outcomes in target areas, based on new assessment methods</p> <p>Number of teachers trained in order to improve learning outcomes</p>	<p>Developmental National Competency-based Teacher Standards validated and adopted</p> <p>DepEd Classroom Assessment Policy implemented and Systems Assessment Framework developed</p> <p>National Educators Academy of the Philippines has improved capacity for planning and delivering learning and development programs for teachers</p> <p>Strategic Master Plan for In Service Teacher Education developed</p> <p>Learning Actions Cells set up in selected target areas to enable a school based teacher development</p>	<p>BEST M&E Reports</p> <p>2018 PISA Results</p> <p>National Achievement Test Results</p> <p>Teacher Quality Study School Effectiveness Study</p> <p>World Bank Assessing Basic Education Service Delivery in the Philippines: Public Education Expenditure Tracking and Quantitative Service Delivery Study</p>
<p>Pre-Service Teachers Education consistent with the K to 12 curriculum requirements</p>	<p>New pre-service teacher education curriculum used by selected Teacher Education Institutions</p> <p>New routes into teacher training developed</p> <p>Career pathway accreditation for Teachers developed</p>	<p>New Pre-Service Teacher Standards policy adopted</p> <p>Outcomes-based Pre-service Teacher Education Curriculum prototype course syllabi for Mathematics, Science, and English in professional education developed</p> <p>Curriculum framework for outcomes-based graduate teacher education program developed</p>	<p>BEST M&E Reports</p> <p>Teacher Quality, Study School Effectiveness Study</p> <p>Baseline: Pre-service teacher standards are not differentiated from in-service standards</p> <p>Pre-service curriculum is outdated and does not reflect requirements for teaching the K-12 curriculum</p>

AUSTRALIA'S AID OBJECTIVE	BUILDING STRONGER INSTITUTIONS FOR TRANSPARENT AND ACCOUNTABLE GOVERNANCE		
		Annual Progress Targets/Milestones	
Intermediate outcome	Intermediate outcome indicators	2016-17	Data source and baseline
Partnerships among reform advocates are facilitated leading to policy reforms in target sectors	<p>Capacity of reform advocates among within government, and to engage in constructive partnerships for reform</p> <p>Responsive community-based basic delivery support is provided to select areas and priority sectors</p> <p>Partnerships deliver reforms that are evidence-based and genuinely oriented towards bringing policy changes that support economic growth and improved governance</p> <p>Mechanisms, venues, or opportunities for civil society, government, private sector partnerships to constructively engage are made available</p> <p>Resources, expertise and political stature of partners effectively utilised in reform activities</p>	<p>Partnership building and/or engagement processes are documented and analysed in at least one reform area in each priority sector.</p> <p>Rigorous processes ensured in partner identification and selection in all reform areas</p>	<p>Coalitions for Change bi-annual report to the Joint Steering Committee</p> <p>Reform stories on The Asia Foundation website</p> <p>Legislation Administrative Circulars and Implementing Rules and Regulations from target agencies</p>
Partner organisations are more capable, competent, and ready to implement reforms in priority sectors through improved internal structures and systems	<p>Five of Australia's government partners have been provided with appropriate interventions in HR/OD to improve their capacity for:</p> <ul style="list-style-type: none"> • identifying competencies, strengths and weaknesses of their agencies • designing and implementing HRMD systems beyond HRODF • allocating resources for the HR/OD reforms • sharing their knowledge within and outside the organisation <p>At least 60 In-country scholars and up to 100 Australia Awards Scholars successfully mobilised.</p> <p>At least 5 MOUs signed between Australian and Philippine universities to jointly deliver selected priority courses</p>	<p>Core partner agencies have skills to manage political transitions</p> <p>Philippines Government agencies have adopted appropriate human resource management standards</p> <p>60 of interventions completed with partner agencies are assessed as being 'institutionalised' or 'sustained'</p> <p>Re-entry action plans for 60 returned scholars are completed</p>	<p>Baseline: Individual Agency Organisational Assessments</p> <p>Monitoring and Evaluation Reports of the Human Resource and Organisational Development Facility (HRODF)</p> <p>Civil Service Commission Public Sector Reports and Survey Results</p>
Improve Philippine Government systems for budget formulation,	<p>Electronic Budget and Treasury Management System (BTMS) is adopted</p> <p>Budget preparation processes are improved</p>	<p>Budget execution module of BTMS goes live by 30 June 2017</p>	<p>PFMP M&E Reports</p> <p>Baseline: Individual Agency Organisational Assessments</p>

execution, accounting, and reporting	Internal control systems and internal audit practices of Philippine Government agencies strengthened External oversight by civil society of the budget and public expenditure improved	Second phase of Budget Cycle Analytics system delivered and operational by 30 June 2017 Commission on Audit (COA) Citizen Participatory audit activity completed Department of Budget and Management (DBM) Civil Society engagement activity completed	Monitoring and Evaluation Reports of the Human Resource and Organisational Development Facility (HRODF) Civil Service Commission Public Sector Reports and Survey Results
Strengthen Australia's policy dialogue with the Philippine Government on key issues related economic growth and peace and stability	Policy engagement by DFAT with key Philippine Government agencies (e.g. Departments of Budget and Management, Education, Social Welfare and Development, Interior and Local Government) established	Management and coordination meetings with: DSWD on the Technical Assistance Facility for Social Protection Reforms OPAPP on peace and stability policy and programming	DFAT internal reporting

AUSTRALIA'S AID OBJECTIVE	IMPROVING CONDITIONS FOR PEACE AND STABILITY		
		Annual Progress Targets/Milestones	
Intermediate outcome	Intermediate outcome indicators	2016-17	Data source and baseline
Peace process more credible and widely supported	Peace agreement understood supported within the Bangsamoro Autonomous Political Entity (BAPE) DFAT programs are aligned with the peace and development framework of the new Philippine Government administration Women more actively participating in peace building and political reform and dialogue	Results of perception surveys conducted nationwide and within the proposed BAPE territory used by OPAPP and the Transitional Authority to measure support for the transition Gender balance in consultation teams <ul style="list-style-type: none"> • 3,000 women at public consultations • 30 women specific consultations 	Social Weather Station Surveys supported through an NGO partner NGO partner reports
Institutional capacity to implement/convergence of peace agreements and engagement in political dialogue improved	Technical and operational support provided to institutions of the peace process to better deliver their mandate	Consultation and communication processes with civil society conducted in 2016-17 Technical and operational assistance to transitional institutions in delivering their mandate as indicated in the Comprehensive Agreement on the Bangsamoro	NGO & multilateral partner reports Multilateral partner reports
Stronger local mechanisms for averting escalation of violence	Local level 'informal' mechanisms for averting escalation of violence are better able to resolve disputes	100 local monitors and mediators, and local government, AFP and PNP personnel trained in conflict mapping, analysis and resolution 20 disputes mediated by local mechanisms	NGO partner reports

AUSTRALIA'S AID OBJECTIVE	IMPROVING CONDITIONS FOR PEACE AND STABILITY		
		Annual Progress Targets/Milestones	
Intermediate outcome	Intermediate outcome indicators	2016-17	Data source and baseline
	Peace and order councils engagement strengthened		
<p>Children in economically deprived communities have infrastructure and resources for access to pre-school, school and community-learning, including technical vocational skills</p>	<p>Per cent of <i>Tahderiyyah</i> completers reached in ARMM, boys and girls, who enrol in Kindergarten/Grade 1</p> <p>Per cent of <i>Tahderiyyah</i> enrolees reached in ARMM who completed the program</p> <p>Per cent of <i>Madaris</i> learners reached in ARMM moving up to the next grade</p> <p>Per cent of completers reached in ARMM employed or engaged in livelihood activities</p> <p>Per cent of 2011 DepEd ARMM elementary schools (2173) rated at least one-star (of three stars) schools (target: 30 per cent)</p> <p>Per cent of 730 ADM Learning Centres in ARMM rated at least one-star (of three stars in schools) (target: 75 per cent)</p> <p>Per cent of teachers in ARMM reached improving in their competencies from baseline to post test</p> <p>Number of additional boys and girls enrolled in school</p>	<p>40 per cent of <i>Tahderiyyah</i> completers, boys and girls, who enrol in Kindergarten/Grade 1</p> <p>75 per cent of <i>Tahderiyyah</i> enrolees who have completed the program</p> <p>90 per cent of <i>Madaris</i> learners move up to the next grade</p> <p>50 per cent of completers employed or engaged in livelihood activities</p> <p>Order on accreditation and announced accreditation system tested and refined</p> <p>75 per cent of 730 ADM learning centres received basic requirements for EHCP</p> <p>50 per cent of teachers trained have demonstrated improved competencies from baseline to post test</p>	<p>BEAM-ARMM M&E Reports</p> <p>Multiple Indicator Cluster Survey</p> <p>Baseline is at 62%</p> <p>BEAM-ARMM M&E Reports</p>