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USAID/PHILIPPINES

RESULTS REVIEW AND RESOURCE REQUEST

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ABBREVIATIONS AND ACRONYMS

| | |
|-----------------|--|
| ADB | Asian Development Bank |
| AIDS | Acquired Immune Deficiency Syndrome |
| ASEAN | Association of Southeast Asian Nations |
| AusAID | Australian Agency for International Development |
| BOD | Biological Oxygen Demand |
| BOT | Build-Operate-Transfer |
| CPR | Contraceptive Prevalence Rate |
| CSP | Child Survival Program |
| DENR | Department of Environment and Natural Resources |
| EAGA | East Asian Growth Area |
| GATT | General Agreement on Tariffs and Trade |
| GEM | Growth with Equity in Mindanao |
| GHG | Greenhouse Gases |
| GOJ | Government of Japan |
| GOP | Government of the Philippines |
| GRDP | Gross Regional Domestic Product |
| HIV | Human Immuno-deficiency Virus |
| IUD | Intra-uterine Devices |
| JICA | Japanese International Cooperation Agency |
| LDAP | Local Development Assistance Project |
| LGU | Local Government Unit |
| LPP | Local Performance Program |
| MAI | Multilateral Assistance Initiative |
| MDP | Mindanao Development Program |
| NAPOCOR | National Power Corporation |
| NDS | National Demographic Survey |
| NEA | National Electrification Administration |
| NGO | Non-Governmental Organization |
| NPI | New Partnerships Initiative |
| NSO | National Statistics Office |
| OE | Operating Expenses |
| OPAMIN | Office of Presidential Assistant for Mindanao |
| OECF | Overseas Economic Cooperation Fund |
| SME | Small and Medium Scale Enterprises |
| SO | Strategic Objective |
| SOCARGEN | South Cotabato, Sarangani and General Santos |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNFPA | United Nations Population Fund |
| USDH | United States Direct Hire |
| USAID | United States Agency for International Development |

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RESULTS REVIEW AND RESOURCE REQUEST

USAID/PHILIPPINES

Introduction

The Philippines currently presents to the United States a window of opportunity -- an historic opportunity -- to participate in the reshaping of a nation. The Government of the Philippines, supported by the vast majority of Filipinos, welcomes U.S. assistance in making fundamental and positive changes in both the economy and the polity of their nation.

The implications go well beyond the borders of the Philippines. For several years, the prevailing view in the rapidly growing East Asian region has been that rapid economic development can only occur under strong, centralized, authoritarian rule. The Philippines is preparing to challenge that bit of "received wisdom." The government of President Ramos has put into place an increasingly viable economic policy framework, and is deeply committed to the principles of democracy. The President knows that he must succeed on two fronts simultaneously. He must strengthen, and improve the effectiveness and increase the transparency of, newly formed or still fragile democratic institutions trying to recover from the blows struck by a powerful authoritarian ruler. He must stimulate broad-based and rapid economic growth in an economy that not long ago was stripped of its wealth and that was subject to the whims of a few individuals hiding behind the trappings of a bogus "crony capitalism."

An opportunity such as this, in which USAID can materially help a close development partner fundamentally reshape its destiny, is extremely rare. It is an opportunity that we can and must seize.

Ten years ago, in the EDSA revolution of February, 1986, hundreds, then thousands, then hundreds of thousands of ordinary Filipino citizens stood down the military machine of the Marcos regime. The government fell. The new Aquino administration began the arduous journey of returning the country to democracy and reestablishing connections to the global marketplace. The orderly election of President Ramos in 1992 underscored the commitment of the Philippines to both democratic principles and free markets, the only country in South-east Asia to make that commitment.

Nearly two decades of crony capitalism had left the economy of the Philippines a shambles. In 1985, the people were poor. They had been largely cut off from

international commerce. Their once abundant forest and fishery resources had been decimated. Most of the few remaining core institutions of their once proudly democratic society were corrupt. The Philippines had earned its sobriquet as the "Sick Man of Asia."

Things look a bit different now. The nation's savings rate is rising. Net foreign investments are increasing rapidly. The external debt ratio (debt stock as a share of GNP) is declining sharply. Many analysts predict that 1996 will be the fifth consecutive year of ever more rapid economic growth. Signs of business confidence abound. The Philippines has become, as Finance Secretary de Ocampo has said, "Asia's most active tiger cub."

This is all very encouraging. But both democracy and development still are fragile in the Philippines. Political and social unrest, particularly in Mindanao, remain serious problems. Public confidence in the judiciary and in law enforcement is weak. Stubbornly high poverty rates are yet to fall dramatically. And large numbers of the people, in marginalized groups such as the urban poor, fisherfolk and tribal groups, still are excluded from political processes.

This "most active tiger cub" has demonstrated clearly its deep commitment to completing the political and economic reform process that it has so recently begun. USAID assistance will be well invested in the Philippines.

I. Factors Affecting Program Performance

A. Progress in the Overall Program

... achieving expected results

The mission's program is "on track" and achieving results. In Mindanao, economic growth is substantially above the national norms: while still lagging substantially behind the rest of the nation, family income levels in Mindanao are growing at a rate more than twice the national average. Mindanao's current share of the government's infrastructure budget (30 percent) is well above traditional levels. Trade and investment figures for the country as a whole are sharply higher; the Philippines is a large and growing importer of U.S. goods and services. The use of modern contraceptive methods has increased sharply, and the infant mortality rate has declined. The HIV seroprevalence rate remains at a low level in contrast to the alarming levels found in several neighboring countries. Organizational and financial resources devoted to improved management of natural resources are rising. More organizations and individuals are involved in formulating and implementing public policy.

Each of USAID/Philippines' six SOs contributes toward the achievement of the overall goal. The mission has developed detailed results frameworks describing the development hypotheses, causal relationships and key assumptions for each of these SOs (for illustrative purposes, the very different results frameworks for SOs 1, 4 and 6 are attached as Supplemental Annexes B1, B2 and B3; the first looks like a flow diagram, the second follows the "Karlinda" model, and the third a hierarchical systems chart). These results frameworks reflect some key characteristics: most rely heavily on policy reforms, frequently working through local institutions or with coalitions of disadvantaged groups; most work closely with partners including non-governmental organizations (NGOs), small enterprises, and local government units (LGUs); and most focus their activities in the geographic region of Mindanao.

The Performance Data Tables in Annex B.1 summarize the mission's strategy. Annex Table A.1 presents the mission's results statements at the goal, SO and results package levels. Annex Table A.2 presents the mission's results statements at the goal and SO levels, and the mission's indicators at the SO level.

... factors affecting the enabling environment

There are a number of significant factors that influence the enabling environment in the Philippines. Later this year, Filipinos will mark the 100th anniversary of their struggle for independence and the 50th anniversary of the U.S. recognition of Philippine independence. In a major gathering of heads of state, the Philippines will host the Asia-Pacific Economic Cooperation meetings in November, 1996. These events, especially the APEC meetings, will direct international attention to the political and economic achievements and challenges of the Philippines in the post-bases era.

Social discontent, especially as reflected in the still simmering conflict in Mindanao, has the potential to severely affect the USAID/Philippines' program. Key signals to watch are the outcomes of the current negotiations between the GOP and Moro National Liberation Front, and the proposed elections, scheduled to take place in September, 1996, in the Autonomous Region of Muslim Mindanao.

There are some signs that the public may be feeling reform fatigue particularly involving economic policy reform. Protectionists are trying to use this feeling to delay the pace of reform.

... the window of opportunity

USAID/Philippines' approved goal, articulated in the program strategy submitted for USAID/W review in March, 1995, is to support the effort of the Government of the Philippines (GOP) to achieve the status of a newly industrialized, democratic country by the year 2000. Both democracy and development are essential components of this goal. By the year 2000, Filipinos seek to take control of every aspect of their lives -- "their livelihood, their politics and their culture" -- while competing effectively in the global marketplace.

The GOP established ambitious targets to be achieved by the year 2000. Principal among these are the increase in per capita income to \$1,200 per year (from \$730 in 1990), reducing the incidence of poverty to 30 percent (from 45 in 1991), and substantially slowing the population growth rate. As described above, there are positive signs that the Philippines is making progress toward achieving the first of these three targets. Signs of progress in achieving the other two goals are less apparent.

USAID's program reflects the decision to shift from a policy reform/infrastructure program to a more targeted technical assistance program. It builds upon the foundation of the successful Multilateral Assistance Initiative (MAI).

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The MAI was designed to support the Aquino administration's effort to reestablish democracy, stabilize the economy, and set the country on the path of rapid and sustained economic growth. Economic liberalization and the development of infrastructure that in turn would encourage domestic and foreign private investment was central to the MAI strategy. The World Bank, the Asian Development Bank, Japan, the U.S. and 18 other donors pledged approximately \$14 billion in assistance to the Philippines over the 5 year period of the MAI. The donors generally accepted the broad directions of the MAI strategy presented by the GOP.

The MAI is arguably one of the most successful initiatives in USAID experience. In his opening statement to the donors at the Consultative Group Meeting for the Philippines in Tokyo on December 7, 1995, Finance Secretary de Ocampo expressed gratitude for the generous support provided through the MAI. He said, in part: "A large part of the credit for our dramatic turnaround and persistent push towards a track of high growth can be owed to strong international support - specifically to the Multilateral Assistance Initiative."

Part of the MAI: The Mindanao Development Project

The taxicabs roaming the streets of General Santos City, a city at the southern tip of Mindanao, proudly bear the name of the company they belong to: Boomtown. Five years ago, motorized tricycles and jeepneys were the only form of transport available to the occasional visitor. Now, three taxicab companies have sprouted just in the past year in a frantic attempt to keep up with the exploding number of business representatives who make their way to General Santos City.

How did this transformation take place? Appropriate policy reform set the stage. These reforms, properly implemented, and the development of infrastructure together would encourage domestic and foreign private investment. USAID/Philippines adopted the same strategy in its Mindanao Development project. USAID agreed to support the development of an area around, and including, General Santos City in southern Mindanao. The absence of major roads and an adequate port and airport facilities greatly limited the region's ability to transport and market its products, especially its agricultural products. Producing high value crops such as mangoes and cut flowers was pointless; they usually rotted or wilted before they reached the market.

First, USAID financed a huge 110 mile network of roads in the region. Completed in 1994, 5 months ahead of schedule and \$500,000 under budget, the road network provides farmers with a means to get their goods to market efficiently. Second, USAID turned to building modern port and airport facilities. General Santos City is strategically located in the Association of South East Asian Nations' (ASEAN)

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newest growth triangle, and officials wanted to use this opportunity to turn the area into a key international trade zone. The new airport will be able to handle planes as large as Boeing 747s. The wharf, being expanded by 45 percent, will have open storage space, grain handling equipment, and container handling equipment.

To make sure that these infrastructure improvements are all put to good use, USAID funded the development of a regional growth plan. As General Santos Chamber of Commerce member Don Partridge explains, "Building an airport and a wharf without having a growth plan just means that you have a lot of expensive cement. It's the plan behind the hardware that has made the real difference."

The results so far have been astounding. Investors have poured hundreds of millions of dollars into the area and have created more than 60 joint ventures. More than potential 2000 investors visited General Santos in 1995. No doubt a large number of them rode in taxicabs proudly bearing the name of the company they belong to: Boomtown.

... management issues

In the wake of the MAI program, operating expense (OE) and staff levels also fell. From 329 staff including 38 USDH at end-FY 1993, staff levels fell to 249 (32 USDH) at end-FY 1994 and to 195 (26 USDH) at end-FY 1995. The mission plans to make additional reductions, to 135 (20 USDH) at end-FY 1998. The mission is running ahead of its targeted reductions in staff.

The mission also has cut its OE budgets, which have fallen from about \$8.1 million in FY 1993 to about \$6.0 million in 1996. Projected OE requirements remain flat over the FY 1996-98 period (see Section IV.B, below, for details). However, and in spite of the successful negotiation of a new trust fund agreement, the mission's dollar OE requirement will increase by \$1 million in FY 1998.

The mission also is closing out remaining elements of its old strategy. For example, the mission is completing its major infrastructure activities in 1996 and is continuing its orderly phase-out of the P.L. 480 Title II program by March 1997.

B. Factors Affecting Program Implementation

During the past year, the mission has implemented its approved strategy without any significant setbacks. In the process, the mission has identified three critical factors that will seriously affect implementation. These three factors are: (1) the need to work effectively with development partners in the business community, the donor community and the government, national as well as local, to carry out

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the program in Mindanao; (2) the need to work effectively with local government units and NGOs throughout the Philippines to support the development of a sustainable democracy; and (3) the need to bolster the commitment, of government leaders at the local as well as national levels, to the nation's population programs in the face of the opposition of the Catholic Church to artificial contraception.

... to develop Mindanao

USAID's leadership role now is derived from two primary sources. The first is based on providing traditional technical assistance: USAID plays an advisory role in matters affecting policy reform (see, for example, the USAID-financed "Mindanao 2000 Blueprint for Development") and infrastructure development (the build-operate-transfer program provides an excellent example). The second is based on providing the services of a broker or investment facilitator: through its principal contractor in Mindanao, USAID makes private investors aware of investment opportunities in Mindanao and anticipates and resolves investment problems before they get out of hand. Other donors play crucial roles in both the

USAID and the Build-Operate-Transfer Power Program

In 1992 and 1993, crippling power shortages hit Metropolitan Manila and the rest of Luzon. By mid-1993, power outages were averaging eight hours per day. The annual cost of these power outages was between \$600 million and \$800 million, which translated into a reduction in gross domestic product of about 1.5 percentage points. The government owned and controlled monopoly, NAPOCOR, suffered from a huge 1,200 megawatt deficiency in its reserve capacity.

NAPOCOR could not raise the massive amounts of capital needed to build new generating plants. With USAID technical assistance, the GOP established a build-operate-transfer (BOT) mechanism. And with this mechanism in place, NAPOCOR turned to the private sector. In less than two years, independent power producers added 1,223 megawatts to NAPOCOR's generating capacity. By December, 1995, 23 BOT power projects with a total generating capacity of 3,580 megawatts had been put on stream. Ten additional projects are under construction. Of the estimated \$6.4 billion costs of these projects, U.S. companies won contracts worth about \$2.5 billion. By the year 2025, the Philippines will require 65,000 megawatts in additional generating capacity. The contracts will total approximately \$300 billion. The vast majority will be offered to the private sector through BOT schemes.

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the policy and the investment aspects of the Mindanao program (see box, "Donor Coordination in Mindanao," below). A number of donors have expressed interest in increasing their infrastructure and other investments in Mindanao. These include Japan, which pledged \$1.6 billion in total investments to the Philippines at the December 1995 consultative group meetings in Tokyo (the total pledge reached \$2.9 billion). Private firms are accelerating their investments in Mindanao, stimulated in part by the GOP's successful track record in drawing in outside investments through BOT and other mechanisms. But the investment climate in any region is very sensitive to a large number of outside factors, ranging from the imminent transfer of Hong Kong to China to the successful conclusion of negotiations between the U.S. and the Philippines on intellectual property rights. USAID/Philippines will keep close watch on the factors that affect the investment climate in Mindanao and will adjust its approach accordingly.

... to build a sustainable democracy

In February, 1996, USAID/Philippines proposed that it be designated by USAID/W as a New Partnerships Initiative (NPI) leading edge mission (Supplemental Annex A contains excerpts of the mission's proposal). In this proposal, the mission validated one of the key themes of the NPI: local NGOs and LGUs play crucial roles in the emerging vision of the Philippines as a model "democratic NIC" in a region well known for rapid economic development through autocracy.

The mission's vision of the Philippines as a model "democratic NIC" is heavily dependent upon continuing to work closely with our NGO and LGU partners. As articulated in the results framework for SO6, the Philippines already has a set of governmental and civil institutions, growing in strength, designed to exercise and to protect democracy. In the Philippines, NGOs are emerging as an indispensable "fourth estate." And LGUs have been strengthened by the extremely rare and, to date, successful devolution of authority from the central government embodied in the Local Government Code of 1991.

But the mission's vision also is characterized by uncertainty regarding the dedication and the capacity of the Philippines to uphold democracy when menaced by individual opportunities for power or profit. Democracy in the Philippines is a maturing, but not yet sustainable, democracy. To build a sustainable democratic system, to strengthen critical democratic civil and governmental institutions and constituents, will require an adequate flow of development resources. The mission will strive to assure that the U.S. continues to contribute to the process of building democracy in the Philippines.

Democracy: Appearances Can Be Deceiving

Elections are free and fair. Yet the results reflect the image of a country still groping toward a sustainable democracy. Appearances can be deceiving. For example: although still far from proportional, women are relatively (compared to other ASEAN states) well represented among elective office holders at the national level: "In the Philippines, 17 percent of elective positions are held by women, including 4 of the 24 Senate seats.... However, the overwhelming number of elected officials to Congress and major local government units – whether male or female – are relatives of other elected officials. Philippine politics is still, to a large extent, a competition among families for access to resources that maintain the family's power, prestige, and access to additional resources."

[from USAID/Philippines, New Partnerships Initiative Proposal]

... and to support the nation's population programs

Based on the presumption that local actors are best equipped to deal with such problems, in 1992 the GOP began to implement its decentralization and devolution programs. LGUs now are responsible for managing nearly two-thirds of the funds, staff and facilities formerly under the Department of Health. In a parallel measure, USAID/Philippines established the performance-based Local Government Performance program to support LGUs as they expand their health and family planning services. The commitment of locally elected officials to family planning programs, which is essential to achieving results, is currently high and needs to be sustained. The mission is supporting advocacy efforts to reinforce this commitment.

In addition, the central government must perform effectively those core activities that are more efficiently handled on a national basis to support the LGUs. This means above all assuming responsibility for an effective contraception distribution system. And this, in turn, call for the passage of legislation explicitly appropriating increasing amounts of central funds for that purpose. This kind of political commitment at the national level also may be difficult to achieve and sustain. The mission will continue its policy dialogue with the GOP on these, and related, issues.

II. Progress toward the Achievement of Strategic and Special Objectives

A. Strategic Objective 1: Broad-Based Economic Growth in Mindanao

... results: in SOCSARGEN

USAID/Philippines made great progress in catalyzing broad-based growth in Mindanao during the past year. Implementation of infrastructure -- the roads, the port and the airport -- and enterprise development activities in the SOCSARGEN region (South Cotabato and Sarangani provinces, and General Santos City) of Mindanao remain generally on schedule. The SOCSARGEN demonstration area is beginning to realize its high growth potential:

- over the 1991-94 period, total family income in SOCSARGEN grew at an annual rate of 6.3 percent, more than twice the national rate; more than 50,000 (net) new jobs were created (compared to about 13,000 in the three preceding years).
- although not scheduled to be opened until July, 1996, five airlines have already applied for landing rights at the new SOCSARGEN airport being built with USAID support.
- the shift to high-value crops such as onions, potatoes, crabs, asparagus, tomatoes, mangoes, orchids, durian and cattle is well under way: the total value of non-traditional crops produced in Mindanao in 1995 rose 18 percent, from \$480 million to \$566 million); thanks to the development of a market data base on products and markets in Asia, farmers now know what to grow and where to market their products.
- An executive order which reduced tariffs on inputs needed in the production, marketing, and transportation of agricultural products was issued.
- to stimulate commerce between Mindanao and the countries of the East ASEAN Growth Area (EAGA), the government eliminated the foreign travel tax on travellers from Mindanao to EAGA, and now treats vessels calling on Mindanao's ports as "national" vessels.

... and more results throughout Mindanao

Replicating the successful SOCSARGEN model, USAID/Philippines developed the Growth with Equity in Mindanao (GEM) activity. Through this vehicle, the mission identifies critical infrastructure constraints, packages and promotes investment proposals for financing, and monitors ongoing activities to identify and help overcome bottlenecks. GEM offices already are up and running in the six principal cities of Mindanao and GEM staff already have provided assistance to approximately 60 enterprise or infrastructure development projects around the island. GEM has developed a policy modification agenda and is designing a program to help banks in Mindanao to expand the services they offer to microentrepreneurs. GEM already is highly regarded as the principal operational arm of the Office of the Presidential Assistant for Mindanao (OPAMIN) and is highly visible:

- President Ramos inaugurated the GEM Program in a ceremony in July, 1995.

- USAID briefed, at their request, the 49-member Mindanao congressional delegation (which comprises almost 1/3 of the entire house of representatives); the delegation then pledged its continuing cooperation and support for USAID's Mindanao programs.

- the USAID-supported "1995 Mindanao Business Conference" attracted more than 1000 participants; reports from participants indicate that more than 100 "deals" were consummated as a result of meetings and negotiations held during the conference.

... data and analysis

The mission will report on the two indicators for SO1 as soon as they become available. However, it is already clear from casual observation that both gross regional domestic product (GRDP) and family incomes are rising. After a slight decline in 1992, real GRDP for Mindanao grew at an annual rate of 2.9 percent in 1993 and accelerated to 3.5 percent in 1994. Investments are up: in the past three years, investors made commitments to more than \$430 million. About 40 percent (pesos 4.3 billion, or \$172 million) of these commitments were made in 1995. Most of these investments have strong backwards linkages to agriculture, thereby stimulating family incomes in the poorer rural areas.

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For illustrative purposes, the results framework for this strategic objective is attached (Supplemental Annex B.1).

The customers of the activities of SO1 are the poor people of Mindanao. Most are farmers, fisherfolk and microentrepreneurs who do not enjoy equitable access to economic opportunities due to poor skills, limited access to financial services, and weak linkages to the growth sectors of the economy. USAID's development partners include other donors, the NGO community, local business communities (including chambers of commerce, business councils, area development boards,

Donor Coordination in Mindanao:

Close coordination with the private sector, other donors, the GOP and local governments is absolutely essential to the achievement of SO1 in Mindanao. USAID simply no longer has the resources to support the massive investments in infrastructure that are required. Japan's Overseas Economic Cooperation Fund (OECF) extends loans for transportation, flood control, and water supply and sanitation activities; the Asian Development Bank (ADB) also works in transportation (notably including the Davao International Airport, scheduled for completion in 1999), water supply and sanitation activities. The World Bank supports activities in road transportation, irrigation, flood control, drainage and water supply activities. Other donors, including the Canadian, the French, the Italian and the British governments, also are active in Mindanao, providing, for example, technical assistance and credit in support of micro and small enterprise development schemes and agricultural development programs. The efforts of all the donors are coordinated by the Office of the Presidential Assistant for Mindanao (OPAMIN) with the support of the USAID prime contractor. USAID recently sponsored a Mindanao donor coordination meeting. Representatives from Australian Aid (AusAID) expressed interest in the Cagayan-Iligan growth area. Representatives from Japan, despite their continuing concerns with security issues, may intensify their efforts in the Agusan River Basin. The World Bank expressed interest in additional rural infrastructure activities. USAID/Philippines now expects that OPAMIN will chair a series of regular Mindanao donors' coordination meetings.

exporters associations, trade groups and producer associations), local and national governments and, most crucially, the Office of the Presidential Assistant for Mindanao. Together with these partners, the mission is improving the investment and trade environment in Mindanao. New infrastructure, including that directly supported by USAID, stimulates private investments, and a contractor team is busy building important economic linkages: between small entrepreneurs/cooperatives and big firms, between domestic and foreign business, and between agricultural producers and agro-industrial processors.

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The mission consults constantly with customers and customer representatives. For example, in the course of designing the flagship GEM activity last year, USAID consulted with local government officials and NGO representatives, and organized focus groups to better understand customers' needs. The policy agenda was developed through public meetings with local private and public leaders from throughout Mindanao. SO1 team members also meet bi-annually with the Mindanao Legislative Association (essentially the congressional delegation from Mindanao). These and a host of other consultations and meetings allow immediate, two-way interaction between USAID and its customers in Mindanao. The prime contractor implementing the flagship project provides customer services at all six of its satellite offices. Each of these offices is linked to the others electronically, and each communicates closely with its own area development board, consisting of local private and public leaders, which functions as a sounding board for both USAID and for its customers.

... USAID contributions and expected progress

USAID/Philippines continues to manage the fully-funded MDP/SOCSARGEN activity. The infrastructure supported by this activity helps integrate Mindanao into the recently created East ASEAN Growth Area, opening expanding trade opportunities with Indonesia, Malaysia and other rapidly growing countries of EAGA. Alongside infrastructure, the mission also supports private investment and engages the national government in policy dialogue. As a result, the GOP has adopted a series of reforms designed to stimulate production and trade, particularly within the EAGA region. The mission also supports farmers more directly, by providing them access to modern agro-processing technologies and linkages to domestic and foreign markets.

The Delimpex Multi-Purpose Cooperative

Whenever Mr. Melchor Bombeo and his friends got together back in 1990, the conversation invariably turned to business, their own business. They knew meat processing. They knew that the market for meat products was expanding rapidly. And they know that only 3 percent of total national meat consumption in the Philippines consisted of processed meat products. Managerial and technical expertise was no problem. They soon successfully exploited a niche in the local market, having created the Delimpex Multi-Purpose Cooperative, and producing a quality product at a price as much as 15 percent below their much larger and well-established competitors.

But expansion was a problem. USAID's Agribusiness System Assistance Program was able to expose the coop's representatives to modern meat-processing

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technologies and state-of-the-art equipment and, most importantly, to non-traditional marketing techniques. Having started in Davao, Delimpex was poised to enter the larger Mindanao market, and was eyeing the international EAGA marketplace.

By 1995, two years later, Delimpex had increased its sales of processed meat products to 20 tons per month. Its assets had risen from pesos 1.6 million in 1992 to over pesos 28 million. It employed 95 regular employees. And it was still expanding.

Over the next two years, the mission expects to see continuing rapid growth in the economy of Mindanao. The real growth rate of the GRDP is expected to rise to 4.5 percent per year in 1998, with further increases expected to the year 2000. Family incomes of the lower half of the income class are expected to rise at an annual rate of 2.5 percent in 1998. Two important intermediate indicators are the average labor force participation rate for women, which is expected to rise to 52 percent in 1998, and value of total exports-plus-imports between Mindanao and the EAGA countries, which is expected to reach \$525 million in 1998.

USAID's flagship activity in Mindanao has just begun. Its close connections to MDP/SOCSARGEN have given it a rapid start. The mission requires \$31.8 over the FY 96-98 period to achieve strategic objective number 1. Approximately \$13 million are required in FY 96. This includes a substantial contribution in the development of new small and medium enterprises and in finance to microenterprises and small producers. The mission will compete for up to \$3.7 million in additional resources from the USAID/W PRIME Fund in FY 96. If adequate funding is not available during this three year period, the mission will have to lower its targets under Results Package 1 ("Participation in Economic Enterprise Broadened").

B. Strategic Objective 2: Improved National Systems for Trade and Investment

... results

After the Philippine Senate ratified the GATT agreement in December 1994, USAID and its partners spent 1995 in intensive efforts to help the GOP continue the process of opening its trade regime. Among the many significant results of USAID activities are:

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- the ratio of exports-plus-imports to gross domestic product (GDP) increased from 74 percent in 1994 to 80 percent in 1995.
- the effective protection rate (a technical measure of the level of trade protection afforded by the tariff structure) continued to fall from 31.2 percent in 1994 to 29.8 percent in 1995.
- with USAID support, the GOP further eliminated import restrictions through Central Bank circulars and issued executive orders significantly lowering tariffs on agricultural inputs and agricultural products. These executive orders established a phased implementation of plans to move to a two-tier tariff schedule of 3 percent and 10 percent by the year 2000. The GOP also has committed itself to the GATT-WTO single tariff of 5 percent by 2004.

With USAID assistance, the GOP also took some significant steps to encourage direct foreign investment:

- in 1995, USAID having financed the preparation of all international bid tenders, the GOP extended its BOT program; U.S. firms won contracts for five BOT projects in the energy sector valued at \$1.5 billion.

Build-Operate-Transfer Mechanisms

One important component of the Philippines' recent success in attracting foreign direct investment is its highly effective reliance on the BOT mechanism (see related box on BOT Power in the Introduction, above). USAID actively assisted the GOP expand the initial BOT program beyond the power sector. There were two objectives: to establish a framework for a multisectoral BOT program and to strengthen the capabilities of the government's BOT Center. Both objectives were met.

In May, 1994, Republic Act (RA) Number 7718 established the legal framework for a multisectoral BOT program. This law is now so highly regarded that delegates from several countries in the region, as well as USAID representatives from other missions, have requested copies to study for adaptation to their own domestic circumstances. The BOT Center helped other national level governmental agencies and departments form their own BOT units to oversee their own large scale infrastructure projects.

Today, less than two years after the enactment of RA 7718, the national BOT pipeline contains more than 30 non-power projects, mostly in transportation.

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- the GOP established 48 special courts to speed up IPR adjudication processes.

- the National Telecommunications Commission allowed entry to eight new telecom firms and issued implementing rules and regulations for the Public Telecommunications Act of 1995 that will open the field to additional telecom investors.

The Bureau of Internal Revenue made further administrative improvements as it pressed scofflaws to pay their fair share of taxes.

- tax revenues increased by over 14 percent, reaching 16.3 percent of GDP in 1995:

- at the Bureau of Internal Revenue, the average yield per closed audit case increased from P12,900 to P31,391; the improved audit performance is fostering increased voluntary compliance.

- under a new information gathering program, additional taxes assessed to individuals who underpaid their taxes averaged P432,000 per taxpayer in 1995, or 10 times the normal audit result; this improved performance also is fostering increased voluntary compliance.

In the financial markets arena, USAID continued to support efforts to build investors' and listers' confidence in the capital markets of the Philippines. More efficient capital markets will better respond to the inflow of new investment resulting from trade and investment reforms. In addition, the GOP further liberalized the banking system:

- the Department of Finance agreed to undertake a policy analysis exercise to support an effort to rationalize government operations in the national credit markets; this decision, which is being implemented with USAID support, will create an improved environment for private savings and encourage broader participation in financial systems;

- during 1995, local banks expanded their lending under USAID's loan portfolio guaranty program called the Micro and Small Enterprise Development program (MSED) and demonstrated several successful new models for small business lending thus extending the formal banking structure to a much lower-level borrower than has been reached traditionally by these banks.

Guinto's Woodcraft

Orlando Guinto and his wife Erlinda began their wood products business in 1975 with capital of \$50 and seven employees in an old factory near Angeles City. They designed and produced a variety of wooden items, including bowls, trays and novelties.

Today, the Guintos and their children are responsible for a workforce of over 150 people, the majority of whom work for nine subcontractors producing wooden products for the export market. They produce thousands of items to fill purchase orders from companies such as Pier 1 Imports of Ft. Worth, Texas. The Far East Bank and Trust Company of the Philippines was willing to extend a substantial loan to the Guintos, who agreed to mortgage their factory to the bank. But that loan was insufficient. The bank increased the size of the proposed loan with the help of a guarantee facility supported by USAID. With the help of the bank, the Guintos filled the order against an export letter of credit of nearly \$136,000 dollars. The Guintos have worked hard and done quite well, given their initial capital investment of \$50.

... data and analysis

For USAID/Philippines, improving national systems for trade and investment means, above all else, instilling into national fiscal, trade, investment and financial structures the following fundamental characteristics: transparency; equal and fair access and participation; and agreed rules, with sufficient monitoring to assure compliance and sanctions for infractions.

Preliminary estimates suggest that the mission is meeting most of its objectives. The ratio of gross domestic capital formation to GDP rose from 14.3 percent in 1985 to 22.3 percent in 1995 (it had reached 24.0 percent in 1994). The ratio of total exports-plus-imports to GDP rose from 45.9 percent in 1985 to 80.1 percent in 1995. The ratio of tax revenues to GDP rose from 10.7 percent in 1985 to 16.3 percent in 1995.

The results framework for SO2 shows how three key intermediate results contribute to the achievement of the strategic objective. Improvements in the mobilization and allocation of fiscal resources leads to increased stability and flexibility, and to a reduced reliance on trade taxes; these in turn lead to greater investor confidence and to increased trade and investments (brought about by lower import taxes). Liberalization of trade and investment policies leads to lower prices and improved services (e.g., in banking); this creates business opportunities and the venture capital to finance those enterprises. Improved financial markets

makes financing more generally available on longer and easier terms thereby creating more jobs, more investment more trade and higher rates of economic growth.

... USAID contributions and expected progress

While the Results Framework and the Performance Data Tables for SO2 reflect the mission's new strategy, the activities embodied in that strategy are part of a policy reform tradition that takes over from the MAI. There are, however, differences. For example, under the MAI, USAID relied heavily on performance-based assistance and policy-related conditionalities to achieve results. More recently the mission has relied on low-cost technical assistance to help a willing and able government partner design and implement change. The accomplishments of the past two years amply demonstrate that, when applied in a policy environment in which change is desired but implementation is not well understood, policy-related technical assistance activities can produce significant and sustainable results.

The technical assistance supported by USAID reflects a consensus of diverse institutions, from the government, the NGO community and the private sector, all of whom have interests in a more open, more competitive economy. These institutions, as well as USAID/Philippines, are convinced that the interests of the poor are well-served by a more open economy.

The Ramos administration continues to follow closely the recommendations of the "Barriers to Entry" study sponsored by USAID in 1992. This study has served as an effective agenda for GOP economic reforms, many of which now are in place. Despite the progress made to date, many important tasks remain. Among these are a continuation of fiscal policy reforms, the liberalization of financial markets, and the extension of liberalization (increased competition and open markets) to industrial sectors. In the coming year, USAID will support the efforts of the GOP to take action on the following agenda for economic reforms:

In the next twelve months, with USAID support, the GOP is expected to be able to put in place important policies in trade and investment, public finance and financial markets development. In accordance with GATT-WTO commitments, the GOP will eliminate the remaining quantitative restrictions on sensitive agricultural items, align countervailing and flexible duties with the new tariff regime, and change the basis for import valuation from home consumption value to a transactions based value system. The GOP will further encourage foreign direct investment with the elimination of the Negative List C of the Foreign Investments Act (reduces and makes

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permanent the exceptions) and liberalized entry into the retail trade sector. The GOP also will take steps towards universal application of investment incentives (through provision for accelerated depreciation and net operating loss carryover) and allow foreign investors to own factory sites. Local laws on trademarks, patents and copyright will be amended to be consistent with international conventions on intellectual property rights. To ensure competition in the telecommunications industry the GOP will issue guidelines for interconnection and tariffs. In public finance, policies on individual and income taxation will be amended to facilitate collection efficiency and tax progressivity. Finally, in the financial markets, the GOP is expected to improve the core body of securities legislation to international standards which will have the effect, among others, of the Philippine Stock Exchange being delegated authority to move from merit to self regulation.

Over the next two years, the mission expects to see continuing improvements in the openness of the Philippine economy, with the ratio of total exports-plus-imports to GDP rising to 86 percent in 1998 and the ratio of gross domestic capital formation to GDP rising to 27 percent in 1998. The mission also expects the ratio of tax revenues to GDP to rise somewhat, reaching 19 percent in 1998. An important intermediate indicator, the effective protection rate (a technical measure of the level of trade protection afforded by the tariff structure) is expected to fall to 21 percent by 1997, a significant decline from its 1994 baseline level of 31 percent.

Since the mission economic policy reform portfolio of SO2 is so heavily dependent on technical assistance, financial resource requirements are relatively modest and are likely to be the last funding requirements for the completion of this SO. The mission requests \$10.2 million over the FY 96-98 period. Given the availability of unearmarked funds obligated under old MAI programs, the mission requests only 1.0 million in FY 96. No Global support funds are required. The mission is considering whether or not to request additional resources under USAID's loan portfolio guaranty (MSED) program in either FY 1997 or 1998; these resources would enable the mission to extend that program to some of the rural banks in Mindanao.

C. Strategic Objective 3: Reduced Fertility Rate and Improved Maternal and Child Health

... results

USAID adopted a new integrated family planning/maternal and child health program in the Philippines in 1994. The new program is designed to generate results by helping local government units (LGUs), under the authorities granted them by the 1991 Local Government Code, plan, finance, implement and evaluate family planning and maternal and child health services. The program also involves helping the Department of Health strengthen national systems and provide financial resources to support the LGUs, and encourages the participation of the private sector in providing family planning services. The achievements, in 1995, of this new program were impressive:

- the national contraceptive (all methods) prevalence rate jumped from 40.0 percent in 1993 to 53.4 percent in 1995.
- the national contraceptive (modern methods) prevalence rate rose from 24.9 percent in 1993 to 28.3 percent in 1995.
- the number of participating local government units which have achieved the implementation benchmarks established in USAID's performance-based program rose to 27, exceeding the 1995 benchmark level of 23.
- USAID succeeded in opening the dialogue, with the GOP and other donors, on the need to institutionalize the family planning program; the President signed a "Pledge of Commitment" which included additional resources for family planning; with strong encouragement from USAID, the Department of Health has increased the family planning budget to pesos 25 million (\$1 million) in 1996 and to pesos 55 million (\$2.2 million) in 1997.

... data and analysis

The recent history of family planning in the Philippines is thoroughly entwined with the political transformation that began to build in the middle 1980s and, in the wake of the devolution of authorities to local government units, continues today (see Supplemental Annex C: The Historical Context for Family Planning in the Philippines). USAID, as the largest contributor to the Philippine National Family Planning Program, has been an important part of that transformation.

The mission arranged with the National Statistics Office (NSO) to collect annual data on contraceptive prevalence rates (all methods and modern methods), on the

Devolution of Authority to Local Government Units

During the implementation of the mission's \$50 million Child Survival program (CSP) (1988-1995), a major event occurred with far-reaching implications for the entire health system. Under the 1991 Local Government Code, authority for the delivery of health services was transferred from the Department of Health to the local government units (LGUs). For the Department of Health, full implementation began in 1993. USAID's current activities, notably including the Integrated Family Planning Maternal Health program, have benefitted greatly from the close cooperation and extensive experience gained from working with the local government units under the CSP.

What were the consequences of the devolution of authority and of USAID's involvement with the LGUs? In 1992, the local government units in Pangasinan and Iloilo wanted to provide family planning services but did not have a reliable contraceptive delivery system. Stock outages were a chronic problem. Sometimes they had too many supplies and no place to put them. USAID's LGU based local performance program (LPP) empowered these two LGU, and others like them, through a package of technical and financial assistance. Logistics management is a key part of the LPP. All LGUs in the program now actively monitor their supplies. Understocking and overstocking have become a thing of the past.

percent of births in high risk groups, and on the percent of family planning services provided by the private sector. The data are collected as a "rider" to the Labor Force Annual Survey. Preliminary estimates based on these NSO data show a remarkable increase of 13.4 percentage points over the National Demographic Survey base year estimate of 40.0 percent for the national contraceptive prevalence rate. A large number of women reported that they were using natural family planning (the reliability of the data on natural family planning has been questioned; the survey was conducted after a visit by the Pope and just following a widely-publicized natural family planning awareness month).

More significantly, the NSO survey shows a large increase in modern contraceptive use. The preliminary NSO estimate is 28.3 percent, a 3.4 percentage point increase over the 1993 base year estimate. This increase over two years compares favorably with regional and international trends in the use of modern contraceptives, and exceeds the mission's 1995 target of 27.9 percent.

The 1995 NSO estimate for the percent of births to women in high risk groups suggests a slight increase to 63.5 percent; the target for 1995 was 61 percent.

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However, the NSO preliminary estimate is still being adjusted to correct for age-distribution differences between the 1993 and the 1995 surveys.

The NSO survey revealed a more disturbing drop in the estimate for the percent of family planning services provided by the private sector, from 27 percent in 1993 (based on the National Demographic Survey (NDS) data to 18.4 percent in 1995. In response to this, the mission refined Results Package 3 for increased private sector provision of family planning services, and has begun working more closely with individual grantees to help them modify their program activities so that they will more effectively and efficiently enhance private sector participation.

Quantified indicators can tell only a part of the story of USAID's work in the field of family planning, maternal and child health. The customer service plan of the mission's Strategic Objective Team Number 3 puts people in the middle of the picture. There are three distinct sets of customers: married women of reproductive age, their husbands, and infants. The mission's individual partners include health personnel from the public sector; health providers from NGOs, industrial clinics and the private sector; population officers of the LGUs at the provincial, city and municipal levels; and village volunteers, particularly including the barangay health workers. The mission's institutional partners include the Department of Health, the Commission on Population, the National Statistics Office, the LGUs, and around 25 cooperating agencies both Filipino and American.

Customer surveys by the independent Social Weather Station, a public opinion research institution, shows that over 70 percent of all clients are satisfied by the quality of the services provided by health care facilities. A recent assessment of the information, education and communications campaigns in the family planning field show that 84 percent of all women approve of using a family planning method to avoid getting pregnant and that 61 percent had talked with their spouse/partner about family planning.

In a decision with very important implications for the future, the President and 11 heads of departments in the GOP signed a "Pledge of Commitment" that calls for "... institutionalizing GOP support for Family Planning/Reproductive Health by developing a long term funding scheme starting in 1996 for implementation in 1997 and onwards." The GOP approved a three-year plan under which the Department of Health will assume full responsibility for the Contraceptive Distribution and Logistic Management Information System.

... USAID contributions and expected progress

As suggested by the 1995 NSO estimates of contraceptive prevalence and other indicators, the "engine" for the mission's progress was the public sector. With USAID support, logistics problems remained manageable: contraceptives were readily available in public sector outlets. Massive clinical training programs helped inexperienced staff at local clinics perform ably. Supporting and informative education and communication programs had a positive effect. The Department of Health reorganized and strengthened the management of its program, thereby better supporting the programs at the local levels.

"If You Truly Love Your Children ... Plan Them!"

"If You Truly Love Your Children ... Plan Them!" A simple slogan. A boy and a girl, at play, holding hands. A simple picture. Together these words and this picture have captured the imaginations of Filipinos nationwide. This slogan, with its logo, are breaking taboos; family planning is no longer spoken about only in whispers, only spoken behind the back of religious leaders.

The Department of Health, with USAID support, launched the logo and the slogan in 1993. The campaign was, and continues to be, a success. According to a 1994 impact evaluation, virtually all respondent knew or recognized both the logo and the slogan and thought them appropriate. Senator Juan Flavier, former Health Secretary, remarked: "You have captured the true spirit of the Filipino and know how to grab them with that logo and slogan. Children are the centerpiece of the Filipino family and their parents' lives."

Donor coordination is an important aspect of the mission's effort to achieve SO3. Foremost among other donors is the United Nations Population Fund (UNFPA), which contributes approximately \$25 million to the PNFPP during the period 1995-1999. The UNFPA supports family planning activities in under-served areas of 20 provinces not covered by USAID; by so doing, UNFPA contributes directly to Results Package 1: "increasing public sector provision of FP/MCH services." By mutual agreement, UNFPA (1) supports local institutional costs, enabling USAID to program its scarce resources to provide technical assistance from the U.S.; and (2) provides injectable contraceptives, while USAID provides oral contraceptives pills, intra-uterine devices (IUDs) and condoms.

Other key donors include the World Bank, the Asian Development Bank, the European Union, German aid agencies (KfW and GTZ), Australia, Japan's JICA and, exclusively on the maternal and child health side, the United Nations Children's Fund. Recently, two issues have arisen in donor coordination meetings.

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First, the PNFPP continues to be too heavily donor-dependent (see Results Package 2, Indicator 2 in Annex B.1): over 80 percent of its program costs and all of its contraceptive costs are borne by donors. This issue was raised by the U.S. and the December Consultative Group meetings in Tokyo. The GOP must assume an increasing share of the costs.

Second, the recent agreement between Germany and the GOP will subsidize the distribution and sale of condoms and oral contraceptive pills through commercial outlets at below-market cost. This may undercut market competition and could severely erode the mission's ability to increase the provision of family planning services through unsubsidized private commercial channels. The mission is trying to find a solution to this potential problem.

Over the next two years, the mission expects to see continuing increases in the contraceptive prevalence rates and continuing declines in the percent of births in high risk groups. More accurate data from the National Demographic Survey on a range of variables will be available by the end of 1988. Estimates on a number of indicators at the intermediate results level will be available annually, and will confirm emerging trends in the program.

Implementation of this program has been proceeding well. The mission is, however, deeply concerned regarding funding matters. However, a successful family planning/maternal and child health program in the Philippines calls for expanding resources, at least until the increases in GOP allocations are equal to, or exceed, those additional requirements. For the next few years, the bulk of this growth likely will require increases in the allocations of Global support funds (e.g., for contraceptives). Yet the mission is deeply committed to continuing its performance based programs at the LGU level. The collision between the needs for increased resources and the budget crunch will have its most visible impact on the achievement of SO3.

The mission requests approximately \$74 million over the FY 96-98 period. Over half, approximately \$40.4 million, would be for Global support fund activities. For FY 96, the mission requests approximately \$25 million, of which \$12.350 million would be for Global support fund activities. If adequate funds are not available, the mission would lower its targets for Results Package 3 (private sector) on the increased contribution of the private sector. If further cuts are required, the mission would be forced to drop Results Package 3 in order to concentrate remaining resources on the public sector which currently plays the largest role in achieving the strategic objective of reduced fertility.

D. Strategic Objective 4: Enhanced Management of Renewable Natural Resources

... results

Strategic Objective Number 4 is the first SO for which USAID and the government have signed a Strategic Objective Agreement. That agreement effectively consolidated mission activities in three related results packages: coastal resources management, forestry resources management, and industrial environment management. In 1995, the mission successfully completed the mobilization phase of the activities planned under the coastal programs. The mission also continued to implement successfully its forestry and industrial environment activities. Highlights of the mission's achievements include:

- with mission support, the GOP hosted the International Coral Reef Initiative Workshop; the mission continues to support this initiative under the coastal resources management activity.

- the mission successfully completed the mobilization phase of its coastal resource management activity:

- the mission stimulated a national dialogue with the Departments of Agriculture and of Environment and Natural Resources (DENR); as a result they agreed to work together to manage the nation's natural resources (in the coastal, forestry and industrial sub-sectors) in an integrated fashion at the community level.

- USAID signed agreements establishing a Center of Excellence on coastal resources management at Silliman University, and designed and launched an environmental communication strategy integrating the coastal, forestry and industrial sub-sectors.

- in July, 1995, the President established community-based forest management as the national strategy for managing the country's residual forest lands (Executive Order 263); subsequently, DENR developed an action plan to implement that order.

- the forest area under systematic community-based management instruments such as community forestry management agreements reached 50,500 hectares in 1995.

- for the very first time, an LGU, located in Isabela Province, committed pesos 270,000 (more than \$10,000) from its annual budget to support the

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expansion of community-based management of public forest lands within its municipal boundaries.

- DENR prepared guidelines on administrative and technical procedures for programmatic compliance with environmental impact system statement requirements.

- in 1995, USAID supported the completion of 38 pollution management appraisals in firms in various industries; the firms purchased pollution prevention technologies valued at approximately \$7 million.

- The Environmental Management Bureau of DENR completed the Philippine Inventory for Chemicals and Chemical Substances, providing DENR a list to be used for monitoring hazardous wastes.

... data and analysis

The three SO level indicators for SO₄ measure different aspects of the capacity to manage resources. First, financial resources invested in natural resource management decreased from \$242 million in 1994 to \$224.4 million in 1995. Second, the number of NGOs, private firms and other organizations engaged in natural resource management fell from 463 in 1994 to 448 in 1995. Third, the number of individuals in communities affected through activities undertaken by NGOs in renewable natural resources management rose from 32,436 in 1993 to 34,805 in 1995.

Financial support to natural resources management decreased as an unfortunate side effect of the shift to a community-based management system. The GOP cancelled timber license agreements and forest products gathering permits. They have not been replaced. And two key donor-funded programs were completed, contributing to the decline in financial resources. But 1996 appropriations to DENR have increased sharply. The mission is confident that financial support to natural resources management also will increase sharply by 1997.

Similarly with regard to the number of organizations engaged in natural resources management, the shift to a community-based system resulted in a reduction in the number of NGOs involved. The mission remains confident that the number of local people's organizations will grow rapidly as the concept of community-based management takes hold.

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There are three key intermediate results under this SO. The first is the kilometers of shoreline managed for sustainable harvests by local communities. Since this program is just beginning, target levels remain zero until 1998. The second is the hectares of residual forests managed sustainably by community-based enterprises. The actual level for 1995, 50,500 hectares, fell substantially below the target level of 150,000 hectares. The primary reason for this shortfall was, as noted above, a change in top management at the Department of Environment and Natural Resources, which led to additional reviews of all pending community forestry requests. With new leadership at the DENR, the mission is confident that the 1998 targets will be met and that the results for 1996 will show substantial progress toward achieving those targets. The third refers to the adoption of recommended industrial pollution abatement practices as measured by the percentage reduction in biological oxygen demand (the amount of oxygen required by bacteria to decompose all organic matter in wastewater) of waste generated by particular enterprises. The actual level (a 20 percent reduction in participating industries) far exceeded the 1995 target level of 10 percent. The mission is raising the targets and revising the indicators to take the success of this program into account.

Pollution Reduction Pays Off

Starting in 1993, over 115 industrial firms have conducted pollution management appraisals as part of USAID's Results Package Number 3. These firms subsequently invested \$7.0 million in capital equipment, earning annual returns on their investments of \$14.5 million.

How does it work? Here is one example. The Franklin Baker plant produces desiccated coconut in Davao del Sur, in Mindanao. The pollution management appraisal identified, among other things, leaking pipes, valves and faucets in the processing area, and recommended that plant management initiate an extensive information campaign on water conservation. Management spent \$300 to replace and repair the plumbing equipment. As a result, the plant's consumption of water fell by over 40,000 cubic meters annually, at a savings of more than \$2,000 per year in water pumping and chlorination costs. The plant also reduced its generation of waste water by over 32,000 cubic meters. Pollution reduction pays off.

The mission relies on an integrated approach to achieving SO4. The watershed, as an ecological unit, underpins the community-based management strategy since watersheds encompass the range of critical ecological zones, from upland tropical forests to coastal areas, including coral reefs and mangroves. And, since over 80 percent of the industries in the Philippines are located in the coastal areas, the watershed management unit must take into account industrial pollution as well.

Site Specific Integration in Natural Resources Management: An Example

Sarangani Province in southern Mindanao is one of the six initial activity learning sites of the coastal resources management activity. Established firms located in General Santos City on Sarangani Bay have been polluting the bay. New industries are moving into this rapidly developing area. Many existing firms in the area already have been subject to pollution audits under the mission's industrial environmental management activity; most have invested in improved waste management equipment. Mountains on the sides of the mouth of the bay contain potential sites for community-based forestry management activities.

The SO 4 results framework (additional indicators and benchmarks are being developed for Results Package 3) describes the complex relationships among different results at different levels in great detail. For illustrative purposes, the results framework, which is based on USAID/W's "Karlanda" model, is provided below (see Supplemental Annex B.2).

The primary customers of the mission's environmental activities are those men and women living in the areas near the industrial sites, and those in the communities responsible for the management of the coastal and forestry resources. Under the mission's integrated approach, they are often the same people. Participation in these resource management activities will be disaggregated by gender and ethnicity.

The mission's partners include a variety of government agencies, notably including the DENR and the Department of Agriculture; academic institutions; several NGOs including the Asia Foundation and the Philippine Business for Environment; other U.S. government organizations including the Environmental Protection Agency and the U.S.-Asia Environmental Partnership; other donors, both multilateral and bilateral; and most notably a number of local government units throughout the Philippines.

... USAID contributions and expected progress

Local governments are responsible for the management of most coastal resources under the Local Government Code of 1991. On the forestry side, EO 263 gives

local governments a greater stake; the communities within their political boundaries will be responsible for the management of forestry resources.

GOP policy now actively encourages local participation in managing the country's natural resource base. But the capacity of LGUs and of local communities to do so is limited. These institutions need to learn how to enact and enforce local ordinances, to resolve competing claims and to help displaced citizens find alternative employment, to map and to classify resources, and to accomplish the myriad details required of managers of natural resources.

Local Origins of Community-based Forestry

With support from USAID, local communities demonstrated that they, not government forest guards, should have the responsibility for conserving and protecting the rapidly diminishing forests. Starting in 1991, at 20 sites covering approximately 287,000 hectares, USAID has worked with the GOP to transfer authority to communities to manage "their" forests and to harvest the products of those forests. USAID's community-based approach to forest management significantly reduced slash-and-burn deforestation and illegal logging practices and helped the forces of nature regenerate the forests. The people in the local communities readily accepted the change in their status, from slash-and-burn forest squatters to beneficiary-custodians.

At 30 other sites, the World Bank, the Asian Development Bank, the Overseas Economic Cooperation Fund and other donors followed USAID's lead, with similar results. Drawing on these lessons, President Ramos signed Executive Order Number 263 stating community-based forest management to be the government's strategy for managing the country's remaining natural forests.

With USAID's assistance, their management capacity is increasing. The GOP has awarded management responsibility for 50,500 hectares to fourteen communities. In addition, the GOP has issued Certificates of Ancestral Domain Claims to indigenous communities covering an additional 148,000 hectares. These certificates are not land management agreements; however, they represent the first step in a process that will result in granting resource use and protection rights to upland indigenous peoples. Women constitute about 40 percent of forest associations; this proportion is expected to increase.

By 1998, the mission expects to see the level of financial resources invested in managing natural resources rise to well over \$300 million; the number of organizations engaged in managing natural resources rise to over 1,000; and the number of people participating in community-based management of renewable

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natural resources to approach 100,000. Local communities will have initiated sustainable management of over 2,600 kilometers of shoreline. Local community-based enterprises will be managing approximately 500,000 hectares of residual forests. And participating firms will have invested approximately \$9 million in pollution abatement equipment.

Well before 1998, the mission expects to complete Phase II of USAID's BOT program (see box on the Build-Operate-Transfer Mechanisms, above). Begun in February, 1996, this phase will extend the existing provisions of the government's BOT program to cover environmental infrastructure and thus will be able to attract private funding for water supply, solid waste and wastewater facilities for municipalities. The very powerful BOT instrument would be available to address environmental infrastructure needs at the local level.

The mission requires \$20 million over the FY 97-98 period as detailed in Section IV.A below to achieve strategic objective number 4. The mission is considering using \$3 million of this amount to purchase Global support services; Global provided \$850,000 in 1995 through the Asia Sustainable Energy Initiative to cover FYs 1996 and 1997. No funds are required in FY 96. If there are modest reductions from the requested levels in FYs 97 and 98, the mission will lower its targets and stretch the time frame for meeting the targets for Results Package 2 (forestry). Results package 3 (industrial environmental) does not require additional funding. If there are substantial cuts below the requested levels in FYs 97 and 98, the mission may close Results Package 3 and reprogram the funds to Results Package 1 (coastal).

E. Strategic Objective 5: Reduced Emissions of Greenhouse Gasses

... results

As noted in a memorandum of November 14, 1995 (see Supplemental Annex D), USAID/Philippines prepared a separate strategic objective out of the energy-related results package that the mission had submitted in its March, 1995, country program strategy. The mission defined this new strategic objective, identified two indicators, and designed a results package to achieve the objective. Subsequently, the mission refined its indicators, effectively splitting each into two parts.

The mission has developed mitigation options and methods to measure the reduction of global and local greenhouse gas (GHG) emissions, both of which

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contribute to global warming and climate change. The major results of this effort are:

- USAID/Philippines is the first mission to develop a rigorous method, the Environmental Manual (EM) life-cycle computer model, for monitoring emissions from the power industry and for measuring the results of implementing activities designed to reduce GHG emissions.

- the mission built the GHG Emissions Mitigation Portfolio (GEMOP) consisting of 25 GHG mitigation activities planned to promote cleaner fuels and improved efficiency primarily in the power industry and secondarily in the transport sector.

- using the EM model, the mission clearly defined its SO₅ indicators and its target of an 18 percent reduction in projected global and local emissions, measured in metric tons of greenhouse gasses, from the burning of fossil fuels in the year 2002.

- through the activities of the on-going Rural Electrification activity, which reduced average line losses by 3 percent thereby avoiding the operation of 31 megawatts of "dirty" coal plant capacity, USAID helped eliminate annual emissions of 242,000 metric tons (MTs) of CO₂-equivalent and 2,000 MT of SO₂ GHGs by the year 1995.

... data and analysis

The mission is reducing emissions of GHGs from burning fossil fuels. It is adopting two main strategies: (1) to promote the use of cleaner fuels for power production and by vehicles; and (2) to promote improved efficiency in the generation, transmission, distribution, and use of electricity and transport fuels. The mission measures the results of each of these two strategies in the following ways: (a) reduced emissions in metric tones (MT) of global GHGs, i.e. CO₂-equivalent [carbon dioxide (CO₂), methane (CH₄), carbon monoxide (CO), sulphur dioxide (SO₂), and nitrous oxide (N₂O)] which directly contribute to global warming and climate change; and (b) reduced emissions in MTs of local air-borne pollutants, i.e. SO₂ particulates, hydro-chlorinated (H_xCl_y) and hydro-fluorinated (H_xFl_y) GHGs which are local air-borne pollutants. USAID offers comprehensive technical assistance to the GOP to help it meet its international commitments to reduce GHG emissions: by adopting the USAID strategy, the GOP, by the year 2002, will reduce the level of emissions by 18 percent below current projections for the year 2002.

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The results framework distinguishes between global and local pollutants. Simultaneous with the release of global GHGs from the burning of carbon-based fuels is the release of a wide variety of local air-borne pollutants, including SO₂. Both global and local emissions result ultimately in severe damage to human health and natural ecosystems.

As the current locus of the world's highest economic growth rates, Asian nations probably soon will earn the dubious distinction of surpassing the developed countries in terms of annual GHG emissions. It is clear that, to contribute to a reversal in the global trend in climate change, the GOP will not be able to adopt the business-as-usual techniques in its effort to move from being a tiger cub to being another Asian tiger. This realization offers an unprecedented opportunity to the GOP, as well as to the USAID/Philippines, to provide leadership in finding a more sustainable strategy for designing and implementing the power and transport support systems underpinning rapid economic growth. As a nation on the cusp of rapid economic growth, the Philippines is well-placed as a laboratory to design power and transport support systems which minimize GHG emissions.

On August 2, 1994, the Philippine Senate ratified the United Nations Framework Convention on Climate Change (UNFCCC), otherwise known as the Manila Declaration. The GOP thereby committed itself, by the year 2005, to reduce GHG emissions by 20 percent below current projected levels for the year 2005. In late 1994, the Philippines began an inventory of GHG sources. This work is now nearing completion. USAID has incorporated the information from this inventory into a GHG model. The GOP estimates that, in 1990, the Filipino power, transport and manufacturing sectors emitted approximately 38 million MT (MMT) of CO₂ from the burning of fossil fuels. Using the present long-term plans for the development of the power sector, and assuming a business-as-usual approach, USAID estimates that GHG emissions from these three sectors will increase to about 115 MMT by the year 2002. Implementing USAID's SO5 strategy will clean up, or avoid, approximately 21 MMT of global (CO₂-equivalent) emissions and 238,000 MT of local (SO₂-equivalent) emissions. These estimates represent eliminating the emissions from 4,000 megawatts of "dirty" coal-fired power plants and the power equivalent of 50 megawatts from the transport sector.

USAID/Philippines has identified 25 mitigation options (potential or actual SO5 activities); these options, identified in USAID's GEMOP, range from accelerating the establishment of a natural gas industry and stimulating the use of cleaner coal/low sulphur fuels and technologies (both from the list of cleaner fossil fuel options) to expanding the use of mini-hydro or biomass/biogas power plants (both from the list of cleaner renewable resource options), and from improving the efficiency of generating power to improving the efficiency of energy use at the

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consumer end (demand-side management). By far the most important of these 25 mitigation options are the cleaner fossil fuel options.

USAID's customers, broadly defined, are the citizens of the world who increasingly will be affected by the adverse impact associated with unmitigated global climate change. These include, most notably in the Philippines, increased severity of weather extremes such as typhoons, droughts and floods. But USAID's principal customer is the GOP, which must meet its international commitments to the UNFCCC.

The mission's partners include those Filipino firms involved in the implementation of, for example, an environmentally-friendly power industry. They also include (1) ten U.S. government agencies and organizations such as the Departments of Energy and State -- a key vehicle is the Country Studies Program for Climate Change Mitigation; (2) twelve GOP agencies and the NGO community coordinated by the Philippine Sustainable Development Council and the Inter-Agency Committee on Climate Change (NGOs are represented on the Inter-Agency Committee); and (3) the donor community. Key donors include the World Bank, the Asian Development Bank, the UNDP and Germany's GTZ (Gesellschaft für Technische Zusammenarbeit). The World Bank, in 1995, selected the Philippines to be the first country to use, on a pilot basis, the Environmental Manual computer model to monitor GHG emissions.

... USAID contributions and expected progress

The mission's Rural Electrification program, although designed in a different era when little attention was paid to reducing greenhouse gas emissions, resulted in a three percent reduction in-line losses. This translates into a mitigation effect of avoided global GHG emissions by 1995 of 242,000 MT per year and of avoided local GHG emissions of 2,000 MT per year. Other energy projects, such as those in the renewable energy and energy efficiency areas, have had, to date, minimal effects to date on mitigating GHG emissions.

The Rural Electrification Program

USAID has been involved in rural electrification in the Philippines for over three decades. Under programs of assistance to the National Electrification Administration (NEA), itself established with USAID help, the GOP built 119 rural electric cooperative systems. In 1982, toward the end of a rapid expansion of its service areas, the NEA provided electric to its two millionth rural household.

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During its rapid expansion phase, the NEA gave relatively low priority to institution building within the rural cooperatives. Throughout the 1980s, short-term technical specialists sponsored by USAID continued to support the rural electrification program. But the cooperatives found it difficult to build and maintain their institutional and financial viability. In 1988, USAID again provided long-term technical assistance to the NEA. The purpose was to strengthen the institutional capacity of the NEA and to promote the financial viability of the rural electric cooperatives. This large (\$40 million) project contained a component designed to reduce system loss. It was successful, and helped leverage \$200 million in World Bank and Japanese funds. Today, rural electrification cooperative connections are approaching the 4 million mark, a level that translates into about 50 percent of the rural households in the country.

In the FY 1996-1998 period, USAID/Philippines anticipates that further reductions in GHG emissions will be modest, well under 2,000 MT. This number is expected to increase to nearly 21,000 MT in the year 2001. This significant increase will occur when the planned natural gas-fired power plants come on-line.

Efforts to establish a natural gas industry currently are at a critical juncture. USAID has provided key technical assistance support to these efforts, and will continue to do so. Even after the framework for the establishment of a natural gas industry is in place, it will take several years before, for example, a gas-fired plant can begin operations. USAID anticipates at best modest reductions in GHG emissions between now and the year 2001.

The mission requires \$13.5 million over the FY 96-98 period as detailed in Section IV.A below to achieve strategic objective number 5; at this stage, the mission does not expect to request Global support services. The mission required \$2.5 million in FY 96. If there are modest reductions from the requested levels in FYs 97 and 98, the mission will lower its targets for the mitigation of GHG emissions. If there are substantial cuts, the mission will consider closing SO5.

F. Strategic Objective 6: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas

... results

One year ago, USAID/Philippines had two separate office programs; one for policy and capacity building for local government units and one to support NGO sector development and activities. This year, USAID converted these two programs into

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components of one single, coherent democracy program. The older component works with LGUs. Five years ago, with critical support from USAID, a new Local Government Code was enacted providing additional resources and authority for local governments:

- last year, seventy-one percent of the people reported that they think health services have improved in the two years since those services were devolved to LGUs. Over half of the city governments in the country have moved from relying on national programs to working with their local NGOs to provide access to housing for the urban poor.

- now, countrywide, over 200 local governments are using their new authority to access credit on commercial terms for public markets, bus terminals, housing, road maintenance equipment and other priority programs and projects.

- LGUs are busily strengthening their own leagues of cities, provinces and municipalities. Emerging from a relatively weak organization where mayors and governors meet semi-annually to discuss politics, the leagues have revised their constitutions and by-laws, have identified an action program to support decentralized governance, and have increased collections from members by over 100 percent to support their programs.

- GOP grants to LGUs have increased from P7.0 billion (\$280 million) in 1989 to P56.0 billion (\$2.24 billion) in 1996.

- LGUs are paying off an estimated P3.0 billion (\$120 million) per year in past loans demonstrating credit-worthiness even with changes in leadership.

The newer component, which builds on the mission's earlier work with NGOs by supporting coalitions of the underrepresented, already is showing results:

- representatives from USAID's partner-coalition for the indigenous peoples now are members of the Senate Technical Working Group on Indigenous Peoples.

- representatives of that same coalition, in direct meetings with the Secretary of DENR, gave the coalition's position on four proposed versions of an Ancestral Domain bill.

- USAID's partner-coalition of the urban poor has achieved notable recognition; its program director has been designated as the Vatican representative to Habitat II scheduled in June 1996.

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- the urban poor coalition and the Secretariat of the League of Cities have met and agreed to include concerns of the urban poor's in the official agenda of the League of Cities.

- the USAID-assisted fisherfolk coalition presented its positions during five national and five local public hearings conducted by the House Special Committee on the Fishing Industry. The coalition was recognized as the official representative of small fisherfolk; a representative subsequently was designated a member of the Committee's Technical Working Group.

- the fisherfolk coalition agreed with other fisherfolk federations and a major advocacy NGO on a united position for three priority issues: (1) definition and usage of municipal waters, (2) titling of fishponds, and (3) conservation of resources. They then met, for the first time, with an association of commercial fishermen to begin a dialogue on contentious issues such as protection of territorial waters, acceptable technologies and catch limits.

... data and analysis

If broad and sustainable participatory democracy is truly to take root in the Philippines, Filipinos will have to professionalize their still highly personalized political institutions. They will have to bring a semblance of cohesion to their vibrant, extremely diverse and huge non-governmental sector. They will have to find ways to help important but marginalized elements of the population participate meaningfully in the political process. They will have to create and nurture institutions of civil society that provide meaningful alternatives to formal governmental processes. They will have to implement effectively the devolution and decentralization of power. They will have to strengthen those groups dedicated to the protection of what is unarguably a still-fragile democracy.

Strategic Objective Number 6 (SO6) calls for broadened participation in the formulation and implementation of public policies in selected areas. The mission has articulated three intermediate results: the first will solidify reforms in local governance. The mission's role is to support efforts to bring political decision-making authority closer to the people, to help build a more effective and responsive democracy. The second will empower those presently under-represented groups whose active participation is needed if there is to be broad based support for democracy in the Philippines. The mission's role is to support groups and coalitions of groups that analyze options and bring information and a broader range of participants into the public policy debate. The third will support the development of a common agenda for the advancement and protection of democratic processes in the years to come.

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In approving the mission's development strategy last year, USAID/W called upon the mission to revise the indicators and to refine the results framework, since the linkages between the activities proposed and the expected results were not sufficiently plausible. The SO6 team, including a number of participants from USAID/W, spent considerable energy reformulating its approach. The result is a new approach to achieving SO6.

The mission has identified four indicators at the SO level for which 1995 baseline data is presented (see Annex Tables B.1 for the complete set of performance data tables for SO6 and all three of its key intermediate results). These indicators are (1) the percent of the disadvantaged, consisting of direct and indirect beneficiaries, on which the coalition has impact, (2) the major issues addressed by the coalition [there are currently three coalitions] documented in narratives, (3) the number of NGO representatives actively participating in "local special bodies," which are local governance bodies such as school boards, health boards, local development councils and the like, and (4) the percent of people who believe that their priority concerns are being addressed by local government units.

Measuring these indicators calls for a broad variety of data collection techniques and large number of different data sources. Indicator number 1 relies on contractor and grantee reports and field visit reports to estimate the number of direct and indirect beneficiaries of the activities of certain coalitions. Indicator number 2 relies on narratives that "tell a story" to measure broadened participation in policy formulation and implementation. Indicator number 3 simply counts NGOs. Indicator number 4 relies on social survey or "polling" data.

The planned, or target, levels for some of the indicators (including, at the strategic objective level, indicators 3 and 4), have not yet been determined. The mission has sponsored on-going studies and is consulting with its partners at the time (February, 1996) that this R4 report is being written. The mission will provide planned levels in time for the March R4 review to be conducted in Washington.

As an illustration of the variety of analyses that the mission has performed, the results framework for SO6 is provided below (see Supplemental Annex B.3). This results framework articulates the causal relationships, the key assumptions, the intermediate results, and the development hypothesis that links the intermediate results to the achievement of the strategic objective.

Gender differentiation is woven into most of the indicators. For example, progress report narratives illustrating the major issues addressed by coalitions (SO level indicator 2) will reflect perspectives differentiated by gender, and the respondents

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surveyed about how well the LGUs are addressing priority needs (SO level indicator 4) also will be disaggregated by gender.

The customers for SO6 are, broadly speaking, the citizenry of the Philippines. Specifically, they are the citizens of the 10 local government units who have committed to, and are participating in, activities designed to improve participatory governance at the local level, and the coalitions of disadvantaged and under-represented groups which are being empowered to participate in public policy reform processes. Partners include the leagues of local governments, cooperating NGOs, coalitions and alliances of self-governing organizations, academic institutions, consultants and other donors, notably including the Asia Foundation and the Ford Foundation. Working collaboratively with these development partners on multisectoral planning exercises, the mission defines and continuously refines appropriate assistance packages. The leagues of local governments and NGOs, including "peoples organizations," monitor progress and report to elected officials and NGO leaders respectively. The mission sponsors periodic surveys to measure participation, performance and peoples' opinions of their local governments, and conducts periodic assessments of the effectiveness of NGO coalitions. An Annual Partners' Conference concludes an intensive period of collaboration between the mission and its coalition partners.

The Annual Partners' Conference

The Partner' Conference in October, 1995, launched SO6's results package number 2, "Effective Participation of the Disadvantaged." The conference was organized around the theme of coalitions of the disadvantaged (urban poor, fisherfolk, and indigenous peoples) and stressed its function as a forum for USAID and its partners to share ideas among all participants, rather than as a forum to focus on USAID's policies and procedures. There were 110 participants from NGOs, donors, and most importantly peoples' organizations. Peoples' organizations of the disadvantaged spoke for themselves and directly posed tough questions to senior GOP officials. They discussed issues with the secretaries of Environment and Natural Resources, and Social Welfare, the Secretary General of the Housing and Urban Development Council, and the Assistant Secretary of the Social Reform Council. These discussions increased the legitimacy of the coalitions of the disadvantaged and opened the doors to other government decision-makers. As a paramount concern was effective, honest communication and therefore both the local language (Pilipino) as well as English were used during the conference.

The mission's development program is purposefully integrated. It encompasses elements of complementarity and synergism. SO6, by nature of its work with NGOs and LGUs, often is positioned at the crossroads: the work of the SO6 team frequently enables other mission teams to do their work better, and vice versa (for

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a discussion of synergism in the mission's portfolio, see Supplemental Annex E). There are, of course, synergistic relations between other teams in the mission as well.

... USAID contributions and expected progress

USAID has provided substantial support to both LGUs and to NGOs over the past 15 years (a summary of this experience can be found in the opening sections of Supplemental Annex A, excerpts from "USAID Manila as a Leading Edge Mission under the New Partnerships Initiative: Proposal"). Through these programs, USAID supported efforts by the government to devolve authorities to LGUs. The GOP transferred 56 billion pesos (\$2.24 billion) in internal revenue allocations (similar to block grants) to the LGUs in 1995; since 1992 the GOP has transferred nearly 70,000 civil servants to the LGUs. USAID also supported a variety of NGOs. USAID's approach evolved from an emphasis on meeting the basic needs

Working with the LGUs

In a country as diverse as the Philippines, it is simply impossible for the central government to know the needs of each and every municipality. Yet, until quite recently, that is exactly what the central government had tried to do. At one point, Naga City officials were told by central government authorities that they would receive 200 hand water pumps despite the fact that the city already had a water system. City mayor Jesse Robredo asked if he could use the funding for some other purpose. The answer was no.

In 1990, USAID supported the Local Development Assistance Project (LDAP) designed to provide local governments with increased funding and responsibility. The national legislature enacted the proposed reforms, a collection of legislation that has been called the largest set of reforms the Philippine Government has implemented since independence.

What was the result? In Naga City, Mayor Robredo made sure that this opportunity was put to good use. The Naga City council developed an innovative private sector partnership to build a state-of-the-art bus terminal; working with community leaders, the council ensured that the city's business district will have businesses and the bus station will be paid for. The city also is working with surrounding towns to help develop the entire area; for example, any community can borrow costly heavy equipment from any other. Credit programs are available to those who otherwise would not qualify. Finally, they have created a unique water-sharing agreement: Naga City will extend its water pipelines to provide water to surrounding communities, but when its water supply runs out in 2005, it will be up to the surrounding communities to provide for Naga City. That way, they'll never have a need for those 200 water pumps from Manila.

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of less privileged people to building the capacities of indigenous organizations to enhancing their roles as intermediary institutions and as full partners in development. In short, USAID's assistance helped build the foundation for strong local government and for a strong civil society. The mission's current strategy builds on this expertise.

The mission requires \$39.795 million over the FY 96-98 period as detailed in Section IV.A below to achieve strategic objective number 6. The mission does not anticipate that it will request Global support services. The mission required \$11.257 million in FY 96. If there are modest reductions from the requested levels, the mission will curtail some of those activities that support a civil society (Results Package 2). If there are more severe cuts, the mission will have to reduce its targets for both RPs 2 and 1 (local government). In the event of very severe cuts, the mission will have to reconsider its approach to achieving the strategic objective. Results Package 3 (Philippine democracy agenda) is fully funded.

G. Special Objective (HIV/AIDS)

... results

With USAID's assistance, the Department of Health, other government organizations and select NGOs have established a national sentinel surveillance system to monitor transmission of HIV/AIDS and the risk behaviors of population groups at risk. Through the mass media, and using effective information, education and communication programs, the SO-HIV/AIDS team induces behavioral changes in individuals at risk in order to reduce the transmission of HIV among those individuals. Results to date:

- the HIV seroprevalence rate among target risk groups remains at a level well below the 1 percent "alarm" level.

- the general public is well aware of HIV/AIDS; awareness has reached a saturation level of 98 percent.

- the level of political commitment to combat the scourge of AIDS is high; the Department of Health has identified the HIV/AIDS prevention control program as one of its top seven priority health programs.

- USAID's pioneering efforts in HIV/AIDS surveillance and prevention have convinced other donors to join the program; cooperation with the Government of Japan (GOJ) is an important component of the U.S./GOJ "Common Agenda" Initiative.

... data and analysis

The HIV infection rate in the Philippines still is very low compared to other countries in South-east Asia. General public awareness is high, as is the government's level of commitment. But the Philippines has a high prevalence rate of sexually transmitted diseases in the groups practicing high risk behaviors. Members of high risk groups must be persuaded to change their behaviors now so that the debilitating HIV/AIDS epidemic will not occur here.

The indicator at the SO level for this special objective for HIV/AIDS (SO-HIV/AIDS) is the HIV seroprevalence rate among target risk groups, expressed in percentage terms. In September, 1995, the Department of Health conducted the 5th round of the National HIV Sentinel Surveillance System survey. The results indicate that the HIV seroprevalence rate remains at a level well below the 1.0 percent "alarm" level.

The mission has articulated one major intermediate result with six indicators. Four of these indicators are gender-specific. Of the six, four demonstrate good progress toward achieving the mission's SO-HIV/AIDS. These include (1), the percent of women at risk who adopt safe sex practices, which more than doubled since 1993 and, at 48.0 percent, exceeds the mission's 1995 target rate of 35 percent; and (2) the percent of men at risk who adopt safe sex practices, which rose from 2.1 percent in 1993 to 13 percent in 1995, well above the target rate of 5 percent.

The mission expects to demonstrate rapid progress, after FY 1995, toward meeting its targets in (1) the percent of intravenous drug users who adopt safe practices and (2) the percent syphilis seroprevalence rate among women at risk. The mission plans to intensify the education component of programs aimed at intravenous drug users. In February, 1996, the mission began implementation of an add-on activity designed to educate women in target risk groups, and their clients, about sexually transmitted diseases and to provide treatment for the related infections.

The customers of the SO-HIV/AIDS' team are male and female sex workers, their clients, men who have sex with men, and injecting drug users. They put themselves at great risk of becoming infected with HIV and other sexually transmitted diseases. They are diverse and mobile, mostly urban and generally young. They are often marginalized and difficult to reach.

Some of the mission's partners (e.g., some NGOs) have found it difficult to establish strong connections with the customers of the special objective. Most partners have had limited experience with the qualitative survey methods, such as

in-depth interviews, focus group discussions, and role playing, that supplement serological analyses. The mission provides technical assistance on these techniques to improve the skills of our partners.

Preventing the Epidemic

On a balmy Thursday night in the port area of Davao City, a group of women gather outside to anxiously discuss the news: a local woman with the HIV virus was apprehended by police and sent to the city hospital. The night is very slow. No ships docked that day and few seaman can be seen; the women have little to do but wonder what this news reels them about their own futures.

They range in age from 17 to 30. Lured to Davao by the prospect of finding a better life, they now find themselves trapped. Making as little as \$5 per customer, the "hospitality women" have no choice but to continue to ply their trade, often servicing several customers in one night in order to buy enough food to eat and to support their families.

One of the major problems encountered in HIV/AIDS prevention activities is that those who are most at risk of infection are often those who are the most difficult to reach. Talikala, Inc. is an NGO operating in Davao City. By using the sex workers as peer educators, Talikala can quickly reach those in need of AIDS education.

A typical night for Talikala workers will take them from some of the ritziest spots in Davao City to places where the dirt and grime on the walls reflect the sense of despair. Talikala provides commercial sex workers with the vital AIDS information that can make the difference between living and dying. Peer educators provide information in a manner that is both non-threatening and easy to understand. They use comic strips, films, plays and other means to get the message across.

Talikala also tries to restore a sense of dignity to their clients, to provide alternative livelihoods. One of the newest projects is a scholarship program. Funded by USAID and other donors, it not only pays the tuition and fees of girls and women wishing to continue their education, but also provides a dormitory and kitchen for them to live in and use. Right now, there are 10 women in the scholarship program, studying everything from computer programming to social work. For these women, the path to AIDS prevention has led them to a world of opportunities for a secure future.

Personnel from the Department of Health and outreach workers from local NGOs have established local surveillance teams at each sentinel site to identify individuals in high risk groups. They draw 300 blood samples from each sentinel group during each sentinel round. Statisticians transform these raw data into estimates which reveal the progress that the SO-HIV/AIDS team is making to achieve its objective.

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Outreach workers also are responsible for trying to change behaviors. Much of their work is done through "peer counselors," or sex workers or injecting drug users who have been trained in prevention. They are closely attuned to the needs and habits of the customers of this special objective. The GOP's Department of Health coordinates donor activities and develops the national HIV/AIDS strategy. Formal donor coordination meetings take place regularly. Donors also meet in less formal sessions. Principal donors include the Australia, the World Health Organization, and the Government of Japan. U.S.-Japan coordination is exceptionally close in HIV/AIDS surveillance and education. For example, JICA provides equipment to the HIV/AIDS surveillance sites supported by USAID.

The U.S./GOJ "Common Agenda" Initiative

The U.S./Japan Cooperation in Population and Health stimulates open communications between USAID/Philippines on the one hand, and the Embassy of Japan, JICA/Philippines, and JICA project staff. Close coordination enables both USAID and Japanese agencies to complement each other's activities. Typically, USAID works with the private sector while the Japanese agencies work with the government.

A JICA/Philippines project coordinator, charged with developing broad parameters regarding project design, is stationed at the Department of Health in Manila. Design teams from Tokyo visit regularly. JICA's reliance on a single design coordinator posted in the field for an extended period offers the USAID mission many opportunities to provide substantial input into JICA's design process.

... USAID contributions and expected progress

The mission expects (1) to establish HIV/AIDS seroprevalence and behavioral surveillance systems to monitor HIV/AIDS and other sexually transmitted diseases infections in 16 sites by the year 2000; (2) develop and implement effective communication and behavioral change programs; (3) complete the design of a safe voluntary blood donation program; and (4) establish model sites for the care and management of sexually transmitted diseases.

With the exception of a modest request for \$150,000 to finance Global field support services, the mission does not require additional funds in FY 1996. The existing SO-HIV/AIDS is fully funded through September, 1997. Additional funding will be required in late FY 1997. If the program is extended, the mission will request \$2.65 million (including \$150,000 for Global support services) in each of FYs 1997 and 1998.

With adequate funding, the mission anticipates that the actual seroprevalence rate among target risk groups will rise, but not rapidly, so that a full-blown epidemic will not occur. If funding cuts are severe or if the SO-HIV/AIDS program is terminated, the mission anticipates that the 1.0 percent "alarm" level for individuals in high risk groups will be reached before the turn of the century, and that the Philippines will join the growing list of countries suffering from a devastating HIV/AIDS epidemic.

III. Status of Management Contract

USAID/Philippines' Country Program Strategy, "Partnership for Democracy and Development," was approved by ANE subject to changes described in 95 State 102712, 26 Apr 95. In response to an e-mail message from ANE/SEA/PRM, the mission provided updated information on those changes (see memo, with attachments, van der Veen to Adams-Matson, November 14, 1995 in Supplemental Annex D).

With two modest exceptions, USAID/Philippines is making no changes in the formulation of the strategic objectives and the special HIV/AIDS objective. The two changes affect SOs 2 and 3, and are detailed below. The mission also is adding, in SO4, one indicator at the SO level, and is splitting, in SO5, the two indicators into four indicators at the SO level. These also are minor changes. The mission believes that all these changes or refinements are minor and requests ANE Bureau approval of these changes.

A. Strategic Objective Changes, or Refinements

The mission proposes one minor change in the formulation of Strategic Objective 2, from "Improved National Policies for Trade and Investment" to "Improved National Systems for Trade and Investment." While USAID is heavily engaged in supporting GOP policy reforms, it also supports GOP efforts to improve administrative systems. For example, assistance in fiscal policy analysis and tax administration will help improve tax compliance and increase tax collections. "Systems" are broader than, and include, "policies."

The approval cable directed the mission to change the objective of SO3 to "Reduced Fertility and Improved Maternal and Child Health." The mission proposes one minor change in the formulation of Strategic Objective 2, which now reads "Reduced Fertility Rate and Improved Maternal and Child Health". This change does not change the intent and more accurately describes the objective of the

mission's activities.

Under SO 4, the mission is adding a third indicator to the two existing indicators: "Organizational Resources." The unit of measure is "The number of people in selected areas (designated by ethnic group, gender, etc.) being affected through NGO, etc., activities in renewable NRM." Adding this indicator will enable the mission to better measure the number of people actively participating in natural resources management in different communities and different types of individuals, and to better adjust specific activities if and as warranted.

Under SO5, the mission is splitting the two indicators into four. One set is concerned with global greenhouse gas emissions; the other with local greenhouse gas emissions. This change clarifies but does not substantively change the indicators.

B. Special Concerns or Issues

1. Special Objective (Amerasians)

The mission has been waiting for final instructions regarding an Amerasian grant in response to a \$650,000 legislative mandate. The mission is prepared to move quickly using existing competitive grant award procedures. An Amerasian grant would fall outside our current strategy. It can be accommodated as a Special Objective. Under ADS 201 Guidelines, the mission will require USAID/W approval to treat the proposed Amerasian grant as a special objective. The mission will submit such a request at the appropriate time.

2. USAID's Credit Programs

The mission does not contemplate using any USAID credit facilities during FY 1996. The mission may wish to avail itself, once again, of Micro and Small Enterprise Development (MSED) credit facilities in FYs 1997 and 1998. Since the mission is in the early stages of discussing this possibility, Annex Tables 2 and 3 do not reflect the mission's participation in the MSED program.

3. Linkage Proposals

Following discussions on last year's Action Plan, USAID/W suggested that, as the mission implements its strategy, it "...examine the prospects for a post-USAID

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bilateral relationship and how long-term linkages may be encouraged and maintained."

The mission remains deeply concerned over the role that it might best play in encouraging and maintaining long-term linkages between the U.S. and the Philippines. The U.S.-Thai Development Partnership project provides a model that appears well-suited to the Philippines. The Partnership, run by the Kenan Institute of Private Enterprise at the University of North Carolina, has demonstrated that it can successfully transfer U.S. technologies to help solve development problems, and that it can successfully create additional investment opportunities for the U.S. private sector, particularly in the environment and energy areas. The crucial question of financial sustainability has not yet been answered. USAID/Philippines will continue to explore a variety of mechanisms, including the one represented by the U.S.-Thai Development Partnership, to build long-term linkages in the post-USAID world of the Philippines.

4. Strategic Objective Agreements in FY 1996

USAID/Philippines (a former reengineering country experimental laboratory) and the GOP signed the Natural Resources Management Strategic Objective Agreement at the end of FY 1995. By so doing, the mission formalized, with the GOP, the results oriented management systems recently established by USAID. The SO4 team is operationalizing that agreement, reconciling differences between the old standard practices that are well understood by counterpart agencies of the GOP and the new reengineered ways of doing business. The team is experiencing delays; progress, although sometimes slow, is real. In reporting on its on-going discussions with the Congress, LEG recently concluded that at least one of the former country experimental laboratories, such as the Philippines, should notify Congress on the basis of strategic objectives. Buoyed by its experience, and by the signal sent by LEG, the mission is prepared to pursue vigorously, this year, the development of strategic objective agreements in the other sectors of the mission's program.

5. Crisis Prevention

Impatient with the weak and duplicative government agencies responsible for disaster preparedness and mitigation, NGOs, local governments, and the private sector have begun to take initiative in developing disaster preparedness systems in their respect areas. With OFDA assistance, USAID/Philippines and the Corporate Network for Disaster Response, a Philippine NGO, recently have launched a

program to assist provincial and municipal disaster networks, with representatives from both the public and private sectors. Entitled the bayanihan program ("bayanihan" is the Filipino word for self-help) this small activity leverages substantial local government and private sector resources to develop disaster plans, identify hazards and resources, and conduct economic research to promote mitigation. At least five networks will be formed or strengthened, and a practical, nationally-based curricula will be developed for disaster training. USAID/Philippines also is collaborating with RHUDO and OFDA in the Asian Urban Disaster Mitigation Project, which will bring NGOs and the scientific community together with officials of a major city to conduct pilot work in hazard and mitigation planning.

C. 22 CFR Issues and Schedule

There are no issues related to the implementation of requirements of USAID's environmental procedures under 22 CFR 216.

The mission proposes categorical exclusions for both the new activities planned in FYs 1996 and 1997. In FY 1996 the mission plans to prepare a technical assistance grant involving the policy reform agenda of SO2. Also in FY 1997 the mission plans to prepare the Industrial Environmental Pollution II (IEM II) activity to begin implementation early in FY 1997. IEM II, a follow-on effort, will finance technical assistance, short-term training, some limited commodities (office equipment, computers, perhaps some specialized equipment needed to measure industrial pollution) and audit/evaluation assistance.

IV. Resource Requirements

This section of the R4 report defines the mission's resource requirements. In conducting its review of these resource requirements, USAID/W must focus on the mission existing strategy. Two additional factors should be taken into consideration.

First, program resources allocated to USAID/Philippines have been declining sharply in recent years. The mission's annual disbursements exceed annual obligations. A number of activities still being implemented by mission staff are part of the mission's old strategy. These activities, although they do not fall under the mission's recently approved strategy and do not require additional obligations, still require human resources. In short, the mission's declining personnel levels are lagged against the mission's declining program resource levels.

Second, the Philippines is one of the most disaster-prone countries of the world. In just this decade, the Philippines has been hit by several devastating typhoons, a major earthquake and the worst volcanic eruption the world has witnessed this century. The regional OFDA representative is based in Manila. When a major disaster strikes, virtually all the human resources of the mission are engaged, if relatively briefly, on activities that also do not fall within the scope of the mission's strategy.

A. Program Funding Request by Strategic Objective

The Mission requires the following bilateral and global resources to reach the objectives articulated in the approved strategy: FY 1996 = \$52.779 million; FY 1997 = \$74.738 million (base level); and FY 1998 = \$67.264 million (base minus 10 percent level). For details, see Annex Tables 2 and 3.

In addition to these requests, the mission anticipates competing for and winning PRIME funds, if they are made available, to support its microenterprise activities under SO1, economic growth in Mindanao.

FY 1996 Funding

In the November 1995 "bottom-level" budget exercise, the mission indicated that \$47.272 million (bilateral and global funds) is the minimum amount required to continue implementing its current approved strategy. For purposes of this R4, the mission used a level of \$52.779 million for FY 1996. The increase to the "bottom line" level of \$5.51 million provides additional funds to achieve SO2 (economic development) and SO6 (democracy). While the planning funding level is below the FY 1996 CP level, the mission does not anticipate dropping any SO at this time.

In FY 1995, the mission received only \$1.175 million to implement activities designed to achieve both SO 1 (economic development in Mindanao) and SO 2 (economic development). Of this amount, \$675,000 were earmarked for Basic Education and \$500,000 were PRIME funds for microenterprise activities. About eighty-five percent of the funds requested in FY 1996 for SOs 1 and 2 will support the achievement of SO1. Recognizing that Mindanao is one of the most progressive areas of the Philippines and has become the focus of GOP attention to stimulate growth, the mission gives SO1 a high priority in our development efforts. The mission's Growth with Equity in Mindanao (GEM) activity is the principal vehicle for providing the necessary assistance. To date, only \$5.7 million (of planned total cost of \$19.0 million) has been allocated to GEM. The Mission has

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no funds in the pipeline to provide incremental funding to this activity; existing pipelines under activities that could in principal support the GEM activity have already been earmarked to other activities.

In FY 1996, SO3 (family planning/maternal and child health) will continue to receive the largest share of the mission's funding (47 percent) despite a more than 25 percent cut from the FY 1996 CP level. Of the amount requested for SO3, roughly half will finance Global field support services. In June, 1995, the Mission Director increased the bilateral program cost by \$15 million (from \$50 million to \$65 million). This increase brings the total bilateral and Global program cost to \$115 million. The increase of bilateral activities will more rapidly satisfy the extensive unmet demand for specific family planning services; these services were not planned for at the time of program design. This requirement was confirmed by the 1993 Demographic Health Survey and the Safe Motherhood Survey. However, at a reduced funding level, the Mission will not be able to fund these recently added bilateral activities. It is very important, however, that Global resources be allocated in the level requested so as not to undermine gains achieved under the program. In the original program design, the Global Bureau committed to provide \$50 million in population funds to the program. A reduction of Global resources in succeeding fiscal years could result in an overall funding shortfall and could jeopardize the integrity of the program. A reduction of Global funds will especially adversely affect performance of the results package dealing with the strengthening of national systems to promote and support the family planning/maternal and child health program since this results package is supported mostly with Global field support funds.

Funds obligated in September, 1995, for environment (SO 4) are sufficient to carry activities through FY 1996 without additional funding. Additional funds are needed to implement energy (SO5) activities. At last year's strategy review, energy activities were made a separate strategic objective; this year, these funds will be obligated through a separate strategic objective agreement. Funds obligated in FY 1996 for SO5 will be used to support policy-based activities involving natural gas and clean coal technologies, and efficiency aspects of the power industry. These are the three highest-priority areas of the GOP in the energy sector. Annual performance-based monitoring of a comprehensive range of 25 greenhouse gases mitigation activities will allow USAID, in consultation with Global Climate Change Mitigation Team members, to make adjustments in implementation as necessary.

In FY 1996, funds requested for democracy (SO 6) will enable the Mission to recover from the budget reductions implemented in FY 1995. Strengthened local government units are essential to the success of the development strategy in the

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Philippines, not only in democracy but across all strategic objectives. Because FY 1995 funds were lower than the required level, implementation of activities dealing with local governance and the strengthening of LGUs slowed down. The result was a reduction of the number of LGUs participating in the program. To reach the number of LGUs targeted for development, funding must be increased and implementation accelerated. The level of funding requested for FY 1996 will allow the mission to recover from the delays experienced in FY 1995 and carry on democratization activities at the pace approved in our strategy document.

FY 1997 Funding

Scenario 1 (OMB Request Level: \$74.738 million)

At the OMB request level of \$74.738 million, all SOs, including the HIV/AIDS special objective, will be adequately funded.

Funds requested for SO1 will be used to incrementally fund the GEM activity. This will assure continued implementation at the pace required to meet the planned targets. Funds for SO2 will be used to support economic policy reform activities particularly focussing on reducing barriers to entry in domestic industries, improving transportation and communications services, improving tax planning, administration and collection, and facilitating the movement of investment capital.

The level of funds requested for SO3 will enable the mission to fund the approved \$15 million bilateral program expansion to address areas which would rapidly improve the capability of both the public and private sectors to respond to the family planning needs of the population as well as to safeguard MCH and child survival gains. Further, with these additional resources, the contraceptive prevalence rate, starting in 1999, will be increased by 2 percentage points per year rather than the current projection of 1.5 percentage points per year. This will lead to the reduction of total fertility rate from 4.1 percent to the replacement fertility rate of 2.1 percent five years earlier than currently targeted by the GOP.

Funds requested for environment (SO4) will assist upland communities secure management authority and responsibility for the country's public forest lands. These forest lands will be converted from open access conditions into community-managed enterprises. USAID will be able to help coastal communities control access to and practicing management for sustainable harvests in coastal waters along 3,000 kilometers of shoreline. Efforts in industrial environmental management will lead to increased private investment in pollution abatement practices.

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Funds requested for democracy (SO6) will be used to provide assistance to additional LGUs identified for participation in the program, provide new grants to PVOs and NGOs for democratization activities, and fully fund grants to PVOs and NGOs started in FY 1995. At the requested level, the mission will be able to form a greater number of coalitions of disadvantaged groups, thus reaching at a faster pace the critical mass needed for more broadened participation in the formulation and implementation of public policies.

At the OMB request level the mission will be able to fund the extension of the special objective dealing with HIV/AIDS. While current surveillance and education activities under the special objective are planned to end in FY 1997, much still needs to be done. The mission has also set targets up to the year 2000, and hopes to continue, in an expanding number of cities, its crucial surveillance and education activities.

Scenario 2 (20% below the OMB Request Level: \$59.79 million)

Even with a 20% cut in the OMB request level, the mission will still be able to maintain all SOs. The reduced funding level will have minimal impact on SOs 1, 2, 3 and the special objective on HIV/AIDS. The greatest impact will be on SOs 4 and 5 and, to a lesser degree, SO6.

Under this scenario, the result package dealing with coastal resources management under SO4 will receive only half of the required funding, while the forest resources management result package will not be funded. This SO will have to rely on existing pipeline to carry out its activities up to the end of the year. This will translate to reduced assistance to a smaller number of coastal and upland communities; the mission probably will have to reduce the number of kilometers of shoreline and hectares of forest lands to be managed sustainably. Similarly, funds allocated to SO5 will be reduced by half; the mission probably will have to reduce the targeted volume of greenhouse gases emission to be avoided.

Regarding SO6, reduced funding will mean that USAID will have to reduce the number of LGUs able to participate in USAID programs. Fewer coalitions of disadvantaged groups will be formed. While participation in the formulation and implementation of public policies may still be broadened, it would be at a slower pace than if the required funding were given.

The need to revalidate or revise targets at this point cannot be ascertained. It will depend on the performance of the different SOs in the previous year and performance as of the next R4 submission.

FY 1998 Funding

The budget for FY 1998 scenario 1 is based on the premise that the level of funding received in FY 1997 was at the scenario 1 level, and the budget for FY 1998 scenario 2 is based on the premise that the level of funding received in FY 1997 was the scenario 2 level.

Scenario 1 (10% below OMB Request Level: \$67.264 million)

Under this scenario, SO1 and SO2 will receive reduced funding, SO3 and the special objective will receive approximately the same level of funding as in FY 1997, while SOs 4, 5 and 6 will receive greater funding to compensate for funding cuts in FY 1997.

Reduced funding for SO1 and SO2 will have minimal impact on the SOs' ability to reach targets. It is expected that there will be sufficient funds in the pipeline to cover the minimum amount needed for the implementation of activities. Similarly, implementation of SO3 and the special objective's activities will be as planned.

The increased funding in SOs 4, 5 and 6 will enable the mission to accelerate implementation, thus catching up with any delays that may be experienced as a result of funding constraints in the previous year. This may also result to the achievement of targets earlier than planned and allow the mission to develop new targets.

Scenario 2 (30% below OMB Request Level: \$52.317 million)

Even at this reduced funding level, the mission does not anticipate dropping any SO. By FY 1998, the mission will have made significant progress toward achieving the mission's overall goal.

Most of the funding cuts will be absorbed by the economic development, environment and democracy SO teams. With the reduced funding levels, fewer small and microenterprises, coastal and upland communities, and coalitions of disadvantaged groups will be given assistance. However, the mission expects that the momentum gained over the preceding two years will be sufficient to sustain, even with reduced funding, a minimally necessary level of development.

B. Program Management Requirements: Operating Expenses and Staffing

Dollar operating expense (OE) requirements are flat from FY 1996 to FY 1997. They then jump by \$1 million in FY 1998. The anticipated increase in FY 1998 dollar-OE requirements is entirely due to an equivalent decline in trust fund availabilities.

USAID/Philippines has been reducing its OE and staff levels for several years. In FY 1993, the USDH staff level was 39 out of a total staff level of 329. The mission is implementing a six year program of decreasing overall staff levels for both U.S. direct hire (USDH) and foreign service national (FSN) staff. During the remainder of the FY 1996-1998 period, the mission will reduce its USDH work force from 22 in FY 1996 to 20 in FY 1998. FSN staff levels are now down to 150 and will continue to decrease until the target level of 116 is reached in FY 1998. This decrease of 213 staff members amounts to a decline of 65 percent from FY 1993 levels.

Despite these continuing staff reductions, overall OE requirements (dollar and trust funds) remain flat over the FY 1996-1998 period. There are a number of reasons for this, one of which is the cost of separating employees. The large number of FSN positions being RIFed creates a sizeable amount of severance benefits which must be paid. This liability, combined with reasonable projected FSN salary increases of 7 percent per year consume a significant portion of the savings gained from decreasing staff levels.

Another element that contributes to the level OE requirement is the increase in U100 expenses will be necessary in FYs 1997 and 1998. This increase is due to a) lengthened tours during earlier years (that is, the "savings" generated in FY 1996 will come due in FYs 1997 and 1998), and b) increased education and housing costs at post.

In spite of the level OE, USAID/Philippines feels that it is a jump ahead of other missions in terms of forward planning. Vigorous down-sizing and curtailment of non-essential OE expenditures has had a marked effect. However, annual increases in non-discretionary rents (housing and office) have continued to absorb savings generated in other areas.

As discussed in last year's action plan, the GOP had agreed to provide to the mission local currency trust fund resources equivalent to up to 20 percent of USAID's cash transfers. Under the current strategy, the mission has only one activity that contains a cash transfer component. The local currency trust fund

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generations from this activity are woefully inadequate for the mission's needs. As a result, the mission opened discussions with the GOP to negotiate a new trust fund agreement. The GOP's Department of Finance agreed to provide USAID with the equivalent of \$2.5 million per year in local currency for USAID's operating needs. This is approximately \$1 million below the present level. Therefore, when the current balance of funds is depleted in FY 1997, the shortfall will create an increased need for dollar OE resources.

USAID/Philippines has taken several steps in an effort to minimize the amount of OE resources needed now and in the future. These include privatizing banking and cashing services, transferring staff resources to project funding, and curtailing unnecessary contracted services. Regrettably, much of these savings are diluted by high annual increases (15 percent) in property rents and utilities. In FY 1998 the USAID office space alone will cost over \$1 million for rent and utilities, even after reducing by 20 percent the amount of space being leased.

The mission believes that it has adequate staff levels to achieve and to monitor effectively its program at the requested levels in FY 1996. For information on staff requirements by strategic objective, see Annex Table 5.

As USAID in general, and USAID/Philippines in particular, become more comfortable with the processes of reengineering, the mission will be able to return some of the resources devoted to establishing the reengineering systems to more routine implementation activities. The transition has absorbed more staff resources than this mission anticipated. Staff members are getting accustomed to working with new ways of doing business, but, for the time being, are being forced to manage both the old and the new systems simultaneously.

If the mission's FY 1996 OE budget request is severely cut, the mission probably will have to immediately reduce staff levels. This will create a need for more OE to pay required severance benefits above the amount now being projected. If this were to happen, the mission would have to reduce its efforts in democracy, reducing the number of LGU and NGO coalitions which the mission now supports. The mission also might have to cut back its programs in energy and in environment (coastal resources targets might have to be lowered; the forestry component might have to be eliminated); and its private sector program in the population/maternal and child health area.

As requested, the mission provides a table (Table 3, below), presenting total staff effort by strategic objective and special objective. The mission observes that managing a policy reform program, essentially the sole task of SO2 but a task performed by all strategic teams, is relatively staff intensive. The mission's system

of providing grants under the PVO co-financing programs of the past was very staff intensive. The benefits of the reengineered grant program accumulate over FYs 1997 and 1998.

Table 1

**STAFF ALLOCATION
BY STRATEGIC OBJECTIVE**

| <u>YEAR</u> | <u>SO 1</u> | <u>SO 2</u> | <u>SO 3</u> | <u>SO 4</u> | <u>SO 5</u> | <u>SO 6</u> | <u>SO 7</u> | <u>TOTALS</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| FY 1996 | 9 | 10 | 9 | 12 | 6 | 23 | 3 | 72 |
| FY 1997 | 8 | 9 | 9 | 10 | 6 | 17 | 3 | 62 |
| FY 1998 | 6 | 8 | 9 | 10 | 5 | 14 | 3 | 55 |

C. Field Support from USAID/W

The mission requests between approximately \$40.6 and \$43.4 million to support the acquisition of Global field support services during the three-year FY 1996-98 period, of which \$12.5 million is for FY 1996 (see Annex Table 4). Virtually all the mission's FY 1996 Global funds will finance activities to help achieve SO3; the remaining \$150,000 will support the achievement of SO-HIV/AIDS.

... for SO3: Reduced Fertility Rate and Improved Maternal and Child Health

In 1993, USAID/Philippines and G/RD/POP jointly developed the Philippines USAID Population Assistance Strategy, 1993 - 1998. This strategy was endorsed by the GOP and was favorably reviewed by the Asia and the Global Bureaus. The strategy formed the basis for the \$100 million performance-based Integrated Family Planning Maternal Health Program which also was jointly developed by USAID/Philippines and G/RD/POP. The program called for \$50 million in bilateral resources and \$50 million in G/RD/POP resources. The Global Bureau subsequently confirmed its commitment to providing \$50 million to the program (94 STATE 063748). In June 1995, the Mission Director was delegated authority to increase

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the bilateral contribution to the program by \$15 million. G/RD/POP's contribution remained at \$50 million. The level of resources identified are crucial to the achievement of results under SO 3.

The financial arrangements between the Global Bureau and field missions have changed, but the mission's requirement for Global field support services have not. In order to achieve the results articulated in SO3, the mission still field support services covering commodities and technical assistance in such crucial areas as contraceptives, communications, logistics, social marketing, policy planning and operations research. Accordingly, the mission requests \$12.35 million in Global field support services in FY 1996, and a total of between approximately \$39 million to \$41 million for the FY 1996-98 period.

Without this support from Global, the mission would have to significantly redesign its approach to achieving a reduced fertility rate and improved maternal and child health in the Philippines.

... for SO4: Enhanced Management of Renewable Natural Resources

The country's natural resources are devastated. All interested groups of people, including policy makers, local communities, interest groups and the general public, must contribute to the effort to restore the environment before it is too late. A key component in the mission's activities under SO4 is communication, information and education. The new concepts pioneered by the GREENCOM project (e.g., participatory processes, experiential competency-based learning, cooperative approaches to adult education which are appropriate approaches for non-government organization staff and local communities) will be used in the implementation of the mission's natural resources and environment activities. Depending on the availability of funds, the mission anticipates requesting Global field support services from the GREENCOM project at a level of approximately \$1 million in both FY 1997 and FY 1998.

... and for the Special Objective: HIV/AIDS Epidemic Prevented

In the Philippines, sexually transmitted diseases are highly prevalent. This suggests that there is a high probability that an HIV/AIDS epidemic will develop unless steps are taken now to address the problem. At present, there is no national program to reduce the incidence of sexually transmitted diseases (STDs). The mission requests \$150,000 in FY 1996 in Global field support services through the AIDSCAP activity to be used (1) to help develop a national STD

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Prevention plan and (2) to provide guidance in the evaluation and selection of appropriate strategies for STD control. If this special objective is continued in FYs 1997 and 1998, the mission will request \$150,000 in state-of-the-art technical services from the follow-up to the Global AIDSCAP activity.

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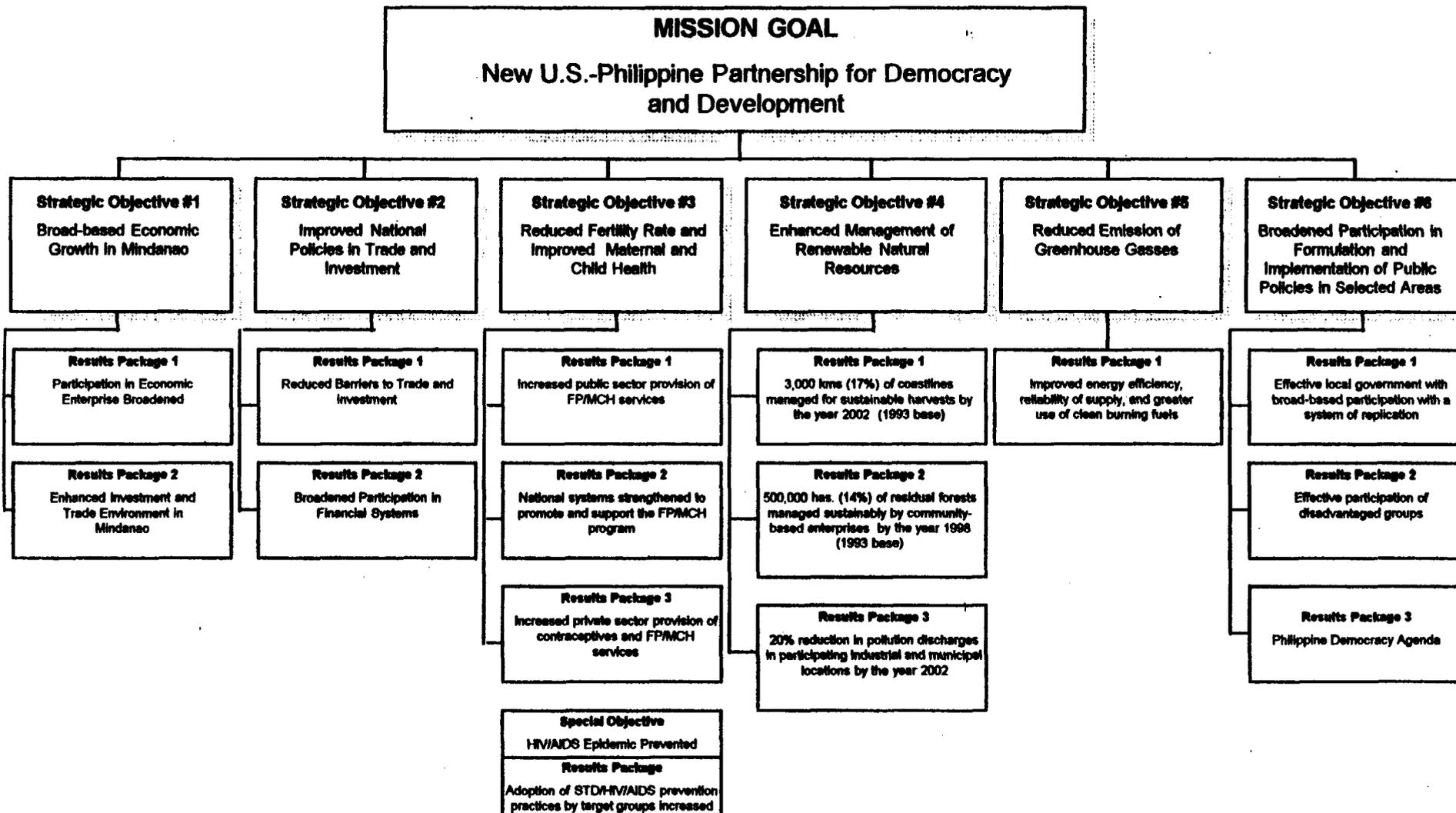
Annexes:

- A. Strategic Objective Trees
- B. Tables
 - 1. Performance Data Tables (Table 1)
 - 2. All Resources Table
 - 3. Funding Scenarios by Objective
 - 4. Regional and Global Field Support
 - 5. Staff Requirements by Objective
 - 6. Operating Expense Requirements

Supplemental Annexes:

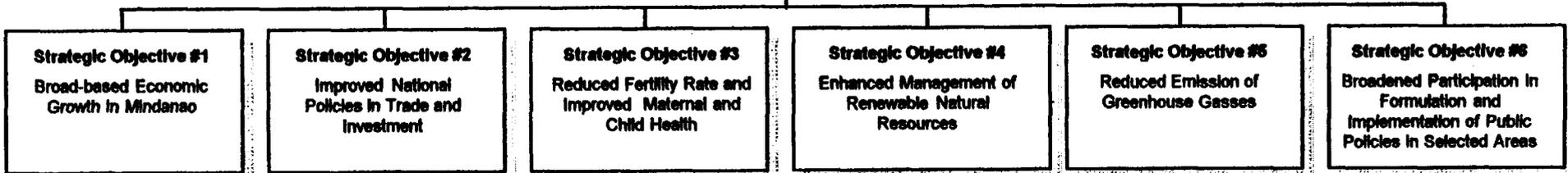
- A. Excerpts From: "USAID Manila as a Leading Edge Mission under the New Partnerships Initiative: Proposal"
- B. Results Frameworks
 - 1. SO1
 - 2. SO4
 - 3. SO6
- C. Two Recently Completed Activities in the Health and Population Program
- D. Memorandum, van der Veen to Adams-Matson, dated November 14, 1995, "Status of USAID/Manila Strategy/Action Plan Agreements"
- E. Synergism in the USAID/Philippines Program

USAID/MANILA OBJECTIVE TREE



USAID/MANILA OBJECTIVE TREE

MISSION GOAL
New U.S.-Philippine Partnership for Democracy and Development

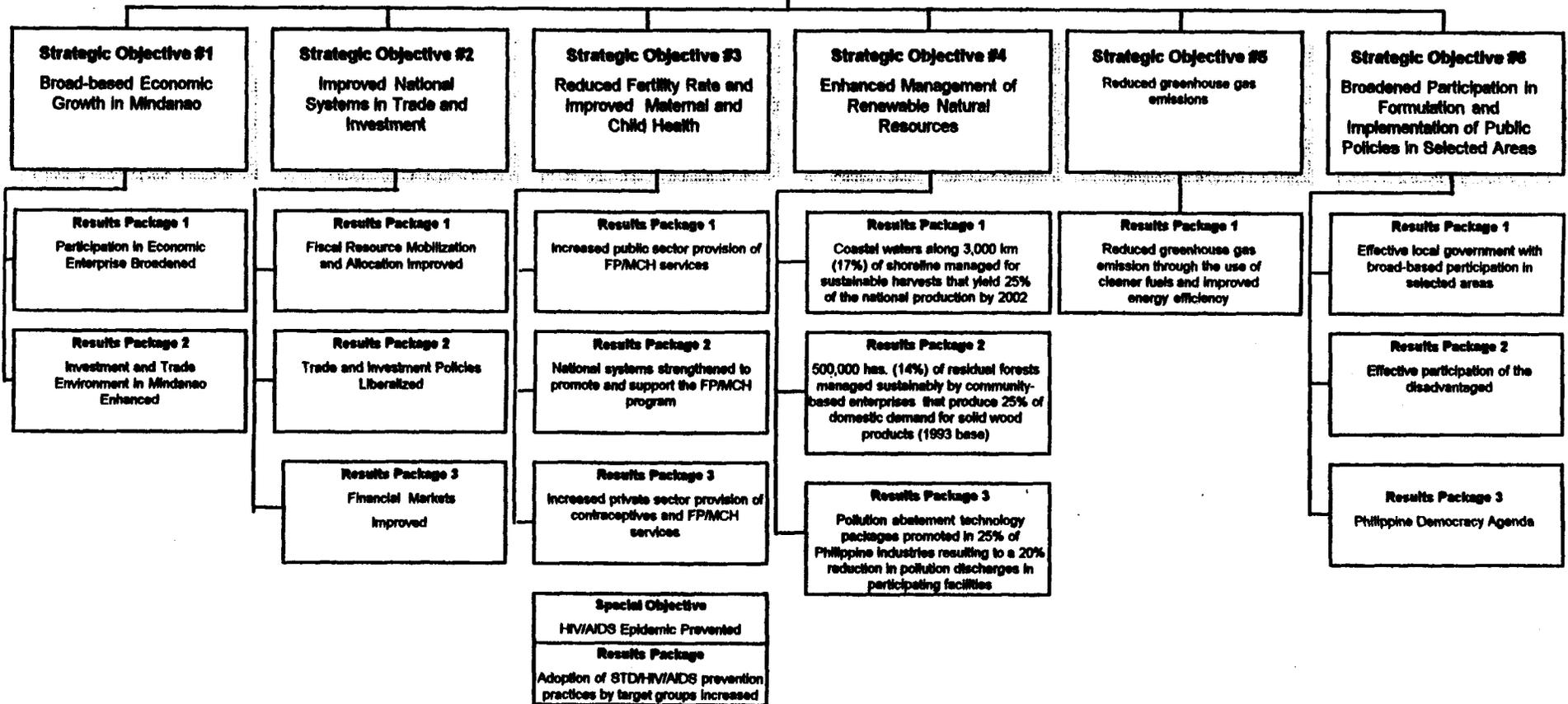


- | | | | | | |
|---|---|---|---|---|---|
| <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • Increased real Gross Regional Domestic Product Growth from 1.4% per year (1985-1994 average) to 5.0% per year by 2000 • Increased income growth for the lower 50% of families from 0.9% per year (1985-1993 average) to 3.0% per year by 2000 | <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • National ratio of Gross Domestic Capital Formation increased from 24.6% in 1994 to 26% by 2000 • National ratio of total exports and imports to GDP increased from 74% (1989-1994 average) to 80% by 2000 • Ratio of tax revenues to GDP increased from 17% in 1994 to 22% by 2000 | <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • Total Fertility Rate - 4.1 (1993) to 3.3 (2000) • Infant Mortality Rate - 57 (1993) to 49 (2000) • Maternal Mortality Rate - 209 (1993) to 190 (2000) • Contraceptive Prevalence Rate (all methods) - 40% (1993) to 50.5% (2000) • Contraceptive Prevalence Rate (modern methods) - 24.9% (1993) to 35.4% (2000) • Percent of births in high risk groups - 62.4% (1993) to 56% (2000) | <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • Financial resources invested: \$242 million (1994) to \$378 million (2000) • Organizational resources: 463 organizations (1994) to 2,348 organizations (2000) | <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • Tons of CO₂-equivalent of avoided global emissions: 0 (1995) to 20.8 million metric tons per year (2002) • Tons of SO₂ of avoided local emissions: 0 (1995) to 238,000 tons per year (2002) | <p style="text-align: center;">INDICATORS</p> <ul style="list-style-type: none"> • % of total disadvantaged impacted by coalitions • Major issues addressed by coalitions (documented in the form of narratives) • Number of NGO representatives actively participating in local special bodies in target sites • % of people who feel their priority concerns are being addressed by LGUs in targeted areas |
|---|---|---|---|---|---|

USAID/MANILA OBJECTIVE TREE

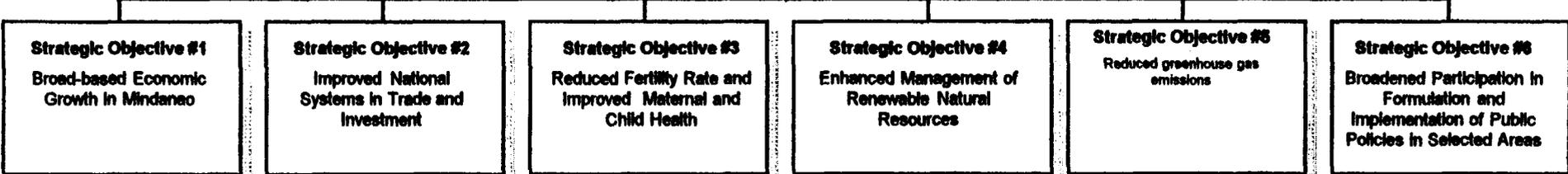
MISSION GOAL

New U.S.-Philippine Partnership for Democracy and Development



USAID/MANILA OBJECTIVE TREE

MISSION GOAL
New U.S.-Philippine Partnership for Democracy and Development



INDICATORS

- Increased real Gross Regional Domestic Product Growth from 1.4% per year (1985-1994 average) to 5.0% per year by 2000
- Increased real income growth for the lower 50% of families from 0.9% per year (1985-1993 average) to 3.0 % per year by 2000

INDICATORS

- National ratio of Gross Domestic Capital Formation to Gross Domestic Product (GDP) increased from 24.6% in 1994 to 28% by 2000
- National ratio of total exports and imports to GDP increased from 74% (1989-1994 average) to 90% by 2000
- Ratio of tax revenues to GDP increased from 17% in 1994 to 22% by 2000

INDICATORS

- Total Fertility Rate - 4.1 (1993) to 3.3 (2000)
- Infant Mortality Rate - 57 (1993) to 49 (2000)
- Maternal Mortality Ratio - 209 (1993) to 190 (2000)
- Contraceptive Prevalence Rate (all methods) - 40% (1993) to 50.5% (2000)
- Contraceptive Prevalence Rate (modern methods) - 24.9% (1993) to 35.4% (2000)
- Percent of births in high risk groups - 62.4% (1993) to 58% (2000)

Special Objective
HIV/AIDS Epidemic Prevented

INDICATOR

Percent HIV Sero-Prevalence Rate among Target Risk Groups remains at <1% by 2000

INDICATORS

- Financial resources invested in natural resource management increased from \$242 million (1994) to \$390 million (2000)
- Number of selected NGOs/PVOs, people's organizations, private sector firms, etc. engaged in renewable natural resource management increased from 463 (1994) to 2,000 (2000)
- Number of people (disagg.) in selected areas being affected through NGO, etc. activities in renewable natural resource management increased from 32,436 (1993) to 240,000 (2000)

INDICATORS

- Tons of avoided global greenhouse gases (GHG) emissions per year through greater use of cleaner burning fuels - 0 MT (1995) to 19,155,000 MT (2002)
- Tons of avoided global GHG emissions per year through improved energy efficiency - 242,000 MT (1995) to 1,895,000 MT (2002)
- Tons of avoided local GHG emissions through greater use of cleaner burning fuels - 0 MT (1995) to 225,000 MT (2002)
- Tons of avoided local GHG emissions per year through improved energy efficiency - 2,000 MT (1995) to 14,000 MT (2002)

INDICATORS

- Number of NGO representatives actively participating in local special bodies in target sites
- % of people who feel their priority concerns are being addressed by LGUs in targeted areas
- % of total disadvantaged on which coalition has impact
- Major issues addressed by coalitions (documented in the form of narratives)

**STRATEGIC OBJECTIVE #1:
Broad-based Economic Growth in Mindanao**

INDICATORS

- Increased real Gross Regional Domestic Product Growth from 1.4% per year (1985-1994 average) to 5.0% per year by 2000
- Increased real income growth for the lower 50% of families from 0.9% per year (1985-1993 average) to 3.0 % per year by 2000

**RP 1
Participation In Economic Enterprise Broadened**

**RP 2
Investment and Trade Environment In
Mindanao Enhanced**

INDICATORS

INDICATORS

- Number of new small and medium enterprises as a result of USAID assistance increased from 0 (1994) to 50 per year (1997-2000)
- Women's labor force participation rate in Mindanao increased from 48% (1994) to 55% (2000)
- Growth in total employment in Mindanao increased from 3.0% (1985-1993 average) to 3.5% (2000)
- Number of microenterprises and small producers accessing loans of target banks at market rates increased from 1,200 (1995) to 3,000 (2000)

- Cumulative investment commitments in Mindanao facilitated by USAID programs increased from zero in 1994 to \$45 billion in 2000
- Mindanao EAGA trade increased from \$300 million annually (1994) to \$800 million (2000)

**STRATEGIC OBJECTIVE #2:
Improved National Systems In Trade and Investment**

INDICATORS

- National ratio of Gross Domestic Capital Formation to Gross Domestic Product (GDP) increased from 24.0% in 1994 to 28% by 2000
- National ratio of total exports and imports to GDP increased from 74% in 1994 to 90% by 2000
- Ratio of tax revenues to GDP increased from 17% in 1994 to 22% by 2000

RP1
Fiscal Resource Mobilization and Allocation Improved

RP 2
Trade and Investment Policies Liberalized

RP 3
Financial Markets Improved

INDICATORS

- Participation rate in the Philippine tax base increased from 22% (1994) to 28% (2000)
- Ratio of fully-paid delinquent tax receivables to total value of delinquent tax receivables increased from 3% (1994) to 25% (2000)
- Ratio of actual BIR tax revenues to forecast level as stated in the General Appropriations Act increased from 93 (1991-1994 ave/year) to 97 (2000)

INDICATORS

- Level of trade protection as measured by the average effective rate of protection reduced from 31% (1994) to 15% (2000)
- Gross level of private capital formation in 1994 US \$ increased from \$10.9 billion (1994) to \$13.1 billion (2000)
- Number of telephone lines per 100 person-population increased from 1.7 (1994) to 14.0 (2000)

INDICATORS

- Ratio of the number of government-run subsidized credit programs to the current (baseline) number decreased from 100% (1995) to 37% (2000)
- Annual growth in the number of companies listed on the Philippine Stock Exchange Board increased from 5.76 % (1992-1994 ave/year) to 10.0% (2000)

INDICATORS

- Total Fertility Rate - 4.1 (1993) to 3.3 (2000)
- Infant Mortality Rate - 57 (1993) to 49 (2000)
- Maternal Mortality Ratio - 209 (1993) to 190 (2000)

STRATEGIC OBJECTIVE #3

Reduced Fertility Rate and Improved Maternal and Child Health

INDICATORS

- Contraceptive Prevalence Rate (all methods) - 40% (1993) to 50.5% (2000)
- Contraceptive Prevalence Rate (modern methods) - 24.9% (1993) to 35.4% (2000)
- Percent of births in high risk groups - 62.4% (1993) to 56% (2000)

R P 1

Increased public sector provision of FP/MCH services

INDICATORS

- Percent of Children Fully Immunized - 88% (1994) to 90% (2000)
- Percent of Women Immunized Against Tetanus - 69.29% (1994) to 80% (2000)
- Percent of children receiving vitamin A capsule supplement: 90% (1993) to 90% (1998)
- Modern method couple years of protection (CYP) from a public sector source - 1.76 million (1994) to 2.6 million CYP (2000)
- Aggregate no. of LGUs that are enrolled in LPP - 20 (1994) to 100 (1998)
- Aggregate no. of LGUs that have achieved the LPP annual benchmarks - 20 (1994) to 75 (1998)
- Aggregate no. of LPP LGUs that are allocating IRA funds in accordance with Presidential Memorandum dated June 17, 1995 - 41 (1997) to 75 (1999).

R P 2

National systems strengthened to promote and support the FP/MCH program

INDICATORS

- DOH assumes full funding and operational responsibility for contraceptive distribution; FP/IEC; training; research, evaluation and tech support, and program monitoring functions for PFPP - 0 (1993) to 5 (2000)
- % of DOH budget allocated for FP increases: 0.1 % (1993) to 2% (2000)
- DOH release of annual LPP grants for LGU programs: 0 (1994) to 75 (2000)
- National PFPP strategy updated, reviewed and jointly approved by DOH and POPCOM Board by December 1996
- No. of professional assns. supporting FP increased from 1(1995) to 7 (2000)

R P 3

Increased private sector provision of contraceptives and FP/MCH services

INDICATORS

- Percent of family planning services provided by the private sector - 27% (1993) to 34% (2000)

DATA BASELINES

- Demographic Health Surveys 5 yrs.
- Safe Motherhood Surveys 5 yrs.
- Annual Population Surveys 1 yr.
- Population Census 10 yrs.
- Intercensal Surveys 5 yrs.

INDICATORS

- Financial resources invested in natural resource management increased from \$242 million (1994) to \$390 million (2000)
- Number of selected NGOs/PVOs, people's organizations, private sector firms, etc. engaged in renewable natural resource management increased from 483 (1994) to 2,000 (2000)

STRATEGIC OBJECTIVE # 4
Enhanced management of renewable natural resources

INDICATORS

- Number of people (disagg.) in selected areas being affected through NGO, etc. activities in renewable natural resource management increased from 32,436 (1993) to 240,000 (2000)

RP 1

Coastal waters along 3,000 km (17%) of shoreline managed for sustainable harvests that yield 25% of the national production by 2002

RP2

500,000 has.(14%) of residual forests managed sustainably by community-based enterprises that produce 25% of domestic demand for solid wood products (1993 base)

RP3

Pollution abatement technology packages promoted in 25% of Philippine industries resulting to a 20% reduction in pollution discharges in participating facilities

INDICATORS

- Community management for sustainable harvests established along x km of shoreline in y municipalities - 0/0 (1995) to 3,000/136 (2002)
- Increase investment in coastal resources management by local and national government - from 0 to 3% of local budgets, 5% annual increase in national budgets
- Effective policy implementation by national government agencies -hectares of mangrove areas recovered from non-forest use - 0 (1995) to 20,000 (2002)

INDICATORS

- Forest area (hectares) under systematic management instruments in targeted geographic areas - 80,000 (1994) to 500,000 (2000)
- No. of communities with management instruments - 17 (1994) to 50 (1999)

INDICATORS

- % reduction in pollution discharge of participating firms in industrial and municipal locations- 10 (1994) to 30 (2,000)
- Number of companies conducting Pollution Management Appraisals (PMAs) and adopting recommendations on sound environmental practices - 50 (1994) to 70 (2000)
- Increased investments by industries - 0 (1994) to 11.0 million (2000)

NOTE: RP3 is under redesign to address industrial policy level needs in support of a revamp of GOP environment strategy. New indicators and benchmarks are not yet available. The present program emphasizing pollution prevention will be completed in September 1996.

STRATEGIC OBJECTIVE #5
Reduced Greenhouse Gas (GHG) Emissions

RESULTS PACKAGE
**Reduced Greenhouse Gas (GHG) Emission Through the Use of
Cleaner Fuels and Improved Energy Efficiency**

INDICATORS

- Tons of avoided global GHG emissions per year through greater use of cleaner burning fuels - 0 MT (1995) to 19,155,000 MT (2002)
- Tons of avoided global GHG emissions per year through improved energy efficiency - 242,000 MT (1995) to 1,665,000 MT (2002)
- Tons of avoided local GHG emissions through greater use of cleaner burning fuels - 0 MT (1995) to 225,000 MT (2002)
- Tons of avoided local GHG emissions per year through improved energy efficiency - 2,000 MT (1995) to 14,000 MT (2002)

INDICATORS

- Number of NGO representatives actively participating in local special bodies in target sites
- % of people who feel their priority concerns are being addressed by LGUs in targeted areas

STRATEGIC OBJECTIVE #6
Broadened participation in formulation and implementation of public policies in selected areas

INDICATORS

- % of total disadvantaged on which coalition has impact
- Major issues addressed by coalitions (documented in the form of narratives)

RP 1
Effective Local Government with broad-based participation in selected areas

Indicators:

- Number of target LGUs implementing investment plans: 31 LGUs(1995) to 157 LGUs(1999)
- Number of target LGUs implementing environmental plans developed with effective citizens participation: 44 LGUs(1995) to 188 LGUs(1999)
- Number of target LGUs in which the LGU has a monitoring system with NGO or PO participation: 18 LGUs (1995) to 105 LGUs(1999)
- Number of LGUs in which information regarding resources, expenditures and operations is available to the citizenry: 15 LGUs(1995) to 147 LGUs(1999)
- Total amount of national revenues allocated to target LGUs: Pesos 4,091 Million(1995) to Pesos 9,240 Million(1999)
- Net amount of self-generated revenues collected by target LGUs: Pesos 150 Million(1995) to Pesos 317 Million(1999)
- Number of target LGUs securing credit from for-profit institutions: 16 LGUs(1995) to 75 LGUs(1999)

RP2
Effective Participation of the Disadvantaged

Indicators:

- The coalition's capacity to use research and analytical skills for developing empirically based issues: Level 0(1995) to level 3(1999)
 - The coalition's capacity in training and mobilizing leaders and members at all levels of the coalition: Level 0(1995) to level 5(1999)
 - The coalition's capacity in operating based on a participatory, grassroots-up, gender-sensitive approach: Level 0(1995) to level 3(1999)
 - The coalition's capacity in deliberating in an organized and timely fashion: Level 0(1995) to level 3(1999)
 - The coalition's capacity to identify an agenda built on consensus within the coalition: Level 0(1995) to level 4(1999)
 - The coalition's capacity to identify and work with interested parties that share and are willing to support the coalition's agenda: Level 0(1995) to level 3(1999)
- * Levels refer to capacity of the coalition to achieve the selected indicator.

RP3
Philippine Democracy Agenda

Indicator:

- Availability of an actionable agenda for democracy

**SPECIAL OBJECTIVE
HIV/AIDS EPIDEMIC PREVENTED**

**RESULTS PACKAGE
Adoption of STD/HIV/AIDS Prevention Practices by Target
Groups Increased**

INDICATOR

- Percent HIV Sero-Prevalence Rate among Target Risk "Groups"^{*} remains at <1% by 2000

^{}Composed of registered female sex workers (RFSW), freelance female sex workers (FLFSW), male sex workers (MSW), male STD patients (MSTDs), men who have sex with other men (MSMs), and injecting drug users (IDUs).*

INDICATORS

A. Percent of people in high risk groups who adopt safe sex practices

Women at risk¹: 23.1% in 1993 to >60.0% in 2000

Men at risk²: 2.1% in 1993 to >30.0% in 2000

IDUs³: 2.0% in 1993 to >30.0% in 2000

B. Percent STD: Syphilis Sero-Prevalence Rate in high risk groups:

Women at risk¹: 2.1% in 1993 to <1.0% in 2000

Men at risk²: 2.1% in 1993 to <1.0% in 2000

IDUs³: 2.0% in 1993 to <1.0% in 2000

¹Composed of RFSWs and FLSWs

²Composed of MSWs, MSTDs and MSMs

³Injecting drug users

DATA BASELINES

National HIV Sentinel Serologic Surveillance System of the Department of Health

National Behavioral Surveillance System of the Department of Health

Focus Groups, Condom Audits, Site Visits and Key Informant Interviews

PERFORMANCE DATA TABLE: SO 1

| | | | | |
|--|--------------------------------|-------------|----------------|-----------------------|
| PHILIPPINES | Date/Month SO approved: | | | March 1995 |
| STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao | | | | |
| SO 1 Indicator 1 : Gross Regional Domestic Product (GRDP) | | | | |
| Definition and Unit of Measure: Real growth in GRDP in Mindanao (percent) | | Year | Planned | Actual |
| Source: National Income Accounts, National Statistical Coordination Board (NSCB) | Baseline | 1985-94 | | 1.4 (ave/year) |
| Comments: * annual data collection with one year time lag Critical Assumptions Behind Performance Target: <ul style="list-style-type: none"> * improving peace and order in Mindanao * no major natural disasters * sustained economic growth at the national level * continuing government commitment to policy and institutional reform, including devolution of major basic services * improved local government capability to implement programs and projects, and provide basic services * political stability at national and regional levels | | | | |
| | Target | 1995 | 3.8 | |
| | | 1996 | 4.0 | |
| | | 1997 | 4.3 | |
| | | 1998 | 4.5 | |
| | | 1999 | 4.8 | |
| | 2000 | 5.0 | | |

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao

SO 1 Indicator 2: Family Income

Definition and Unit of Measure: Real Growth in Income of Families in the Lower 50% Income Class in Mindanao (percent)

Source: Family Income and Expenditure Survey, National Statistics Office (NSO) and commissioned surveys

Comments:

* data collection every three years with one year time lag; USAID will commission surveys for the intervening years

Critical Assumptions Behind Performance Target:

- * improving peace and order in Mindanao
- * no major natural disasters
- * sustained economic growth at the national level
- * continuing government commitment to policy and institutional reform, including devolution of major basic services
- * improved local government capability to implement programs and projects, and provide basic services
- * political stability at national and regional levels
- * no significant change in the average size of families.

| | Year | Planned | Actual |
|-----------------|----------------------|---------|-------------------|
| Baseline | 1985-93 ¹ | | 0.9 (ave/year) |
| Target | 1995 | 1.5 | |
| | 1996 | 1.8 | |
| | 1997 | 2.3 | |
| | 1998 | 2.5 | |
| | 1999 | 2.8 | |
| | 2000 | 3.0 | |

¹ The 1994 Family Income and Expenditure Survey has very recently come out but the regional income distribution (decile) figures are still being processed.

PHILIPPINES

Date/Month SO approved:

**March
1995**

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
Results Package 1 : Participation in Economic Enterprise Broadened

RP 1 Indicator 1: Economic Activity of Small Enterprises

Definition and Unit of Measure: Increase in the number of new small and medium enterprises as a result of USAID assistance

Source: Monitoring report of Growth with Equity in Mindanao (GEM) contractor

Comment:

• annual data abstraction from GEM monitoring reports; three time lag

months

Additional Critical Assumptions:

- operational and effective East ASEAN Growth Area (EAGA) trade bloc
- increased access to investment financing

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | 0 | |
| | | | |
| Target | 1995 | 5 | |
| | 1996 | 35 | |
| | 1997 | 50 | |
| | 1998 | 50 | |
| | 1999 | 50 | |
| | 2000 | 50 | |
| | | | |

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
Results Package 1 : Participation in Economic Enterprise Broadened

RP 1 Indicator 2: Female Labor Force Participation

Definition and Unit of Measure: Average labor force participation rate among women in Mindanao (percent)²

Source: Integrated Survey of Households, National Statistics Office

Comment:

* quarterly data collection with two months time lag

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 48 |
| | | | |
| Target | 1995 | 49 | |
| | 1996 | 50 | |
| | 1997 | 51 | |
| | 1998 | 52 | |
| | 1999 | 53 | |
| | 2000 | 55 | |
| | | | |

² Labor force participation rate is the ratio of women employed or actively looking for work to total population 15 years old or over.

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
RESULTS PACKAGE 1 : Participation in Economic Enterprise Broadened

RP 1 Indicator 3: New Jobs Created in Mindanao

Definition and Unit of Measure: Growth in employment in Mindanao
(percent)

Source: Integrated Survey of Households, National Statistics Office

Comment:

* quarterly data collection with one month time lag

| | Year | Planned | Actual |
|-----------------|---------|---------|-------------------|
| Baseline | 1985-93 | | 3.0 (ave/year) |
| | | | |
| Target | 1995 | 3.0 | |
| | 1996 | 3.0 | |
| | 1997 | 3.2 | |
| | 1998 | 3.5 | |
| | 1999 | 3.5 | |
| | 2000 | 3.5 | |
| | | | |

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
Results Package 1 : Participation in Economic Enterprise Broadened

RP 1 Indicator 4: Market Rate Lending to Microenterprises and Small Producers by Targeted Banks in Mindanao

Definition and Unit of Measure: Number of microenterprises and small producers accessing loans of target banks at market rates

Source: Reports of Target Banks

Comment:

* Annual data abstraction from bank reports; one month time lag

| | Year | Planned | Actual |
|-----------------|------|---------|---------------------|
| Baseline | 1995 | | 1,200 (estimate) |
| | | | |
| Target | 1996 | 1,450 | |
| | 1997 | 1,700 | |
| | 1998 | 2,100 | |
| | 1999 | 2,500 | |
| | 2000 | 3,000 | |
| | | | |
| | | | |

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
Results Package 2 : Trade and Investment Environment Enhanced

RP 2 Indicator 1: Investments in Mindanao

Definition and Unit of Measure: Cumulative investment commitments in Mindanao facilitated by USAID programs (million pesos, current prices)

Source: SO1 monitoring reports

Comments:

* annual data gathering with three months' time lag

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 0 |
| | | | |
| Target | 1995 | 2,500 | 4,300 |
| | 1996 | 10,000 | |
| | 1997 | 17,500 | |
| | 1998 | 25,000 | |
| | 1999 | 35,000 | |
| | 2000 | 45,000 | |
| | | | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

STRATEGIC OBJECTIVE 1: Broad-based Economic Growth in Mindanao
Results Package 2 : Trade and Investment Environment Enhanced

RP 2 Indicator 2: Mindanao-EAGA Trade

Definition and Unit of Measure: Value of total exports plus imports
between Mindanao and EAGA countries (U.S. \$)

Source: National Statistics Office records

Comment:

* annual data abstraction from National Statistics Office records; one year time lag

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | 0 | 300 |
| | | | |
| Target | 1995 | 340 | |
| | 1996 | 390 | |
| | 1997 | 450 | |
| | 1998 | 525 | |
| | 1999 | 650 | |
| | 2000 | 800 | |
| | | | |

PERFORMANCE DATA TABLE: SO2

| | | | | |
|--|-----------------|----------------------|----------------|--------------------|
| PHILIPPINES | | Date/Month SO | | March |
| | | Approved: | | 1995 |
| STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment | | | | |
| SO 2 Indicator 1: Gross Capital Formation | | | | |
| Definition and Unit of Measure: Ratio of gross domestic capital formation to gross domestic product (percent) | | Year | Planned | Actual |
| Source: National Income Accounts, National Statistics Coordination Board | Baseline | 1994 | | 24.0 ^{1/} |
| Comment: * annual data collection with one semester time lag Critical Assumptions : * continuing government commitment to policy and institutional reforms * stability in government monetary policy * no major political disruptions at the national level ^{1/} estimates as of January 1996 | | | | |
| | Target | 1995 | 25.0 | 22.3 ^{1/} |
| | | 1996 | 25.0 | |
| | | 1997 | 26.0 | |
| | | 1998 | 27.0 | |
| | | 1999 | 28.0 | |
| | | 2000 | 28.0 | |
| | | | | |

PHILIPPINES

Date/Month SO approved: May 1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment

SO 2 Indicator 2: Openness of the Philippine Economy

Definition and Unit of Measure: Ratio of total exports plus imports to gross domestic product (percent)

Source: National Income Accounts, National Statistics Coordination Board

Comment:

• annual data collection with one semester time lag

Critical Assumptions:

* no further retrenchment in trade liberalization policies reforms

* no major political disruptions at the national level

^y estimates as of January 1996

| | Year | Planned | Actual |
|-----------------|------|---------|-------------------|
| Baseline | 1994 | | 73.9 ^y |
| | | | |
| Target | 1995 | 79 | 80.1 ^y |
| | 1996 | 81 | |
| | 1997 | 84 | |
| | 1998 | 86 | |
| | 1999 | 88 | |
| | 2000 | 90 | |
| | | | |

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PHILIPPINES

Date/Month SO approved: March 1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment

SO 2 Indicator 3: Tax Revenues

| Definition and Unit of Measure: Ratio of tax revenues to gross domestic product (percent) | | Year | Planned | Actual |
|--|----------|------|---------|--------------------|
| Source: Department of Finance; National Income Accounts, NSCB | Baseline | 1994 | | 16.0 ^{1/} |
| <p>Comment:</p> <ul style="list-style-type: none"> • annual data abstraction with one year time lag <p>Critical Assumption :</p> <ul style="list-style-type: none"> • continuing government commitment to fiscal reform • no major political disruptions at the national level <p>^{1/} estimates as of January 1996 for GDP; estimates as of March 1996 for tax revenues</p> | | | | |
| | Target | 1995 | 17.5 | 16.3 ^{1/} |
| | | 1996 | 18.0 | |
| | | 1997 | 18.5 | |
| | | 1998 | 19.0 | |
| | | 1999 | 20.0 | |
| | | 2000 | 22.0 | |

PHILIPPINES

Date/Month SO
approved:

March
1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 1 : Fiscal Resource Mobilization and Allocation Improved

Indicator: Participation Rate in the Philippine Tax Base

Definition and Unit of Measure: Ratio of number of actual income taxpayers to number of potential income taxpayers (percent)

Sources: Bureau of Internal Revenue (BIR), Department of Finance (DOF)

Comments:

- annual data abstraction from BIR and from DOF estimates records; six months time lag

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 22 |
| | | | |
| Target | 1995 | 22 | |
| | 1996 | 23 | |
| | 1997 | 24 | |
| | 1998 | 25 | |
| | 1999 | 26 | |
| | 2000 | 28 | |
| | | | |

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**Date/Month SO
approved:**

**March
1995**

**STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 1 : Fiscal Resource Mobilization and Allocation Improved**

Indicator: Bureau of Internal Revenue Collection Performance

Definition and Unit of Measure: Ratio of fully-paid delinquent tax receivables to total value of delinquent tax receivables

Source: Bureau of Internal Revenue (BIR)

Comment:

* annual data abstraction from BIR records; three months time lag

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | | 3 |
| | | | |
| Target | 1995 | 3 | |
| | 1996 | 5 | |
| | 1997 | 10 | |
| | 1998 | 15 | |
| | 1999 | 20 | |
| | 2000 | 25 | |
| | | | |

PHILIPPINES

**Date/Month SO
approved:**

**March
1995**

**STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 1 : Fiscal Resource Mobilization and Allocation Improved**

Indicator: BIR Revenue Forecasting Performance

Definition and Unit of Measure: Ratio of actual BIR tax revenues to program level as stated in the General Appropriations Act

Source: Department of Finance

Comment:

*annual data abstraction from DOF records; three months time lag

| | Year | Planned | Actual |
|-----------------|-------------|----------------|------------------|
| Baseline | 1991-94 | | 95 (ave/year) |
| | | | |
| Target | 1995 | 95 | |
| | 1996 | 96 | |
| | 1997 | 96 | |
| | 1998 | 97 | |
| | 1999 | 97 | |
| | 2000 | 98 | |
| | | | |

PHILIPPINES

Date/Month SO
approved:

March
1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 2 : Trade and Investment Policies Liberalized

Indicator: Level of Trade Protection

Definition and Unit of Measure: Effective Protection Rate (EPR) as measured by the increment in value-added made possible by the tariff structure, as a proportion of the free trade value-added (percent)¹

Source: Philippine Tariff Commission or USAID-commissioned study for which ED team will contract later in the year

Comment:

- * annual data collection with three months time lag

Critical Assumption:

- * government implementation of tariff reform and liberalization programs

¹ The measure used is the EPR average for all sectors, using the price comparison method. Estimates for 1994 and 1995 are based on the tariff schedules through Executive Order No. 8 and its accompanying QR reductions and do not yet include effects of two new Executive Orders (264 and 288) issued in December 1995.

| | Year | Planned | Actual |
|-----------------|------|---------|--------------------|
| Baseline | 1994 | | 31 ¹ |
| | | | |
| Target | 1995 | 29 | 29.82 ¹ |
| | 1996 | 27 | |
| | 1997 | 24 | |
| | 1998 | 21 | |
| | 1999 | 18 | |
| | 2000 | 15 | |
| | | | |

PHILIPPINES

Date/Month SO March
approved: 1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 2 : Trade and Investment Policies Liberalized

Indicator: Private Capital Formation

Definition and Unit of Measure: Gross level of private capital formation
in million 1994 U.S. dollars

Source: National Accounts-supporting tables, National Statistical
Coordination Board

Comment:

* annual data abstraction from the National Accounts-supporting
tables; one year time lag

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | | 10,900 |
| | | | |
| Target | 1995 | 11,200 | |
| | 1996 | 11,500 | |
| | 1997 | 11,900 | |
| | 1998 | 12,300 | |
| | 1999 | 12,700 | |
| | 2000 | 13,100 | |
| | | | |

PHILIPPINES

Date/Month SO
approved:

March
1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULT PACKAGE 2 : Trade and Investment Policies Liberalized

Indicator: Telephone Service Coverage

Definition and Unit of Measure: Number of telephone lines per 100 person-
population

Source: National Telecommunications Commission (NTC) monitoring reports

Comment:

- * quarterly data collection with three months time lag

Critical Assumption:

- * agreement on interconnection charges and rules between operators and the Philippine Telephone Long Distance Company

| | Year | Planned | Actual |
|----------|------|---------|--------|
| Baseline | 1994 | | 1.7 |
| | | | |
| Target | 1995 | 2.2 | |
| | 1996 | 4.0 | |
| | 1997 | 7.0 | |
| | 1998 | 10.0 | |
| | 1999 | 12.0 | |
| | 2000 | 14.0 | |
| | | | |

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Date/Month SO approved:

March 1995

STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment
RESULTS PACKAGE 3 : Financial Markets Improved

Indicator: Participation in the Philippine Stock Exchange (PSE) Board

Definition and Unit of Measure: Growth in the number of companies listed on the PSE Board (percent)

Source: PSE Information and Statistics Office

Comment:

* annual data abstraction from the PSE's weekly reports; two days time lag

| | Year | Planned | Actual |
|----------|---------|---------|--------------------|
| Baseline | 1992-94 | | 5.76 (ave/year) |
| Target | 1995 | 8.00 | 8.47 |
| | 1996 | 9.00 | |
| | 1997 | 10.00 | |
| | 1998 | 10.00 | |
| | 1999 | 10.00 | |
| | 2000 | 10.00 | |
| | | | |

PHILIPPINESDate/Month SO
approved:March
1995**STRATEGIC OBJECTIVE 2: Improved National Systems for Trade and Investment**
RESULTS PACKAGE 3 : Financial Markets Improved**Indicator: Government Involvement in Credit Programs****Definition and Unit of Measure:** Ratio of the number of government-run subsidized credit programs to the current (baseline) number (percent)**Source:** USAID-commissioned study**Comment:**

* annual data collection with six months time lag

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1995 | | 100.0 |
| | | | |
| Target | 1996 | 90.0 | |
| | 1997 | 75.0 | |
| | 1998 | 60.0 | |
| | 1999 | 50.0 | |
| | 2000 | 37.0 | |
| | | | |
| | | | |

PERFORMANCE DATA TABLE: SO3

| | | | | |
|--|-----------------|---|----------------|-----|
| PHILIPPINES | | Date/Month SO approved: March 1995 | | |
| STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health | | | | |
| SO 3 Indicator 1: Total Fertility Rate | | | | |
| Unit of Measure: The average number of children a woman would bear during her lifetime given current age-specific fertility rates. This is a national rate. | | Year | Planned | |
| | Actual | | | |
| Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project | Baseline | 1993 | | |
| | | | 4.1 | |
| Comments: The 1993 NDS measured the TFR for a three-year average, centered on 1991. Frequency of data collection: NDS conducted every 5 years | | 1994 | | |
| | | 1995 | | |
| | | 1996 | | |
| | | 1997 | | |
| | | 1998 | 3.5 | |
| | | 1999 | | |
| | | Target | 2000 | 3.3 |

PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health

SO 3 Indicator 2: Infant Mortality Rate

Unit of Measure: The number of deaths in infants (children under age one) in a given year per 1,000 live births in that same year. This is a national rate.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project; Infant Mortality Task Force (IMTF)

Comments:

Frequency of data collection: NDS conducted every 5 years

The official statistic for IMR comes from the interagency IMTF. To date, the IMTF has not released official IMR for 1991-1995. The NDS result is only one of the sources used by the IMTF to derive the rate.

| | Year | Planned | Actual |
|-----------------|------|-----------|------------|
| Baseline | 1990 | | 57 (IMTF) |
| | 1991 | | |
| | 1992 | | |
| | 1993 | | 33.6 (NDS) |
| | 1994 | | |
| | 1995 | | |
| | 1996 | | |
| | 1997 | | |
| | 1998 | | |
| | 1999 | | |
| Target | 2000 | 49 (IMTF) | |

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health

SO 3 Indicator 3: Maternal Mortality Ratio

Unit of Measure: The number of maternal deaths per 100,000 live births. Maternal death is defined as one which occurs when a woman dies within 42 days of termination of pregnancy from any cause related to or aggravated by the pregnancy or its management. This is a national ratio.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project

Comments:
 The 1993 NDS measure is for the 1987 to 1993 time period centered on 1990, and the 1998 NDS measure will be for the 1992 to 1998 time period centered on 1995.

 Frequency of data collection: NDS is conducted every 5 years

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1993 | | 209 |
| | 1994 | | |
| | 1995 | | |
| | 1996 | | |
| | 1997 | | |
| | 1998 | 198 | |
| | 1999 | | |
| Target | 2000 | 190 | |

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health

SO 3 Indicator 4: Contraceptive Prevalence Rate (all methods)

Unit of Measure: Married women of reproductive age (MWRA) using a form of contraception. This is a national rate.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project; National Statistics Office (NSO) Family Planning "Rider" to the Labor Force Annual Survey

Comments: In the 1995 NSO preliminary report, traditional method use, including natural family planning, increased 10.1%, while modern method use increased 3.3%. This large increase in natural family planning (NFP) may be attributed to "NFP Month" conducted just previous to the survey and visit of the Pope to the Philippines.

Frequency of data collection: NDS conducted every 5 years; NSO survey conducted annually

| | Year | Planned | Actual |
|-----------------|------|---------|-------------|
| Baseline | 1993 | | 40.0% (NDS) |
| | 1994 | | |
| | 1995 | 43.0% | 53.4% (NSO) |
| | 1996 | 44.5% | |
| | 1997 | 46.0% | |
| | 1998 | 47.5% | |
| | 1999 | 49.0% | |
| Target | 2000 | 50.5% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health

SO 3 Indicator 5: Contraceptive Prevalence Rate (modern methods)

Unit of Measure: MWRA using a modern form of contraception. This is a national rate.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project; National Statistics Office (NSO) Family Planning "Rider" to the Labor Force Annual Survey

Comments: 1995 figure based on NSO preliminary report of family planning "rider" survey

Frequency of data collection: NDS conducted every 5 years; NSO survey conducted annually

| | Year | Planned | Actual |
|-----------------|-------------|----------------|----------------|
| Baseline | 1993 | | 24.9% (NDS) |
| | 1994 | | |
| | 1995 | 27.9% | 28.3% (NSO) |
| | 1996 | 29.4% | |
| | 1997 | 30.9% | |
| | 1998 | 32.4% | |
| | 1999 | 33.9% | |
| Target | 2000 | 35.4% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health

SO 3 Indicator 6: Percent of Births in High Risk Groups

Unit of Measure: Percent of births to women who are 35 years or over, under age 18, who have had a child in the last two years, or who have had more than three children. This is a national rate.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health Survey (DHS) Project; National Statistics Office (NSO) Family Planning "Rider" to the Labor Force Annual Survey

Comments: The 1993 NDS included births in the last five years. The 1995 NSO survey includes births in the last 12 months. The difference may not be significant.

Frequency of data collection: NDS conducted every 5 years; NSO survey conducted annually

| | Year | Planned | Actual |
|-----------------|-------------|----------------|----------------|
| Baseline | 1993 | | 62.4% (NDS) |
| | 1994 | | |
| | 1995 | 61% | 63.5% (NSO) |
| | 1996 | 60% | |
| | 1997 | 59% | |
| | 1998 | 58% | |
| | 1999 | 57% | |
| Target | 2000 | 56% | |

hls

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services

Indicator: Percent of children fully immunized

Unit of Measure: Proportion of living children between the ages of 12 and 23 months who have been vaccinated before their first birthday - three times in the cases of polio and DPT and once for both measles and BCG. This is a national rate.

Source: DOH/MCHS/EPI report

Comments:

Frequency of data collection: annually

As of June 30, 1995, the proportion fully immunized is 40.49%. The 1995 rate is not available at this time.

| | Year | Planned | Actual |
|-----------------|------|---------|---------------|
| Baseline | 1993 | | 90% |
| | 1994 | 90% | 88% |
| | 1995 | 90% | (see comment) |
| | 1996 | 90% | |
| | 1997 | 90% | |
| | 1998 | 90% | |
| | 1999 | 90% | |
| Target | 2000 | 90% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services**

Indicator: Percent of women immunized against tetanus

Unit of Measure: Percent of pregnant women and mothers of children under 5 who have received two doses of tetanus toxoid. This is a national rate.

Source: DOH/MC/HS/EPI Report

Comments:

Frequency of data collection: annually

As of June 30, 1995, 23.73% were immunized. The 1995 rate is not available to date. However, a dramatic decline in tetanus toxoid acceptance is anticipated due to fears raised by the Catholic Church that the vaccine is an abortifacient.

| | Year | Planned | Actual |
|-----------------|------|---------|-------------|
| Baseline | 1993 | | 69.29% |
| | 1994 | | |
| | 1995 | 70% | (see commen |
| | 1996 | 72% | |
| | 1997 | 74% | |
| | 1998 | 76% | |
| | 1999 | 78% | |
| Target | 2000 | 80% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services**

Indicator: Percent of children receiving vitamin A capsule supplement

Unit of Measure: Percent of children between 12 and 59 months receiving vitamin A capsule during the national micronutrient day. This is a national rate.

Source: FETP Cluster Survey Report (CS) and Regional Reports (RR) received by the DOH

Comments:

Frequency of data collection: The FETP Cluster Surveys (CS) are conducted annually. The Regional Reports (RR) are received annually. For 1995, the RR are available and the CS results should be available by March 1996.

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1993 | | 90% (CS) |
| | 1994 | 90% | 93% (CS) |
| | 1995 | 90% | 95% (RR) |
| | 1996 | 90% | |
| | 1997 | 90% | |
| Target | 1998 | 90% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services**

Indicator: Modern method couple years of protection from a public sector source increased

Unit of Measure: Couple years of protection (CYP) by modern contraceptive methods distributed or delivered in a calendar year: oral contraceptives (pills) = 15 cycles per CYP; condoms = 150 units or pieces per CYP; IUD = 3.8 CYP per IUD inserted; DMPA = 4 doses per CYP; VS = 10 CYP

Source: DOH FPS - CLDMIS; AVSC - VS Reports

Comments: The CYP coefficients were taken from the recommendation of USAID/W. Data will be available by June 1996.

Frequency of data collection: annual

| | Year | Planned | Actual |
|-----------------|------|------------------|------------------|
| Baseline | 1994 | | 1.94 million CYP |
| | 1995 | 1.98 million CYP | |
| | 1996 | 2.10 million CYP | |
| | 1997 | 2.23 | |
| | 1998 | 2.36 | |
| | 1999 | 2.48 | |
| Target | 2000 | 2.60 million CYP | |

9/8

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services

Indicator: Aggregate number of LGUs that are enrolled in LPP

Unit of Measure: Aggregate number of LGUs that are enrolled in LPP

Source: IFPMH Program MIS and records

Comments: The actual enrollment of LGUs will be adjusted based on efficiency of reaching the minimum 75 LGUs life-of-project goal. (At the start of the project, it was estimated that 100 LGUs would need to be enrolled to reach the end of project goal of 75 LGUs meeting benchmarks.) The 75 LGUs will include the National Capital Region.

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | 0 |
| | 1994 | 20 | 20 |
| | 1995 | 30 | 30 |
| | 1996 | 55 | |
| | 1997 | 80 | |
| Target | 1998 | 100 | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services**

Indicator: Aggregate number of LGUs that have achieved the LPP annual benchmarks (75% of enrollment)

Unit of Measure: Aggregate number of LGUs which have achieved the LPP annual benchmarks for FP/MCH program. This refers to LGUs participating in LPP.

Source: IFPMH Program MIS and records

Comments:

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | | 20 |
| | 1995 | 23 | 27 |
| | 1996 | 41 | |
| | 1997 | 60 | |
| Target | 1998 | 75 | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 1: Increased Public Sector Provision of FP/MCH Services**

Indicator: Aggregate number of LPP LGUs that are allocating IRA funds in accordance with Presidential Memorandum dated June 17, 1995

Unit of Measure: Number of LGUs participating in LPP which are allocating 20% of the Social Development Fund (which is 20% of IRA) to FP/MCH/Pop/Env activities as specified in the Presidential Order.

Source: IFPMH Program MIS and DOH records

Comments:
Budgets have already been set for 1995 and 1996.

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | N/A |
| | 1994 | | |
| | 1995 | N/A | |
| | 1996 | N/A | |
| | 1997 | 41 | |
| | 1998 | 60 | |
| Target | 1999 | 75 | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 2: National Systems Strengthened to Promote and Support the FP/MCH Program**

Indicator: DOH assumes full funding and operational responsibility for contraceptive distribution; FP/IEC; training; research; evaluation and technical support; and program monitoring functions for PFPP

Unit of Measure: Cumulative number of fully staffed DOH sections involved in PFPP

Source: IFPMH Program MIS and DOH Records

Comments:

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | 0 |
| | 1994 | | |
| | 1995 | 0 | 0 |
| | 1996 | 1 | |
| | 1997 | 2 | |
| | 1998 | 3 | |
| | 1999 | 4 | |
| Target | 2000 | 5 | |

PHILIPPINES

Date/Month SO approved:

March
1995

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 2: National Systems Strengthened to Promote and Support the FP/MCH Program

Indicator: Percent of DOH budget allocated for FP increases from 0.1% in 1993 to 2% by 2000

Unit of Measure: DOH budget in pesos contained in the General Appropriations Act (GAA) that is allocated for family planning divided by total DOH budget

Source: General Appropriations Act

Comments:

New indicator commencing in 1995. Prior years given for information.

Frequency of data collection: annually

(The family planning budget does not include personnel salary payments. If these salary expenditures would be accurately attributed, the percent allocated to family planning would be higher.)

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | 0.10% |
| | 1994 | | 0.40% |
| | 1995 | | 0.24% |
| | 1996 | 0.28% | |
| | 1997 | 0.50% | |
| | 1998 | 1.0% | |
| | 1999 | 1.5% | |
| Target | 2000 | 2.0% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 2: National Systems Strengthened to Promote and Support the FP/MCH Program**

Indicator: DOH release of annual LPP grants for LGU programs

Unit of Measure: Aggregate number of LGUs which have been provided an LPP grant annually for FP/MCH services

Source: IFPMH Program MIS and DOH Records

Comments:

There is a one year lag after enrolment in LPP to receipt of grant.

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 0 |
| | 1995 | 15 | 20 |
| | 1996 | 23 | |
| | 1997 | 41 | |
| | 1998 | 60 | |
| Target | 1999 | 75 | |

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 2: National Systems Strengthened to Promote and Support the FP/MCH Program

Indicator: National FP strategy updated, reviewed and jointly approved by DOH and POPCOM board

Unit of Measure: An approved written strategy document

Source: IFPMH Program MIS and DOH Records

Comments:

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | 0 |
| | 1994 | 0 | 0 |
| | 1995 | 0 | 0 |
| Target | 1996 | 1 | |

STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 2: National Systems Strengthened to Promote and Support the FP/MCH Program

Indicator: Number of professional associations supporting FP

Unit of Measure: Cumulative number of professional associations with activities/programs in support of FP (e.g. POGS, PMA, PNA, PHA, IMAP, Private Hospital Association of the Philippines, ECOP)

Source: Population Commission Reports

Comments:

New indicator, baseline is 1995.

Frequency of data collection: annually

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1995 | | 1 |
| | 1996 | 2 | |
| | 1997 | 4 | |
| | 1998 | 6 | |
| | 1999 | 7 | |
| Target | 2000 | 7 | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

**STRATEGIC OBJECTIVE 3: Reduced Fertility Rate and Improved Maternal and Child Health
RESULTS PACKAGE 3: Increased Private Sector Provision of Contraceptives and FP/MCH Services**

Indicator: Percent of family planning services provided by the private sector

Unit of Measure: Percent of FP services provided by commercial outlets, NGOs/PVOs. Categories from the NDS/NSO include: private hospital/clinic, pharmacy, private sector store, church.

Source: National Demographic Survey (NDS) conducted under the Demographic and Health survey (DHS) Project; National Statistics Office (NSO) Family Planning "Rider" to the Labor force Annual Survey

Comments:

Frequency of data collection: NDS conducted every 5 years; NSO survey conducted annually

| | Year | Planned | Actual |
|-----------------|------|---------|-------------|
| Baseline | 1993 | | 27% (NDS) |
| | 1994 | | |
| | 1995 | 29% | 18.4% (NSO) |
| | 1996 | 30% | |
| | 1997 | 31% | |
| | 1998 | 32% | |
| | 1999 | 33% | |
| Target | 2000 | 34% | |

PERFORMANCE DATA TABLE: SO4

| PHILIPPINES | | Date/Month SO approved: March 1995 | | |
|---|-----------------|---|--------------------|------------------|
| STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources | | | | |
| SO4 Indicator 1: Financial resources invested in natural resource management | | | | |
| Unit of Measure: Millions of Pesos/US\$¹ | | Year | Planned | Actual |
| <p>Source: Based on contractors' reports and the General Appropriations Act of GOP for budgetary allocation for environment and natural resources agencies at the national and local levels; financial reports from key NGOs/PVOs and private sector organizations/groups participating in natural resource management</p> | Baseline | 1994 | | P6B/ \$242M |
| <p>Comments: Definition: Amount of money (budgets, loans, grants) invested in sustainable NRM by private sector, NGO/PVO, central government, LGU, etc.</p> <p>Frequency of data collection-- annually.</p> <p>This indicator assumes that these funds support planned and ongoing activities which result in sustainable management of natural resources.</p> <p>Data are annual, not cumulative.</p> | | 1995 | P7.1B/ \$285M | P5.6B/ \$224M |
| | | 1996 | P6.4B/ \$257.6M | |
| | | 1997 | P6.9B/ \$276M | |
| | | 1998 | P7.9B/ \$316M | |
| | | 1999 | P8.7B/ \$347M | |
| | Target | 2000 | P9.5B/ \$380M | |

¹ \$1.00 = P25.00

PHILIPPINESDate/Month SO approved: **March 1995****STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources****SO4 Indicator 2: Organizational resources**

Unit of Measure: Number of selected NGOs/ PVOs, people's organizations, private sector firms, etc. engaged in renewable natural resource management

Source: Contractors' report on environment NGOs/PVOs, people's organizations and private sector firms participating in natural resources management.

Comments:

Definition: Organizations involved in renewable NRM activities.

Frequency of data collection-- annually.

This indicator assumes that the increase in the number of organizations and businesses involved in environmental management contributes to the strategic spread of NRM and ensures greater participation of partners, customers and stakeholders in sustainable management of natural resources.

Data are cumulative.

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | - | 463 |
| | 1995 | 450 | 448 |
| | 1996 | 475 | |
| | 1997 | 600 | |
| | 1998 | 1,000 | |
| | 1999 | 1,500 | |
| Target | 2000 | 2,000 | |

PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources

SO4 Indicator 3: Organizational resources

Unit of Measure: Number of people in selected areas (disaggregated by gender, ethnic groups, etc.) being affected through NGO, etc. activities in renewable NRM

Comments:
Definition: Organizations involved in renewable NRM activities.

Frequency of data collection-- annually.

This indicator assumes that the increase in the number of people (M/F) participating in community-based management of coastal and forestry resources will contribute to the strategic spread of NRM and the empowerment of communities to . Success will be measured when a growing number of communities develop skills to identify resource and environmental problems and initiate local actions that bring about sustainable management of coastal and forestry resources. Donor coordination will be key to achieving sufficient coverage of communities.

Data are cumulative.

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | -- | 32,436 |
| | 1995 | 34,000 | 34,805 |
| | 1996 | 45,000 | |
| | 1997 | 60,000 | |
| | 1998 | 95,000 | |
| | 1999 | 160,000 | |
| Target | 2000 | 240,000 | |

| | | | | | | |
|---|--|-------------------------------|--------------------------|-------------------------|-------------------------|------------------------|
| PHILIPPINES | | Date/Month SO Approved | | | | |
| | | March 1995 | | | | |
| STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources | | | | | | |
| Results Package 1: Coastal waters along 3,000 km (17%) of shoreline managed for sustainable harvests by 2002 | | | | | | |
| RP1 Indicator 2: Community management for sustainable harvests established. | | | | | | |
| Unit of Measure: Kilometers of shoreline in number of municipalities (xx / yy) | | Year | Planned Initiated | Planned Complete | Actual Initiated | Actual Complete |
| Source: CRM Activity contractor, USAID staff, independent surveys. Baseline | | 1995 | - | - | 0 / 0 | 0 / 0 |
| Comments: | | 1996 | 485 / 22 | | | |
| <p>Definition: The municipal government has enacted ordinances that allow access to and harvest of fishery resources to be limited, thus providing the framework for management for sustainable harvests. Community members allocate limited coastal resources within this framework. These ordinances are effectively enforced by the fishing community with assistance from local government and, as required, national agencies. Effective enforcement includes the protection of coral reefs, mangroves and seagrass, which will allow them to regenerate and preserve their biodiversity. Alternative enterprise opportunities have been identified for surplus fishers. Environmental communications has helped establish a sustainable management ethic at the national as well as local level.</p> <p>1996 is activity start-up year. It is estimated that 3 years will be required from activity initiation at a site until a management system is in place and functioning. A success rate of 60% is anticipated within that time period.</p> <p style="text-align: right;">Target</p> | | 1997 | 1180 / 66 | | | |
| | | 1998 | 2640 / 120 | 300 / 13 | | |
| | | 1999 | 3820 / 174 | 870 / 49 | | |
| | | 2000 | 5000 / 228 | 1585 / 72 | | |
| | | 2001 | | 2295 / 104 | | |
| | | 2002 | | 3000 / 136 | | |

PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources

Results Package 1: Coastal waters along 3,000 km (17%) of shoreline managed for sustainable harvests by 2002

RP1 Indicator 3 : Increased investment in coastal resources management by local and national government

Unit of Measure: % of local budget/ annual increase (%) in national budget

Source: Involved government agencies, CRM Activity contractor

Comments:

Definition: Local government units in USAID influenced areas allocate resources in support of CRM equivalent to 3% of their annual budget. National agency budgets in support of CRM increase 5% annually over 1995 baseline.

| | | Planned | Actual |
|-----------------|------|----------------|---------------|
| Baseline | 1995 | - | 0 / 0 |
| | 1996 | 3 / 5 | |
| | 1997 | 3 / 5 | |
| | 1998 | 3 / 5 | |
| | 1999 | 3 / 5 | |
| | 2000 | 3 / 5 | |
| | 2001 | 3 / 5 | |
| Target | 2002 | 3 / 5 | |

PHILIPPINESDate/Month SO approved: **March 1995****STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources****Results Package 1: Coastal waters along 3,000 km (17%) of shoreline managed for sustainable harvests by 2002****RP1 Indicator 5: Effective policy implementation by national government agencies****Unit of Measure:** Hectares of mangrove area reverted from non-forest to forest use**Source:** National government agencies, CRM Activity contractor, USAID staff**Comments:**

Definition: Mangrove area reverted from illegal or non-performing fishpond use to forest use by appropriate national government agencies and made available to coastal communities for rehabilitation as forest.

1996 is project start-up year. Government agencies will establish procedures and begin identifying target areas.

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1995 | - | 0 |
| | 1996 | 300 | |
| | 1997 | 2,500 | |
| | 1998 | 6,000 | |
| | 1999 | 9,500 | |
| | 2000 | 13,000 | |
| | 2001 | 16,500 | |
| Target | 2002 | 20,000 | |

PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 4: Enhanced Management of Renewable Natural Resources
Results Package 2: 500,000 has. (14%) of residual forests managed sustainably by community-based enterprises by the Year 1998 *

RP2 Indicator 1: Forest area under systematic management instruments and forest cover in targeted geographic areas
 (Regions 2,4,10,11)

Unit of Measure: Thousands of ha under systematic management instruments

Source: Certificates of Ancestral Domain Claims and Community Forestry Management Agreements (National Community Forestry Program Coordinating Office, Department of Environment and Natural Resources (DENR))

Comments:
Definition: Management instruments (e.g., resource access agreements) include those for communities, federation of communities, private sector, combinations of public and private, etc.

- data collected on a quarterly basis;

-- the gap between planned and actual areas under systematic management instruments is expected to significantly decrease due to stronger support from DENR management, increasing local government support, and a greater overall program experience.

*The period from 1998 to 1999 is a project phase out period where we project more LGU driven CBFM. However, we cannot anticipate hectares and number of communities at this stage.

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | 80 | 19.6 |
| | 1995 | 150 | 50.5 |
| | 1996 | 274 | |
| | 1997 | 374 | |
| | 1998 | 500 | |
| | 1999 | 500 | |
| Target | 2000 | 500 | |

PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 4: Enhanced management of renewable natural resources
Results Package 2: 500,000 has. (14%) of residual forests managed sustainably by community-based enterprises by the Year 1998*

RP2 Indicator 2: Forest area under systematic management instruments and forest cover in targeted geographic areas (Regions 2,4,10,11)

Unit of Measure: Number of communities with management instruments

Source: Certificate of Ancestral Domain Claims and Community Forestry Management Agreements (etc..)

Comments:
Definition: Management instruments (e.g., resource access agreements) include those for communities, private sector, combinations of public and private, etc.

* The period from 1998 to 1999 is a project phase out period where we project more LGU driven CBFM. However, we cannot anticipate hectarages and number of communities at this stage.

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | 17 | 5 |
| | 1995 | 19 | 14 |
| | 1996 | 24 | |
| | 1997 | 30 | |
| | 1998 | 42 | |
| | 1999 | 50 | |
| Target | 2000 | | |

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PHILIPPINES

Date/Month SO approved: **March 1995**

STRATEGIC OBJECTIVE 4: Enhanced management of renewable natural resources

Results Package 3: 20% reduction in pollution discharges in participating facilities in industrial and municipal locations by the Year 2002.

RP3 Indicator 1: Companies conducting Pollution Management Appraisals (PMAs) and adopting recommendations on sound environmental practices.

Unit of Measure RP3 : Percent reduction in pollution discharge of participating firms

Sources: Contractor's survey and assessment of companies who have participated in PMA; progress reports of volunteer firms; and DENR validation of reports.

Comments:

Definition of Indicator: Firms that go through official assessment, financing, installation, and operation process with regard to pollution abatement. Pollution discharge is measured as biological oxygen demand (BOD) of waste generated.

Frequency of data collection -- three to six months after PMAs are conducted and follow-up visits

Data are cumulative for all firms surveyed. Planned data for 1994-1995 were based on original design targets. For 1997 onwards, an IEM follow-on design may change the projected data. More firms have participated since activity start than what was anticipated.

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | 10 | 19 |
| | 1995 | 10 | 20 |
| | 1996 | 20 | |
| | 1997 | 22 | |
| | 1998 | 25 | |
| | 1999 | 27 | |
| Target | 2000 | 30 | |

PHILIPPINESDate/Month SO approved: **March 1995****STRATEGIC OBJECTIVE 4:** Enhanced management of renewable natural resources**Results Package 3:** 20% reduction in pollution discharges in participating facilities in industrial and municipal locations by the Year 2002.**RP 3 Indicator 1:** Companies conducting Pollution Management Appraisals (PMAs) and adopting recommendations on sound environmental practices.**Unit of Measure RP3 :** Percent adaptation of PMA technologies**Sources:** Contractor's survey and assessment of companies who have participated in PMA; progress reports of volunteer firms; and DENR validation of reports.**Comments:**

Definition of Indicator: Ratio of firms that have implemented pollution prevention and control measures.

Frequency of data collection - three to six months after PMAs are conducted

Data are cumulative for all firms surveyed. Planned data for 1994-1995 were based on original design targets. More firms have adapted PMA technologies than what was anticipated. Investments range from less than \$100 to 42.5M.

*For 1996 onwards, indicator will be redefined as ratio of firms investing more than \$2000

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1994 | 50 | 97 |
| | 1995 | 50 | 98 |
| | 1996* | 50 | |
| | 1997 | 55 | |
| | 1998 | 60 | |
| | 1999 | 65 | |
| | 2000 | 70 | |

PERFORMANCE DATA TABLE: SO5

| | | | | |
|---|--|-------------------------|----------------------------|-----------------------|
| PHILIPPINES | | Date/Month SO approved: | | March 1995 |
| STRATEGIC OBJECTIVE 5: Reduce Emission of Greenhouse Gasses | | | | |
| Results Package 1: Reduce Greenhouse gas (GHG) emissions through the use of cleaner fuels and improved energy efficiency. | | | | |
| Indicator No. 1: Metric Tonnes (MT) of Avoided Global GHG emissions per Year through Greater Use of Cleaner Fuels | | | | |
| Unit of Measure: Avoided MT of carbon-dioxide (CO ₂)-equivalent GHG emissions. | | Year | Planned (000's) | Actual |
| Source: GOP energy-sector agencies , private power utilities, electric cooperatives and industrial/commercial end-users. | | Baseline | 1995 | 0 |
| <p>Comments: GHG are air-borne emissions from the power industry primarily and the transport industry secondarily and are associated with the phenomena of global warming and climate change. To reduce GHG emissions, USAID/Philippines developed a GHG Emissions Mitigation Options Portfolio (GEMOP) which consists of 25 mitigation options (MO) divided into two categories: 11 cleaner fuel options (fossil fuels and renewable sources) and 14 efficiency options (power industry and end-user) .</p> <p>The mitigation impacts are measured by the weight (Metric Tonnes or MT) of carbon dioxide (CO₂) equivalents [carbon dioxide (CO₂), methane (CH₄), sulphur dioxide (SO₂), carbon monoxide (CO), nitrous oxide (NO₂)] which are avoided by the use of cleaner-burning fuel options (such as natural gas and clean-coal technology); by the power industry and end-use efficiency options (such as improved efficiency of generation, transmission and distribution , as well as end-use consumption of electricity, especially in the industrial and commercial sectors).</p> <p>Global GHG emissions are avoided through displacement of a "dirty" coal plant capacity by a "cleaner" fossil-fueled plant capacity, e.g. natural gas-fired plants, cleaner coal technology, the energy equivalent of cleaner fuels used to generate power, or cleaner renewable energy sources, e.g. mini-hydro, rice husk-fired, bagasse cogeneration, biogas, solar, or geothermal plants. Activities to promote the use of cleaner transport fuels in a more efficient manner are of secondary importance in GEMOP to those in the power sector.</p> <p>Frequency of data collection: Semi-annually.</p> | | | 1996 | 0 |
| | | | 1997 | 670 |
| | | | 1998 | 788 |
| | | | 1999 | 797 |
| | | | 2000 | 799 |
| | | | 2001 | 19045 |
| | | | 2002 | 19155 |
| | | | Target | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

Results Package 1: Reduce Greenhouse gas (GHG) emissions through the use of cleaner fuels and improved energy efficiency.

Indicator No. 2: Metric Tonnes (MT) of Avoided Global GHG Emissions per Year through Improved Energy Efficiency Measures

Unit of Measure: Avoided MT of carbon-dioxide (CO2)-equivalent greenhouse gas emissions.

Source: GOP energy-sector agencies , private power utilities, electric cooperatives and industrial/commercial end-users

Comments:

Global GHG emissions avoided by undertaking efficiency mitigation options for the power industry, such as improved efficiency of power generation, transmission and and distribution, as well as end-use consumption of electricity by industrial and commercial users.

Avoided MTs are the total of emissions avoided by not constructing new capacity in "dirty" coal plants due to successful implementation of efficiency activities.

Frequency of data collection: Semi-annually.

| | Year | Planned (000's) | Actual |
|-----------------|------|-----------------|--------|
| Baseline | 1995 | | 242 |
| | 1996 | 438 | |
| | 1997 | 699 | |
| | 1998 | 1024 | |
| | 1999 | 1233 | |
| | 2000 | 1435 | |
| | 2001 | 1566 | |
| Target | 2002 | 1665 | |

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Date/Month SO approved:

March
1995

Results Package 1: Reduce Greenhouse gas (GHG) emissions through the use of cleaner fuels and improved energy efficiency.

Indicator No. 3: Metric Tonnes (MT) of avoided Local GHG Emissions (SO2) per Year through Greater Use of Cleaner Fuels

Unit of Measure: Avoided MT of sulphur dioxide (SO2) GHG emissions

Source: GOP energy-sector agencies, private power utilities, electric cooperatives and industrial/commercial end-users

Comments: Simultaneous with the release of global GHGs from the burning of carbon-based fuels is the release of a wide variety of local air-borne pollutants, including SO2. Local emissions are associated with air pollution from the power industry and transport sectors. Both global and local GHG emissions result in damage to human health and natural ecosystems.

Local GHG emissions are avoided through displacement of "dirty" coal plant capacity by operating for one year an equivalent MW capacity of a "cleaner" fossil-fueled plant capacity, e.g. by using natural gas-fired plants, cleaner coal technology, the energy equivalent of cleaner transport fuels used to generate power, or cleaner renewable energy sources, e.g. mini-hydro, rice husk-fired, bagasse cogeneration, biogas, solar or geothermal plants.

Frequency of data collection: Semi-annually.

| | Year | Planned (000's) | Actual |
|-----------------|------|--------------------|--------|
| Baseline | 1995 | | 0 |
| | 1996 | 0 | |
| | 1997 | 34 | |
| | 1998 | 35 | |
| | 1999 | 35 | |
| | 2000 | 35 | |
| | 2001 | 224 | |
| Target | 2002 | 225 | |

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Date/Month SO approved:

March
1995

Results Package 1: Reduce Greenhouse gas (GHG) emissions through the use of cleaner fuels and improved energy efficiency.

Indicator No. 4: Metric Tonnes (MT) of Avoided Local GHG Emissions (SO₂) per Year through Improved Energy Efficiency

Unit of Measure: Avoided MT of sulphur dioxide (SO₂) GHG emissions
Avoided MTs are the total of emissions avoided by not constructing new capacity in "dirty" coal plants due to successful implementation of efficiency activities.

Source: GOP energy-sector agencies, private power utilities, electric cooperatives and industrial/commercial end-users

Comments: Local GHG emissions avoided by undertaking efficiency options for the power industry, such as improved efficiency of power generation, transmission and distribution, as well as end-use consumption of electricity by industrial and commercial users.

Avoided MTs are the total of emissions avoided by not constructing new capacity in "dirty" coal plants due to successful implementation of efficiency activities.

Frequency of data collection: Semi-annually.

| | Year | Planned (000's) | Actual |
|-----------------|------|--------------------|--------|
| Baseline | 1995 | | 2 |
| | 1996 | 4 | |
| | 1997 | 6 | |
| | 1998 | 8 | |
| | 1999 | 10 | |
| | 2000 | 12 | |
| | 2001 | 13 | |
| Target | 2002 | 14 | |

PERFORMANCE DATA TABLE: SO6

| | | | |
|---|----------------------|---|---|
| PHILIPPINES | | Date/Month SO approved: March 1995 | |
| STRATEGIC OBJECTIVE 6: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas. | | | |
| SO 6 Indicator #1: Percent of total disadvantaged on which the coalition has impact. | | | |
| Unit of Measure: <i>Total number or percentage of populations targeted by each coalition</i> | Year | Planned | Actual |
| Source: <i>Grantee progress reports, contractor monitoring reports, field visits.</i> | Baseline 1995 | | <i>ACDI- 0.6M MIPI- 75,000 PBSP- 65,000</i> |
| <p>Comments: <i>Figures are preliminary estimates, to be confirmed upon completion of the baseline studies. The affected populations include both direct and indirect beneficiaries. Direct beneficiaries refer to either coalition members or populations with whom coalitions work directly. Indirect beneficiaries include those reached or affected by policies formulated because of the coalition's work and those reached by the coalition's advocacy of issues.</i></p> <p>NCR: <i>National Capital Region (Metro Manila and its environs)</i></p> <p>NGO Grantees:</p> <p>ACDI¹: <i>Agricultural Cooperative Development International</i> MIPI: <i>Mondragon Foundation, Inc.</i> PBSP: <i>Philippine Business for Social Progress</i></p> | 1996 | <i>ACDI - 0.8M MIPI - 125,000 PBSP - 1.2M</i> | |
| | 1997 | <i>CDI - 2.0M MIPI - 125,000 plus 25% of potential non- NCR members PBSP - 2.4M</i> | |
| | Target 1998 | <i>MIPI - 125,000 plus 50% of potential non- NCR members PBSP - 4.0M</i> | |

¹ ACDI's Grant Completion Date is August 1997, one year ahead of MIPI and PBSP's. The planned targets reflect this.

STRATEGIC OBJECTIVE 6: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas.**SO 6 Indicator 2: Major issues addressed by the coalition documented in narratives.**

Source: *Grantee progress reports, contractor monitoring reports, field visits.*

Comments: *Selected narratives depicting the coalitions' successes will be submitted on an annual basis to add flesh to the quantitative and qualitative indicators of performance. These narratives should capture the various stages of developing policies through a participatory and consultative system. It will also include successes in the advocacy work of the various coalitions.*

Illustrative examples of issues addressed by the three coalitions are as follows:

A. Fisherfolk Coalition:

1. *Protection conservation and management of local/municipal fisheries and aquatic resources by the Fisheries Resources Management Councils.*
2. *Direct participation of fisherfolk in the local and national decision-making bodies and independent councils.*
3. *Capability-building and education of leaders and members of fisherfolk organizations.*
4. *Policy influence and recognition of the fisherfolk at all levels.*

B. Urban Poor Coalition:

1. *Repeal of Presidential Decree 772 Bill filed in Congress.*
2. *Implementation of the Comprehensive and Integrated Shelter Finance Act.*
3. *Relocation programs for the urban poor.*
4. *Implementation of the Urban Development and Housing Act.*
5. *Magna Carta for the Urban Poor.*
6. *Illegal eviction of squatters and slum dwellers.*
7. *Implementation of the Community Mortgage Program.*

C. Indigenous Peoples Coalition:

1. *Ancestral Domains-related: IPAS; IFMAS; National Mining Act; Geothermal development in ancestral domains; Military and School reservations in ancestral domains; and, delineation of ancestral domains;*
2. *Ancestral Waters-related.*

STRATEGIC OBJECTIVE 6: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas.

S.O. 6 Indicator 3: Number of NGO Representatives actively participating in Local Special Bodies (LSB)

Unit of Measure: *NGOs are local non-profit organizations accredited by the LGU.*

Source: *Surveys are being conducted annually in the target LGUs using NGO networks and official LGU reports.*

Comments:

The Local Special Bodies are created by law and require minimum levels of NGO membership to insure citizen participation in governance and include: The School Board, Health Board, Local Development Council, Peace and Order Council and Pre-bids and Awards Committee.

The NGOs must be designated by the NGOs themselves in an open process and the LSBs must be active.

| Year | Planned | Actual |
|----------------------|------------------|-----------------|
| Baseline 1995 | | 296 NGOs |
| 1996 | | |
| 1997 | | |
| 1998 | | |
| Target 1999 | 1600 NGOs | |

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STRATEGIC OBJECTIVE 6: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas.

SO 6 Indicator 4: Percent of people who feel their priority concerns are being addressed by LGUs

Unit of Measure: *People will be selected at random in targeted LGUs to ensure representation of all citizens.*

Source: *Local institutions and NGOs will collect original survey data under the direction of a USAID contractor.*

Comments:

Survey respondents will be asked a series of questions regarding their priority concerns and asked how well the local government is responding. This data will be similar to that collected by the Philippines Social Weather Station (SWS) which is the most credible local source of social science survey data. The SWS conducts a continuing series of periodic surveys and has, over time, developed a data base which should make it possible to identify some of the normal variations that are common to opinion-based surveys. By using the same questions in the USAID survey as are used by SWS and comparing them to variations in the responses to the broad SWS survey, it should be possible to identify and explain some of the variations in response that are related to broad based attitudinal changes that are unrelated to USAID-supported local government actions and performance.

| Year | Planned | Actual |
|---------------|------------|------------|
| Baseline 1995 | | 45 percent |
| 1996 | | |
| 1997 | | |
| 1998 | | |
| Target 1999 | 75 percent | |

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S.O. 6 RESULTS PACKAGE 1 (RP1): Effective Local Government with broad-based participation in selected areas.

RP1, Indicator 1: The Number of Target LGUs implementing investment plans with effective citizen participation

Unit of Measure: Each city, province or municipality will equal one (1) LGU. There are an estimated 210 LGUs in the target area.

Source: Surveys of Planning Officers, elected officials and NGO community leaders. Associates in Rural Development (ARD) will conduct the surveys.

Comments:

"Investment Plan" is defined as a conscious choice among several means to an express goal which uses the LGUs resources to address some aspect of sustainable development. Investments can be in social services or soft infrastructure as well as the more traditional hard infrastructure investments.

"Effective Citizen Participation" is defined as a process that allows ordinary citizens to express views early enough in the planning process to make a difference and the LGU reacts to these expressions. Note: This does not imply that there is always agreement.

| Year | Planned | Actual |
|---------------|----------|---------|
| Baseline 1995 | | 31 LGUs |
| 1996 | | |
| 1997 | | |
| 1998 | | |
| Target 1999 | 157 LGUs | |

RP1, Indicator 2: The Number of target LGUs implementing environmental plans developed with effective citizen participation.

Unit of Measure: An LGU can be any one of the 210 provinces, cities or municipalities included in the project.

Source: Surveys of planning and environmental officers, elected officials and NGO community leaders. Associates in Rural Development (ARD) will conduct the surveys.

Comments:

"Environmental" is defined as some aspect of the physical environment that the community has decided is important.

"Plans" are defined as a multi-year program to achieve an environmental goal. Isolated or one time efforts do not count.

| Year | Planned | Actual |
|---------------|----------|---------|
| Baseline 1995 | | 44 LGUs |
| 1996 | | |
| 1997 | | |
| 1998 | | |
| Target 1999 | 168 LGUs | |

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S.O. 6 RESULTS PACKAGE 1 (RP1): Effective Local Government with broad-based participation in selected areas.

RP 1, Indicator 3: *The Number of Target LGUs in which the LGU has a monitoring system with NGO or PO participation.*

| Unit of Measure: <i>An LGU can be any one of the 210 provinces, cities or municipalities included in the project.</i> | Year | Planned | Actual |
|--|----------------------|-----------------|----------------|
| Source: <i>Surveys of elected and appointed LGU officials, national government agencies and NGO community leaders.</i> | Baseline 1995 | | 18 LGUs |
| Comments: <i>The monitoring system need not be comprehensive but will cover some group of LGU operations which people feel are important. To count as a system, it must continue for more than one year. The NGO/PO representative must reflect the interest of some local constituency group.</i> | 1996 | | |
| | 1997 | | |
| | 1998 | | |
| | Target 1999 | 105 LGUs | |

RP 1, Indicator 4: *The Number of LGUs in which information regarding resources, expenditures and operations is available to the citizenry*

| Unit of Measure: | Year | Planned | Actual |
|--|----------------------|-----------------|----------------|
| Source: <i>Surveys of elected and appointed officials, the media and NGO community leaders.</i> | Baseline 1995 | | 15 LGUs |
| Comments: <i>"Resources" = revenues, loans, grants, etc.</i> <i>"Operations" are the programs and projects and not internal operations.</i> <i>"Available" requires that they be in some form which can reasonably be understood by the average citizen. Budgets, annual reports, etc. are not "available" unless they are translated from bureaucratese into plain language, preferably the local dialect.</i> <i>"To the citizenry" means any citizen can get the information by going to the office or to media.</i> | 1996 | | |
| | 1997 | | |
| | 1998 | | |
| | Target 1999 | 147 LGUs | |

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Date/Month SO Approved: **March 1995**

S.O. 6 RESULTS PACKAGE 1 (RP1): Effective Local Government with broad-based participation in selected areas.

RP1, Indicator 5: The total amount of national revenues allocated to target LGUs.

Unit of Measure: *Million pesos*

Source: *LGU financial reports.*

Comments:

National Revenues are defined as the internal revenue allotment (IRA) and the LGU shares of collections for extraction of forest, minerals and other natural resources referred to in the Local Government Codes as Shares in the National Wealth. Special taxes such as the specific budget insertions for designated provinces or groups of LGUs are not included here.

"Allocated" means that the notice of cash allotment has been provided to the LGU and that funds are available for disbursement against the LGU approved budget.

| Year | Planned | Actual |
|---------------|---------|--------|
| Baseline 1995 | | 4,091 |
| 1996 | 6,197 | |
| 1997 | 6,848 | |
| 1998 | 7,567 | |
| 1999 | 8,361 | |
| Target 2000 | 9,240 | |

S.O. 6 RESULTS PACKAGE 1 (RP1): Effective Local Government with broad-based participation in selected areas.

RP1, Indicator 6: *Net amount of self-generated revenues collected by target LGUs.*

Unit of Measure: *Million pesos*

Source: *LGUs Budget Operations Statement*

Comments:

Measurement covers major revenue sources including real property, business and community (residence) taxes. Budget Operations Statements are prepared and submitted annually by LGUs at the end of the year.

Self-generated -- Taxes for which the LGU is authorized to set rate and collect for their own budgeted expenditures.

Net is defined as total annual tax collections minus the costs of the Provincial or Municipal Assessor's and Treasurer's offices. It includes personnel and operating expenses for these offices. It does not include barangay level costs which are small and highly variable.

| Year | Planned | Actual |
|---------------|---------|--------|
| Baseline 1995 | | 150 M |
| 1996 | 160 M | |
| 1997 | 176 M | |
| 1998 | 203 M | |
| 1999 | 254 M | |
| Target 2000 | 317 M | |

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Date/Month SO Approved: **March 1995**

S.O. 6 RESULTS PACKAGE 1 (RP1): Effective Local Government with broad-based participation in selected areas.

RP1, Indicator 7: Total number of target LGUs securing credit from for-profit institutions

Unit of Measure: *Each city, province or municipality will equal one (1) LGU. There are an estimated 210 LGUs in the target area.*

Source: *Local institutions and NGOs will survey LGUs and this will be correlated with data from major financial institutions.*

Comments:

"Securing credit" is defined as executing an approved loan agreement or issuing of bonds. This does not include Build Operate Transfer (BOT) or its variant forms of financing which are encouraged but not counted here.

"For profit institutions" include both private and government financial institutions which charge market interest rates and operate for a profit.

| Year | Planned | Actual |
|---------------|---------|---------|
| Baseline 1995 | | 16 LGUs |
| 1996 | | |
| 1997 | | |
| 1998 | | |
| Target 1999 | 75 LGUs | |

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S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 1: The coalition uses its research and analytical capacities for developing empirically based issues.

| | Year | Planned ² | Actual ³ |
|--|---------------|----------------------------------|--|
| <p>Unit of Measure: <i>Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives. Levels of sophistication of the coalitions are described as follows:</i></p> <p><i>Level 1- The coalition can access in-house and external research resources;</i></p> <p><i>Level 2- The coalition can gather baseline and empirical data and policy-related information;</i></p> <p><i>Level 3- The coalition can translate the data/information into policy studies, advocacy plans, issue papers, resource management plans.</i></p> | Baseline 1995 | | ACDI - 0 MIPI - 0 PBSP - 0 |
| | 1996 | ACDI - 3 MIPI - 1 PBSP - 2 | |
| <p>Comments: <i>The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 1.</i></p> | 1997 | ACDI - 3 MIPI - 2 PBSP - 3 | |
| | Target 1998 | MIPI - 3 PBSP - 3 | |
| <p>Source: <i>Grantee progress reports, contractor monitoring reports, field visits.</i></p> | | | |

² Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

³ See Footnote No. 1

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Date/Month SO approved: March 1995

S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 2: The coalition trains and mobilizes leaders and members at all levels of the coalition.

| | Year | Planned ⁴ | Actual ⁵ |
|--|--------------------------|---|---|
| <p>Unit of Measure: Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives.</p> <p>Levels of sophistication of the coalitions are described as follows: Level 1- The coalition can develop and implement a training needs inventory and plan; Level 2- Leaders and members can apply learned skills in immediate area/sector of operation; Level 3- The coalition can expand its base of membership or support; Level 4- The coalition can assess, improve, and sustain the training programs; Level 5- Leaders/members can sustain practice of learned skills through application in larger arenas.</p> | <p>Baseline 1995</p> | | <p>ACDI - 0 MIPI - 1 PBSP - 0</p> |
| <p>Source: Grantee progress reports, contractor monitoring reports, field visits.</p> | 1996 | <p>ACDI - 3 MIPI - 2 PBSP - 2</p> | |
| <p>Comments: The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 2.</p> | 1997 | <p>ACDI - 5 MIPI - 4 PBSP - 4</p> | |
| | <p>Target 1998</p> | <p>MIPI - 5 PBSP - 5</p> | |

⁴ Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

⁵ See Footnote No. 1

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Date/Month SO approved: March 1995

S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 3: The coalition operates based on a participatory, grassroots-up, gender-sensitive approach.

| | Year | Planned ⁶ | Actual ⁷ |
|--|-----------------------------|--|---|
| <p>Unit of Measure: <i>Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives. Levels of sophistication of the coalitions are described as follows:</i></p> <p><i>Level 1- Majority of leaders are consulted on coalition issues through participation in meetings/assemblies;</i></p> <p><i>Level 2- Women members are consulted and/or women are elected as leaders;</i></p> <p><i>Level 3- Majority of members are consulted on the resolution of coalition issues through participation in meetings/assemblies.</i></p> | <p>Baseline 1995</p> | | <p><i>ACDI- 1</i></p> <p><i>MIPI- 1</i></p> <p><i>PBSP- 0</i></p> |
| <p>Source: <i>Grantee progress reports, contractor monitoring reports, field visits.</i></p> | <p>1996</p> | <p><i>ACDI - 2</i></p> <p><i>MIPI - 2</i></p> <p><i>PBSP - 2</i></p> | |
| <p>Comments: <i>The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 3.</i></p> | <p>1997</p> | <p><i>ACDI - 3</i></p> <p><i>MIPI - 3</i></p> <p><i>PBSP - 3</i></p> | |
| | <p>Target 1998</p> | <p><i>MIPI - 3</i></p> <p><i>PBSP - 3</i></p> | |

⁶Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

⁷See Footnote No. 1

S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 4: The coalition deliberates in an organized and timely fashion.

| | Year | Planned ⁸ | Actual ⁹ |
|--|---------------|----------------------------------|---------------------------------------|
| <p>Unit of Measure: Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives. Levels of sophistication of the coalitions are described as follows: Level 1- The coalition can conduct regular scheduled meetings at the local, regional, and national levels; Level 2- The coalition can utilize generally accepted standard procedures for deliberations; Level 3- The coalition can document and distribute procedures and results of the deliberations.</p> | Baseline 1995 | | ACDI- 2 MIPI- 0 PBSP- 0 |
| | 1996 | ACDI - 3 MIPI - 1 PBSP - 1 | |
| | 1997 | ACDI - 3 MIPI - 2 PBSP - 3 | |
| <p>Source: Grantee progress reports, contractor monitoring reports, field visits.</p> | Target 1998 | MIPI - 3 PBSP - 3 | |
| <p>Comments: The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 4.</p> | | | |

⁸ Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

⁹ See Footnote No. 1

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S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 5: The coalition identifies an agenda built on consensus within the coalition.

| | Year | Planned ¹⁰ | Actual ¹¹ |
|---|---|----------------------------------|--|
| <p>Unit of Measure: <i>Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives. Levels of sophistication of the coalitions are described as follows:</i></p> <p><i>Level 1- The coalition can conduct consultations with individual, multiple or diverse groups both at the local and national levels;</i></p> <p><i>Level 2- The coalition can address/resolve any differences or divergence among groups;</i></p> <p><i>Level 3- The coalition can develop an agenda;</i></p> <p><i>Level 4- The coalition can review its agenda periodically, and identify course corrections.</i></p> | Baseline 1995 | | ACDI - 0 MIPI - 0 PBSP - 0 |
| | 1996 | ACDI - 3 MIPI - 1 PBSP - 3 | |
| | 1997 | ACDI - 4 MIPI - 2 PBSP - 4 | |
| <p>Source: <i>Grantee progress reports, contractor monitoring reports, field visits.</i></p> | Target 1998 | MIPI - 4 PBSP - 4 | |
| | <p>Comments: <i>The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 5.</i></p> | | |

¹⁰ Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

¹¹ See Footnote No. 1

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Date/Month SO approved: March 1995

S.O. 6 RESULTS PACKAGE 2 (RP2): Effective Participation of the Disadvantaged.

RP2 Indicator 6: The coalition identifies and works with interested parties that share and are willing to support the coalition's agenda.

| | Year | Planned ¹² | Actual ¹³ |
|---|---------------|----------------------------------|---------------------------------------|
| <p>Unit of Measure: Levels of sophistication vis-a-vis selected indicator. The levels are based on the occurrence or completion of activities, tasks, events, etc. agreed to between the Mission and the coalitions as critical to the achievement of RP2 objectives. Levels of sophistication of the coalitions are described as follows: Level 1- The coalition can link with like-minded NGOs and POs, other stakeholders (academe, media, business sector, etc.), and international organizations; Level 2- The coalition can identify common positions with other parties; Level 3- The coalition can undertake joint activities/programs with identified partners and stakeholders.</p> | Baseline 1995 | | ACDI- 0 MIPI- 0 PBSP- 0 |
| | 1996 | ACDI - 3 MIPI - 2 PBSP - 1 | |
| | 1997 | ACDI - 3 MIPI - 2 PBSP - 2 | |
| | Target 1998 | MIPI - 3 PBSP - 3 | |
| <p>Source: Grantee progress reports, contractor monitoring reports, field visits.</p> | | | |
| <p>Comments: The contents of this table summarizes the results of the Mission's consultation with its customers (Grantees, the coalitions, NGOs, peoples organizations, and their members). Because of variations in the starting level of sophistication of each coalition, the three grantees developed coalition-specific performance indicators and targets on which the Mission based the scale. Completion of these annual targets signifies an increasing degree of sophistication of the coalition vis-a-vis RP2 Indicator 6.</p> | | | |

¹² Numbers refer to levels of sophistication vis-a-vis the indicator or dimension selected.

¹³ See Footnote No. 1

S.O. 6 RESULTS PACKAGE (RP) 3: Philippine Democracy Agenda.**RP3 Indicator: Availability of an Actionable Agenda for Democracy.**

Source: Research and policy studies prepared by the grantee over the 18-month duration of the activity and the grantee's progress reports, monitoring reports, and field visits where appropriate.

Comments: The Democracy Agenda refers to a list or an articulation of critical issues and actions on sustaining and nurturing Philippine democracy formulated through scoping sessions with various democracy-oriented groups interested in the promotion and protection of democratic processes in the Philippines.

The expected outputs are as follows:

A. 1996

- 1. Annotated bibliography of secondary literature/writings on democracy and mapping of resource individuals, institutions and agencies on Philippine Democracy.*
- 2. Understanding the diverse perspectives on Philippine Democracy as articulated by select groups representing the cross-section of Philippine society.*
- 3. Identification of an advisory board of NGO, academic and other leading figures and an agenda for further discussion and research.*

B. 1997

- 1. Dissemination of and exchange of information on Philippine Democracy Agenda issues among NGOs, research institutes and other stakeholders.*
- 2. Consensus on a formal actionable Democracy Agenda for the protection and enrichment of Philippine democracy which is commonly supported by interested and relevant organizations and a broad spectrum of the Filipino people.*

PERFORMANCE DATA TABLE: Special Objective

| | | | | |
|---|--------------------------------|-------------|------------------|-----------------------|
| PHILIPPINES | Date/Month SO approved: | | | March 1995 |
| SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC¹ PREVENTED | | | | |
| Indicator: Percent HIV Seroprevalence Rate among Target Risk Groups | | | | |
| Unit of Measure: Number of HIV positives per 100 in target risk groups (includes the following: registered female sex workers (RFSWs); freelance female sex workers (FLFSWs); male sex workers (MSWs); male STD patients (MSTDs); men who have sex with other men (MSMs); injecting drug users (IDUs). ² | | Year | Planned | Actual |
| Source: Field Epidemiology Training Program - Department of Health (FETP-DOH) National HIV Sentinel Surveillance Surveys | Baseline³ | 1993 | | <1% ⁴ |
| | | 1994 | | <1% |
| | | 1995 | <1% | <1% |
| | | 1996 | <1% | |
| | | 1997 | <1% | |
| | | 1998 | <1% | |
| | | 1999 | <1% | |
| | Target | 2000 | <1% ⁵ | |
| Comments: ¹ HIV infection in the Philippines is still low compared to other Asian countries. Therefore it is not considered to be "epidemic". ² Lot quality assurance system (LQAS) analysis is used if prevalence rates are low (<1%). LQAS calculated sample size of 300 allows us to say with 95% confidence that target population has less than 1% seropositives if they are all HIV seronegative. ³ The HIV seroprevalence rate in the Philippines is not known at present. The establishment of the HIV sentinel surveillance (HSS) system will provide a baseline HIV seroprevalence figure for high risk groups. ⁴ The HSS was initially developed in two geographic sites, with sequential expansion to about 16 sites throughout the country by the year 2000. ⁵ Targeted HIV seroprevalence remains below alarm level (1%) for high risk groups. Frequency of data collection: Semi-annual sero-prevalence surveys | | | | |

PHILIPPINES

Date/Month SO approved:

March
1995

SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC PREVENTED

RESULTS PACKAGE: Adoption of STD/HIV/AIDS Prevention Practices Increased Among Target Groups

RP Indicator 1: Percent of women at risk who adopt safe sex practices

Unit of Measure: Proportion of women at risk (i.e., RFSWs and FLSWs) who respond that they use condoms with every customer

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: Sex behavior data collection coincides with the HIV Sentinel Surveillance.

Frequency of data collection: Semi-annual sex behavior surveys of high-risk groups

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1993 | | 23.1% |
| | 1994 | | 38.0% |
| | 1995 | > 35% | 48.0% |
| | 1996 | > 40% | |
| | 1997 | > 45% | |
| | 1998 | > 50% | |
| | 1999 | > 55% | |
| Target | 2000 | > 60% | |

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PHILIPPINES

Date/Month SO approved:

**March
1995**

SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC PREVENTED

Results Package: Adoption of STD/HIV/AIDS Prevention Practices Increased Among Target Groups

RP Indicator 2: Percent of men at risk who adopt safe sex practices

Unit of Measure: Proportion of men at risk (i.e., MSWs, MSTDs and MSMs) who respond that they use condoms with every intercourse with another man

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: Sex behavior data collection coincides with HIV Sentinel Surveillance.

Frequency of data collection: Semi-annual sex behavior surveys of high risk groups

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1993 | | 2.1% |
| | 1994 | | 11% |
| | 1995 | > 5% | 13% |
| | 1996 | > 10% | |
| | 1997 | > 15% | |
| | 1998 | > 20% | |
| | 1999 | > 25% | |
| Target | 2000 | > 30% | |

PHILIPPINES

Date/Month SO approved:

**March
1995**

SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC PREVENTED

Results Package: Adoption of STD/HIV/AIDS Prevention Practices Increased Among Target Groups

RP Indicator 3: Percent of intravenous drug users (IDUs) who adopt safe sex practices

Unit of Measure: Proportion of IDUs who respond that they use condoms with every sex worker

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: Sex behavior data collection coincides with HIV Sentinel Surveillance.

Frequency of data collection: Semi-Annual sex behavior surveys of high risk groups

| | Year | Planned | Actual |
|-----------------|-------------|----------------|---------------|
| Baseline | 1993 | | 2.0% |
| | 1994 | | 3.5% |
| | 1995 | > 5% | 2.0% |
| | 1996 | > 10% | |
| | 1997 | > 15% | |
| | 1998 | > 20% | |
| | 1999 | > 25% | |
| Target | 2000 | > 30% | |

CP/

PHILIPPINES

Date/Month SO approved:

March
1995

SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC PREVENTED

Results Package: Adoption of STD/HIV/AIDS Prevention Practices Increased Among Target Groups

RP Indicator 4: Percent syphilis seroprevalence rate among women at risk

Unit of Measure: Proportion of women at risk (i.e., RFSWs and FLSWs) testing positive for syphilis

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: No data in 1993 since STD (syphilis) surveillance was not part of the original program design. Serologic testing for syphilis of blood collected for HIV sentinel surveillance began in 1994.

Frequency of data collection: Semi-annual seroprevalence surveys

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 2.1% |
| | 1995 | <2.0% | 2.8% |
| | 1996 | <1.8% | |
| | 1997 | <1.6% | |
| | 1998 | <1.4% | |
| | 1999 | <1.2% | |
| Target | 2000 | <1.0% | |

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SPECIAL OBJECTIVE: HIV/AIDS EPIDEMIC PREVENTED

Results Package: Adoption of STD/HIV/AIDS Prevention Practices Increased Among Target Groups

RP Indicator 5: Percent syphilis seroprevalence rate among men at risk

Unit of Measure: Proportion of men at risk (i.e., MSWs, MSTDs and MSMs) testing positive for syphilis.

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: No data in 1993 since STD (syphilis) surveillance was not part of the original program design. Serologic testing for syphilis of blood collected for HIV sentinel surveillance began in 1994.

Frequency of data collection: Semi-annual seroprevalence surveys

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 2.1% |
| | 1995 | <2.0% | 1.7% |
| | 1996 | <1.8% | |
| | 1997 | <1.6% | |
| | 1998 | <1.4% | |
| | 1999 | <1.2% | |
| Target | 2000 | <1.0% | |

RP Indicator 6: Percent syphilis seroprevalence rate among injecting drug users (IDUs)

Unit of Measure: Proportion of IDUs testing positive for syphilis

Source: FETP-DOH National HIV Sentinel Surveillance Surveys

Comments: No data in 1993 since STD (syphilis) surveillance was not part of the original program design. Serologic testing for syphilis of blood collected for HIV sentinel surveillance began in 1994.

Frequency of data collection: Semi-annual seroprevalence surveys

| | Year | Planned | Actual |
|-----------------|------|---------|--------|
| Baseline | 1994 | | 2.0% |
| | 1995 | <2.0% | 1.5% |
| | 1996 | <1.8% | |
| | 1997 | <1.6% | |
| | 1998 | <1.4% | |
| | 1999 | <1.2% | |
| Target | 2000 | <1.0% | |

Attachment 4

**Table 2
ALL RESOURCES TABLE
USAID/PHILIPPINES**

(\$000)

| Funding Category | FY 1996* | FY 1997 | | FY 1998 | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | | Base** | Base - 20% | Base - 10% | Base -30% |
| Sustainable Development | | | | | |
| Economic Growth | 14,000 | 16,700 | 16,190 | 11,300 | 6,300 |
| Of which: Field Support *** | 0 | 0 | 0 | 0 | 0 |
| Population and Child Survival | 24,872 | 25,850 | 24,950 | 23,314 | 21,656 |
| Of which: Field Support *** | 12,350 | 13,850 | 12,950 | 14,202 | 14,714 |
| Environment | 2,500 | 15,000 | 4,000 | 16,000 | 13,000 |
| Of which: Field Support *** | 0 | 1,000 | 0 | 2,000 | 1,000 |
| USAEP | | | | | |
| Democracy | 11,257 | 14,538 | 12,000 | 14,000 | 8,711 |
| Of which: Field Support *** | 0 | 0 | 0 | 0 | 0 |
| HIV/AIDS | 150 | 2,650 | 2,650 | 2,650 | 2,650 |
| Of which: Field Support *** | 150 | 150 | 150 | 150 | 150 |
| PL480: | | | | | |
| Title II | | | | | |
| Title III | | | | | |
| Other (HG, MSED) | | | | | |
| GRAND TOTAL | 52,779 | 74,738 | 59,790 | 67,264 | 52,317 |

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP request level.

** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

*** Refers to Field Support -- both Global-funded and Mission-funded.

Table 3
Funding Scenarios by Objective
(\$000)

| OBJECTIVE | FY 1996* | FY 1997 | | FY 1998 | |
|---|---------------|---------------|---------------|---------------|---------------|
| | | Base** | Base - 20% | Base -10% | Base - 30% |
| Strategic Objective 1: Broad-based Economic Growth in Mindanao Development Assistance | 13,000 | 11,500 | 11,490 | 7,300 | 2,400 |
| Strategic Objective 2: Improved National Policies in Trade and Investment Development Assistance | 1,000 | 5,200 | 4,700 | 4,000 | 3,900 |
| Strategic Objective 3: Reduced Fertility Rate and Improved Maternal and Child Health Development Assistance | 24,872 | 25,850 | 24,950 | 23,314 | 21,656 |
| Strategic Objective 4: Enhanced Management of Renewable Natural Resources Development Assistance | 0 | 9,000 | 2,000 | 11,000 | 9,000 |
| Strategic Objective 5: Reduced Emission of Greenhouse Gases Development Assistance | 2,500 | 6,000 | 2,000 | 5,000 | 4,000 |
| Strategic Objective 6: Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas Development Assistance | 11,257 | 14,538 | 12,000 | 14,000 | 8,711 |
| Special Objective: HIV/AIDS Epidemic Prevented Development Assistance | 150 | 2,650 | 2,650 | 2,650 | 2,650 |
| GRAND TOTAL | 52,779 | 74,738 | 59,790 | 67,264 | 52,317 |

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP request level.

** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

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Table 4
GLOBAL FIELD SUPPORT

| Mission Strategic Objective | Field Support: Activity Title & Number | Priority * | Estimated Completion Date | Estimated Funding (\$000) | | | | | | | | | | |
|--|--|------------|---------------------------|---------------------------|---------------|----------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|--|---------------|--|
| | | | | FY 1996** | | FY 1997*** | | | | FY 1998*** | | | | |
| | | | | Obligated by: | | FY 1997 Base Obligated by: | | FY 1997 Base - 20% Obligated by: | | FY 1997 Base - 30% Obligated by: | | | | |
| | | | | Operating Unit | Global Bureau | Operating Unit | Global Bureau | Operating Unit | Global Bureau | Operating Unit | Global Bureau | | | |
| S.O. 3: Reduced Fertility Rate and Improved MCH | | | | | | | | | | | | | | |
| FPLM (936-3057) | | High | 12/31/99 | | 1,122 | | 1,300 | | 1,300 | | | | 1,302 | |
| East West Center (936-3046) | | High | 06/30/97 | | 300 | | 0 | | 0 | | | | 0 | |
| DHS (936-3023) | | High | 12/31/99 | | 0 | | 700 | | 700 | | | | 300 | |
| Population Council (936-3030) | | High | 12/31/99 | | 420 | | 450 | | 450 | | | | 400 | |
| Policy (936-3078) | | High | 12/31/99 | | 983 | | 1,200 | | 1,000 | | | | 1,200 | |
| AVSC (936-3068) | | High | 12/31/99 | | 1,500 | | 1,300 | | 1,200 | | | | 2,400 | |
| JHU/PCS (936-3052) | | High | 12/31/99 | | 2,700 | | 2,000 | | 2,000 | | | | 2,000 | |
| Central Contraceptives (936-3057) | | High | 12/31/99 | | 2,100 | | 4,500 | | 4,200 | | | | 4,700 | |
| CARE (936-3058) | | High | 04/30/98 | | 300 | | 0 | | 0 | | | | 0 | |
| Georgetown (936-3061) | | High | 12/31/99 | | 125 | | 100 | | 100 | | | | 100 | |
| PROFIT (936-3056) | | High | 12/31/96 | | 300 | | 0 | | 0 | | | | 0 | |
| CSM III (936-3051) | | High | 09/30/97 | | 2,250 | | 2,300 | | 2,000 | | | | 2,312 | |
| OMNI (936-5122) | | High | 12/31/98 | | 250 | | 0 | | 0 | | | | 0 | |
| Subtotal S.O. 3 | | | | | 12,350 | | 13,850 | | 12,950 | | | | 14,714 | |
| <i>Added info not included in FS requirements above:</i> | | | | | | | | | | | | | | |
| <i>POPTech (936-3024) - buy-in utilizing FY 95 and FY 96 bilateral funds</i> | | | | | | | | | | | | | | |
| | | | | | | | 400 | | | | | | | |
| <i>FHI Women's Studies (936-3060) - core funded</i> | | | | | | | | | | | | | | |
| | | | | | 0 | | 0 | | 0 | | | | 0 | |
| <i>JHU/PCS (936-3052) - incremental funding from FY 1995 bilateral funding; in process</i> | | | | | | | | | | | | | | |
| | | | 12/31/99 | | 823 | | | | | | | | | |
| <i>JHPIEGO (936-3069) - incremental funding from FY 1995 bilateral funding; in process</i> | | | | | | | | | | | | | | |
| | | | | | 500 | | | | | | | | | |
| SO 4: Enhanced Management of Renewable Natural Resources | | | | | | | | | | | | | | |
| GREENCOM (936-5839) | | High | 09/30/98 | | | | 1,000 | | | | | | 1,000 | |
| Special Objective: HIV/AIDS Epidemic Prevented | | | | | | | | | | | | | | |
| AIDSCAP (936-5872) and successor project | | High | | | 150 | | 150 | | 150 | | | | 150 | |
| GRAND TOTAL | | | | | 12,600 | | 15,000 | | 13,100 | | | | 15,864 | |

*For Priorities use high, medium-high, medium, medium-low, low

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP request level.

*** Refers to Field Support -- both Global-funded and Mission-funded.

(note: this work sheet contains Table 5 for FYs 96, 97 & 98)

TABLE 5
STAFF REQUIREMENT (FY 1996)

| STAFFING CATEGORY | STRATEGIC OBJECTIVE 1 | STRATEGIC OBJECTIVE 2 | STRATEGIC OBJECTIVE 3 | STRATEGIC OBJECTIVE 4 | STRATEGIC OBJECTIVE 5 | STRATEGIC OBJECTIVE 6 BROADENED | SPECIAL OBJECTIVE | OTHER | TOAL STAFF BY CLASS |
|-----------------------------|--|---|---|--|--|--|----------------------|-------|------------------------|
| | BROAD BASED ECONOMIC GROWTH IN MINDANAO | IMPROVED NATIONAL POLICIES IN TRADE AND INVESTMENT | REDUCED POPULATION GROWTH RATE & IMPROVED HEALTH | ENHANCED MNGMT OF RENEWABLE NATURAL RESIURCES | REDUCED EMISSION OF GREENHOUSE GASSES | PARTICIPATION IN FORMULATION & IMPLEMENT.OF PUBLIC POLICIES | AIDS SURVEILANCE | | |
| USDH | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 12 | 22 |
| FSN (OE) | | | | | | | | 11 | 11 |
| FSN (TF) | 5 | 6 | 4 | 3 | 1 | 12 | 1 | 87 | 119 |
| FSN (PROG) | 1 | 1 | 3 | 5 | 2 | 7 | 1 | | 20 |
| PSC (OE) | | | | | | | | 3 | 3 |
| PSC (TF) | | | | | | | | | 0 |
| PSC (PROG) | 1 | | | 2 | 2 | 2 | | | 7 |
| TCN (OE) | | | | | | | | | 0 |
| TCN (TF) | | | | | | | | | 0 |
| TCN (PROG) | | | | | | | | | 0 |
| PASA (PROG)* | | 2 | 1 | | | | | | 3 |
| TOTAL STAFF BY OBJECTIVE | 9 | 10 | 9 | 12 | 6 | 23 | 3 | 113 | 185 |

* Not indicated on original format

Note: This represents projected levels as of 09/30/96

TABLE 5
STAFF REQUIREMENT (FY 1997)

| STAFFING CATEGORY | STRATEGIC OBJECTIVE 1 | STRATEGIC OBJECTIVE 2 | STRATEGIC OBJECTIVE 3 | STRATEGIC OBJECTIVE 4 | STRATEGIC OBJECTIVE 5 | STRATEGIC OBJECTIVE 6 | SPECIAL OBJECTIVE | OTHER | TOTAL STAFF BY CLASS | |
|-----------------------------|--|---|---|--|--|--|----------------------|-------|-------------------------|--|
| | BROAD BASED ECONOMIC GROWTH IN MINDANAO | IMPROVED NATIONAL POLICIES IN TRADE AND INVESTMENT | REDUCED POPULATION GROWTH RATE & IMPROVED HEALTH | ENHANCED MNGMT OF RENEWABLE NATURAL RESOURCES | REDUCED EMISSION OF GREENHOUSE GASSES | BROADENED PARTICIPATION IN FORMULATION & IMPLEMENT. OF PUBLIC POLICIES | AIDS SURVEILANCE | | | |
| USDH | 2 | 1 | 1 | 1 | 1 | 2 | 1 | 12 | 21 | |
| FSN (OE) | | | | | | | | 10 | 10 | |
| FSN (TF) | 4 | 5 | 4 | 3 | 1 | 8 | 1 | 70 | 96 | |
| FSN (PROG) | 1 | 1 | 3 | 5 | 2 | 5 | 1 | | 18 | |
| PSC (OE) | | | | | | | | 2 | 2 | |
| PSC (TF) | | | | | | | | | 0 | |
| PSC (PROG) | 1 | | | 1 | 2 | 2 | | | 6 | |
| TCN (OE) | | | | | | | | | 0 | |
| TCN (TF) | | | | | | | | | 0 | |
| TCN (PROG) | | | | | | | | | 0 | |
| PASA (PROG) * | | 2 | 1 | | | | | | 3 | |
| TOTAL STAFF BY OBJECTIVE | 8 | 9 | 9 | 10 | 6 | 17 | 3 | 84 | 156 | |

* Not indicated on original format

Note: This represents projected levels as of 09/30/97

TABLE 5
STAFF REQUIREMENT (FY 1998)

| STAFFING CATEGORY | STRATEGIC OBJECTIVE 1 | STRATEGIC OBJECTIVE 2 | STRATEGIC OBJECTIVE 3 | STRATEGIC OBJECTIVE 4 | STRATEGIC OBJECTIVE 5 | STRATEGIC OBJECTIVE 6 | SPECIAL OBJECTIVE | OTHER | TOAL STAFF BY CLASS |
|-------------------------------------|--|---|---|--|---|---|----------------------|-----------|------------------------|
| | BROAD BASED ECONOMIC GROWTH IN MINDANAO | IMPROVED NATIONAL POLICIES IN TRADE AND INVESTMENT | REDUCED POPULATION GROWTH RATE & IMPROVED HEALTH | ENHANCED MNGMT OF RENEWABLE NATURAL RESIURCES | REDUCED EMISSION OF GREENHOUSE GASSES !! | BROADENED PARTICIPATION IN FORMULATION & IMPLEMENT.OF PUBLIC POLICIES | AIDS SURVEILANCE | | |
| USDH | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 11 | 19 |
| FSN (OE) | | | | | | | | 8 | 8 |
| FSN (TF) | 3 | 4 | 4 | 3 | 1 | 6 | 1 | 69 | 91 |
| FSN (PROG) | 1 | 1 | 3 | 5 | 2 | 4 | 1 | | 17 |
| PSC (OE) | | | | | | | | 2 | 2 |
| PSC (TF) | | | | | | | | | 0 |
| PSC (PROG) | 1 | | | 1 | 1 | 2 | | | 5 |
| TCN (OE) | | | | | | | | | 0 |
| TCN (TF) | | | | | | | | | 0 |
| TCN (PROG) | | | | | | | | | 0 |
| PASA (PROG)* | | 2 | 1 | | | | | | 3 |
| TOTAL STAFF BY OBJECTIVE | 6 | 8 | 9 | 10 | 5 | 14 | 3 | 90 | 145 |

* Not indicated on original format

Note: This represents projected levels as of 09/30/98

TABLE 6
OPERATING EXPENSE REQUIREMENTS

| OE/TRUST FUND LEVELS BY | |
|--------------------------------|----------------|
| MAJOR FUNCTION CODE | FY 1996 |
| U100 USDH | 551 |
| U200 FN Direct Hire | 213 |
| U300 Contract Personnel | 2016 |
| U400 Housing | 845.2 |
| U500 Office Operations | 2121 |
| U600 NXP | 292 |
| Total Mission Funded OE | 6038.2 |
| Of which Trust Funded | 3502.9 |
| US\$ OE NEEDED | |
| | 2535.3 |

EXCERPTS FROM:

USAID MANILA AS A LEADING EDGE MISSION

UNDER THE

NEW PARTNERSHIPS INITIATIVE

PROPOSAL

EXECUTIVE SUMMARY

In response to State 007324, USAID Manila proposes itself as an New Partnerships Initiative (NPI) Leading Edge Mission. We believe that the current Mission Strategy, and the Philippines itself, provides an excellent standard reference for the NPI. As one of nine Country Experimental Laboratories, the Mission has restructured its internal operations and relationships with its partners to make them more participatory and customer-oriented. With the vision of creating a "Democratic NIC," our recently approved Country Program Strategy emphasizes partnership, participation, and economic growth. Nearly the entire portfolio works with the three NPI Sectors (NGOs, Local Government, and Small Businesses). Several results packages work with two or more NPI sectors synergistically.

In responding to the invitation to become a Leading Edge Mission, we see our participation as somewhat different than that outlined in State 007324. USAID Manila and its partners have exceptionally rich experience in all three NPI areas, and would like to continue to share this knowledge with the Agency and other donors. Our proposal outlines the Philippine's accomplishments in grassroots development, and plans for the immediate Learning Phase. We document the information services we have already provided to the Agency and the donor community, and are prepared to do more. Our motivation is to give value added to the immense experience we have here and can share with others, since NPI objectives already infuse our Strategy.

INTRODUCTION: The Philippines as an NPI Center of Excellence

In response to a new era in U.S.- Philippine relations, USAID Manila began the process of refocussing and reformulating its strategic direction, culminating in its current Strategy (approved in early 1995) entitled Partnership for Democracy and Development. This Strategy parallels the Philippine Government's own vision for the Year 2000 portraying the Philippines as a model of a "democratic NIC." In a region known for rapid industrialization through autocracy, this would be a remarkable achievement.

The New Partnership Initiative, with its stress upon grassroots development through NGOs, local governments, and small business, is superbly suited toward the Philippine's present circumstance, and thus provides the Mission with the conceptual focus for achieving synergy and complementarity throughout our Strategy. The Philippines can validate the NPI for the following reasons:

1. ***The Philippines is the NPI Standard.*** As a "Leading Edge Mission," we believe that the Philippines is the standard for the New Partnership Initiative. Building upon a legacy of decades of work with NGOs and local governments, our program has evolved from a broad portfolio of cross-cutting themes and five objectives into a tightly-focussed interlocking strategy with the concept of a "Democratic NIC" as its guiding vision. As the local NGO community increases in sophistication and local officials assert their powers under devolution, USAID Manila has been at the forefront of the NPI's drive to enhance local capacity and reflect a new partnership with the development community. Moreover, USAID Manila has already exceeded the NPI funding target, by annually committing over half of its resources through NGOs, since 1993.

2. ***Philippine NGOs lead civil society.*** They play a particularly critical role in civil society in helping represent disadvantaged, providing alternative sources of service delivery, and advocating reform of the judiciary, electoral system, and governance. In a country without well established political parties and unreliable public institutions, NGOs, especially membership or people's organizations emerge as an indispensable "Fourth Estate."

3. ***The Philippines is carrying out one of the most radical and successful attempts at local government devolution.*** Local Government Units (LGUs) now serve as the heart and core of development. With the enactment of the 1991 Local Government Code, LGUs now have the authority and responsibility in steering their constituent towards socio-economic development based upon local initiatives and innovations that releases the power of the community. USAID/Manila's pioneering work with LGUs since the 1970's gives it the credibility and expertise in working in this

important area.

4. *The Philippines is an experimental lab for mature partnership.* As a Country Experimental Lab (CEL), and even earlier, the Mission pioneered reengineered grant management arrangements. Two entirely new lines of activity: coalition building; and the Democracy Agenda (SO 6, RPs 2 and 3), have been launched, and the Mission and its partners are jointly producing rigorous qualitative and quantitative methodologies for measurement that could become the standard for civil society activities throughout the Agency.

5. *NPI cuts across the entire Manila portfolio.* All but two of our 6 SOs and one Special Objective work closely with NGOs, local government units (LGUs) and small business. Several activities work with two or even all three sectors synergistically. For example, our forestry activities work with NGOs and LGUs to enable communities to establish market linkages for forest products, providing incentives for their conservation. Coastal conservation will entail alternative livelihood projects, run by NGOs, and participation in local government conservation efforts. (The integration of NPI is presented graphically in the attached Strategy Tree).

USAID Manila staff are frequently consulted by Missions expanding their NGO and LGU portfolios, as well as the PPC and Global Bureaus. Philippine NGOs train other Asian NGOs, and the GOP's liberal NGO regulatory environment is being studied by other Asian and Near Eastern governments which once viewed NGOs with suspicion, or banned them outright.

THE ROAD TO NPI: NGO, LGU, and Small Business Initiatives 1980-94

The Evolution of the USAID's work with NGOs

USAID Manila's PVO Co-financing Programs have evolved considerably over the past 15 years. In the 1980s, USAID provided small grants to U.S. and Philippine PVOs for a wide range of basic needs and integrated rural development projects. With a large OYB and a high-profile presence, USAID emphasized building, then reaching, a broad NGO clientele. With the Enterprise in Community Development Project, begun in the late 1980s, grants became available to corporations and corporate foundations for community development. Over the past 15 years, over \$70 million in grants and sub-grants have been made to over 200 NGOs and corporate foundations. Over time, the registry of local PVOs and corporations grew to be the largest in USAID, exceeding 80 Philippine NGOs.

Hundreds of smaller NGOs and people's organizations¹ have received USAID funds via sub-grants, sub-contracts, or through PL 480 monetization.

As the 1990s approached, the strategy shifted to strengthening "intermediate institutions: stronger, larger NGOs which work with smaller subgrantees. By 1994, the program focussed further on civil society institutions such as legal reform organizations, labor federations, and "people's organizations." A limited number of grants was awarded on a competitive basis to proponents most responsive to the new democracy focus.

Creating an enabling environment : Since 1986, the policy environment for NGOs has been extremely favorable. Both the Aquino and Ramos administrations have recruited cabinet secretaries and other high officials from the NGO community, and have supported a wide variety of government-NGO partnerships. Clearance procedures for donor funding of NGOs (a common practice throughout Asia) were abolished by the Aquino administration. Registration is a simple, transparent procedure, and local governments also accredit NGOs to serve on Development Boards. In recent years, foreign delegations throughout Asia, seeking to modernize their own regulatory frameworks, have visited the Philippines, and have come away impressed by the productive relationships between NGOs, government, and the private sector. Delegations from Bangladesh and Vietnam have been particularly struck that close government control over NGO activities is unnecessary, as proven in the Philippines.

Beginning 1993, USAID began the process of liberalizing its own grant management, which had been highly restrictive. After several consultations with key PVO grantees and USAID staff, including RIG/A Singapore, USAID Manila streamlined grants to provide 100% line item flexibility in their budgets. Onerous requirements such as bank account agreements and two reports per quarter were reduced or eliminated. One-time approvals of travel and personnel policies were introduced to end the practice of ad-hoc approvals for raises and small purchases. Three perplexing grant management guides were replaced with a single, user friendly Financial Management Guide written in plain English!

Competitive selection of proposals has replaced ad-hoc selection of grantees. In USAID's Democracy programs, prospective proponents are invited to write a 5 page concept paper. A competitive few are selected and asked to develop the papers into full proposals. Guidelines for application are distributed to selected (or in the

¹These are community membership organizations such as mothers clubs, small cooperatives, and other self-help groups. The poor often make up the membership and leadership of people's organizations. People's organizations can legally register themselves with their municipality.

Democracy sector, all) registered PVOs. This practice takes the mystery out of applying for grants--and reduced the costs of proposal writing.

USAID's Support for Local Government Devolution

USAID Manila has been involved with Local Government Units (LGUs) since the 1970s. In the late 1980s USAID's Local Development Assistance Project, through performance-based budget support, technical assistance, and NGO grants, effectively promoted and supported the decentralization reforms that radically strengthened the role of LGUs. In 1991, these reforms were institutionalized in the Local Government Code of the Philippines. The devolution initiated is unmatched elsewhere in terms of the power shift-- central government to local government (provinces, cities, and municipalities) as well as the speed at which it was implemented. The decentralization not only transferred substantial authorities to LGUs but also devolved almost 70,000 national government civil servants to LGUs and incrementally increased national government fund transfer under the internal revenue allocation from a low of pesos 12 Billion in 1990 to pesos 56 Billion in 1995. The cabinet-level departments of Social Welfare, Health, Agriculture have devolved staff, facilities, and other resources to the provinces and municipalities.

The Code allows LGUs to secure grants directly from donor countries/institutions without securing approval of national government agencies and enabled them to directly borrow from financial institutions. As a result of their new-found freedom, LGUs are now at the forefront of changing local governance systems. LGUs now are able to directly negotiate with private sector for joint undertakings, including the innovative Build-Operate-Transfer method of private financing.² LGUs are largely responsible for, implementing delivery of basic services, urban management, and carrying out local disaster preparedness and relief activities. With devolution, LGUs have become critical links to the delivery of family planning, health, and nutrition programs. Professional Leagues of local government units are sharing innovative and working activities; beginning to undertake policy advocacy activities to preserve and enhance gains in the decentralization, and seeking to professionalize their staffs and services.

Local government devolution, while making rapid progress, is not yet securely anchored in Philippine political life. Over the next five years, our Governance and Local Democracy (GOLD) activity is designed to help advance the decentralization

² This is an innovative method of financing in which the private sector finances, builds, operates, and charges for public infrastructure. It has proven highly successful with national government agencies and is considered one of the major factors behind the Philippine's recent economic recovery.

process by strengthening project sites located in provinces, cities, and municipalities. Targeted LGUs will receive technical assistance and training in financial mobilization and management, investment prioritization and promotion, and environmental planning and management. It will support the three LGU Leagues (one each for Provinces, Municipalities, and Cities), and NGO networks to monitor the progress of decentralization, and further training of NGOs to institutionalize participatory decision-making.

The devolution of health and family planning services poses a difficult challenge to LGUs, many of which lack the management experience for the responsibilities formerly provided by the national Department of Health (DOH). With devolution, DOH functions in health service provision were reduced as these were turned over to LGUs. The turnover of these functions, however, now requires reengineering of DOH roles in policy making, standard setting, monitoring and provision of technical assistance to LGUs.

Small Business

Like our NGO and LGU programs USAID Manila's small business programs not only cut across the Mission's portfolio, *but work in synergy with LGUs and NGOs*. In Mindanao, USAID focussed a multi-faceted program addressing infrastructural deficiencies, technologies, market linkages, and local government capabilities. The Agribusiness System Assistance Program used the coalition-building strategy to advocate reforms benefitting small farmers, and linked them to commercial suppliers of new technologies, seeds, and markets. Several NGOs, funded by co-financing projects and by PL 480 implemented microenterprise and cooperative development projects. While success was mixed, two local NGOs have succeeded in establishing sustainable credit programs and at least one (Tulay sa Pag-Unlad, Inc.) is converting into a bank which can access commercial resources and multilateral bank funding. With USAID Manila support, PBSP initiated a Small and Medium Enterprise Credit Program through the banking sector. Although USAID support ended in 1993, the program continues to grow with support from the development banking sector, the German Development Bank, and its own equity.

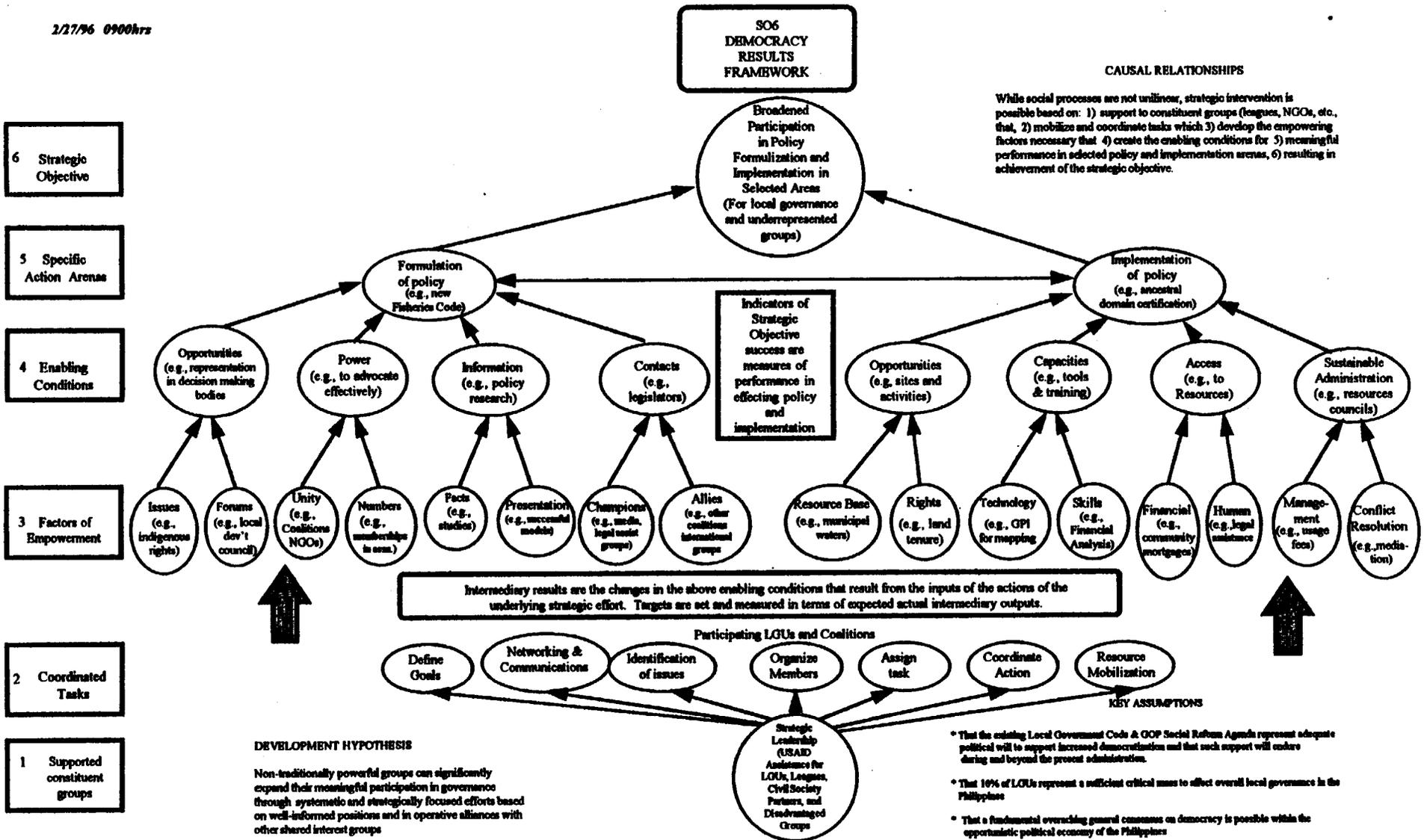
Over the next five years, USAID Manila's primary vehicle for supporting small business will be the Growth with Equity through Mindanao Program (GEM). However, continued access to growth, on the part of the disadvantaged will require attention to linking small entrepreneurs, farmers, and fishermen, to markets and investors. GEM will facilitate meetings between producers' organizations and the prospective investors so that requirements and capabilities can be clarified. In those cases where mutually beneficial deals appear possible, GEM, as necessary, will provide assistance to the producers' organizations to enable them to meet requirements and participate in the deals. This could involve assisting the organizations to produce feasibility studies,

business plans, etc. needed to determine the appropriateness of undertaking new ventures; assisting the organizations to obtain financing needed to modify production practices or initiate production of new products; arranging for production and technology training of farmers/fishermen who will participate in the schemes. GEM will take advantage of the wide range of technical resources available--including those within the NGO and university community--to provide this training.

Recognizing the value and importance of the full participation of the local business community in all enterprise development occurring in their areas, GEM will systematically identify priority investment sectors and/or projects in the targeted areas that are suitable for small and medium enterprise (SME) investment. It will draw up preliminary feasibility studies, and provide guidance and assistance needed by SMEs in the targeted areas to undertake the projects. This could include facilitating bank financing, or arranging or providing limited technical assistance or training. GEM will also aggressively promote joint ventures and other mutually beneficial business arrangements between SMEs and incoming investors.

One of the most engaging examples of NPI synergy is found in the Family Planning Franchise program. In order to secure family planning from the vicissitudes of government policy, an innovative cooperative agreement with John Snow, Inc., since 1992, provides grants to two local NGOs to initiate 114 small franchise clinics in 42 provinces. Under this program, midwives are provided with entrepreneurial training and a one-time, small loan of less than \$1,000. Many of the clinics remain viable, with some earning \$750 per month. The clinics provide a range of pre-natal, laboratory, and family planning services. Some of the clinics have diversified into inpatient services, over the counter drugs, and other sales. In return for technical assistance from the NGO, the franchise is supposed to pay a management fee of about \$20 per month. USAID Manila and JSI/RTI are examining the factors behind franchise success, in order to expand the viable and innovative components of the program.

USAID Manila recently conducted a series of mini-workshops for 7 partner NGOs to assess their sufficiency and outreach levels and enable them to plan strategies for more sustainable programs. Using tools developed by USAID's Office of Microenterprise Development, several NGOs have confronted the fact that their programs are not reaching sustainability and have decided in favor of a "paradigm shift" to sustainable credit practices. USAID Manila will continue to track the transformation experience of these seven over the next year, in order to show the banking sector that banking with the poor can be a viable, sustainable activity. NGOs will also play an important role in the Growth and Equity in Mindanao (GEM) program, by linking farmers and fishermen to investors and producer's organizations.



RESULTS FRAMEWORK

SO4 - Enhanced Management of Renewable Natural Resources

The objective of SO4 is to enhance and sustain the management of renewable natural resources by communities and businesses, and thereby prevent environmental collapse while the opportunity still exists. This objective is geared towards the development of sustainable economic and ecological systems for the management of the environment and natural resources base. In order to meet this objective, SO4 will seek to achieve the following results: reduced degradation of natural resources (coastal and forestry resources) in strategically selected geographic areas and industrial pollution abatement through a reduction of environmentally harmful wastes at targeted industrial and municipal locations. USAID was first to develop a strategic initiative that assisted the GOP to conceptualize and implement policies that emphasize community-based approaches to resource management.

Causal relationships, key assumptions and development hypotheses.

The Philippines is a nation composed of 7,100 islands with some of the richest and most biodiverse flora and fauna in the world. Its coastal waters have about 450 species of coral and more than 2,300 fish species. The islands support at least 12,000 plant, 165 mammal and 570 bird species, many of them endemic. The Philippine economy is highly dependent on the survival of delicate ecosystems – rainforests, upland watersheds, mangroves and coral reefs—that support a high level of bio-diversity. Sixty percent of Filipinos make their livelihood from some form of forestry, agriculture or fishing. Fifty-five percent of the protein in the Filipino diet comes from marine fish. The pace of damage and destruction to the Philippine environment is staggering. The Philippines faces a narrow window of opportunity within which to reverse the rapid and possibly irreversible decline in the country's ecosystems.

Natural resources management is vital to the socio-economic development of the Philippines. Of the approximately 40% of the Filipinos who live below the poverty line, the majority rely on the forests and coastal areas for food and livelihood. Over 70% of the Filipinos live within 10 kilometers of the coast and fish is the basic animal protein of their diet. However, this fish resource is declining as population growth continues to apply increasing pressure. Likewise, unsound logging and agricultural practices have decimated the country's old growth forests such that over the last forty years, this resource has been reduced by 90%. Residual forests have been under pressure and are continuing to also deteriorate. Forty years ago, only twenty million people inhabited these islands. Since then, the population has more than tripled in size. This rapid increase in population has increased the number of poor, marginalized communities who were forced into the forest to eke their living. This condition substantially contributed to the rapid destruction of forests. Today, about 30 million Filipinos are considered below the poverty line. Poor communities are caught in a double bind. Limited economic alternatives drive them to exploit public lands, and being public domain the indwelling poor communities have no incentive to leave anything behind, more so manage what is there.

As these natural resources are depleted due to unsustainable management practices, industrial development is causing a deterioration in air and water quality throughout the Philippines.

Although air and water resources are generally not directly income-producing, their deterioration significantly impacts on public health and quality of the local ecosystems. This damage potential will grow exponentially as the pace of industrial development quickens in the Southeast Asian region. It is projected that over the next twenty years that the industrial infrastructure in the Philippines will grow by more than 400%. The Philippines may be one of the first countries to demonstrate socio-economic instability driven primarily by a collapse of its economically important natural resources base.

The challenge of environment management is all-encompassing -- it cuts across natural resources both renewable and non-renewable-- forestry and coastal and fishery resources, water resources, and energy resources. The Environmental strategy is directed at - coastal and forestry and industrial pollution abatement - those environmental subsectors which are believed to be most critical to the economic development of the Philippines. USAID's strategic objective has three Result Packages (RP): Coastal Resources Management, Forest Resources Management and Industrial Environmental Management. The Program focuses on community-based management systems for coastal and forest resources and on promoting pollution abatement among the country's major industrial sectors. The program will promote two management concepts which are integral to our environmental strategy: watersheds and replication of actions across the Philippines. First, the watershed, as an ecological unit, underpins our community based management strategy since watersheds encompass the range of critical ecological zones--upland tropical forests, grasslands, and coastal land water interfaces, including the coastal ecosystems of fisheries, coral reefs, and mangroves. Due to the fact that over 80% of the Philippines' population and industries are also located in the coastal areas, the watershed management unit tied with multisectoral implementation takes into account urban and industrial pollution.

Our counterpart organization is the Department of Environment and Natural Resources with the Department of Agriculture assisting in the coastal resources sector. Our strategy is to implement the activities at the local level through community-based organizations including NGOs and private sector industrial firms. The policy environment is highly supportive of this strategy with the GOP advocating community-based natural resources management. Reinforcing this is the Local Government Code of 1991 which empowers the LGUs to regulate or provide, among other municipal activities, the management of environmental resources. We are building on the progress achieved by predecessor projects and programs in the forestry and industrial pollution sectors. In the coastal resources sector, much of our experience working with communities in forestry management is applicable.

Long-term sustainability of natural resources management will require

- Commitment by national government agencies (policies);
- Commitment by LGUs (ordinances) and local government agencies to implement national policies;
- Public support for environmental protection;
- Investment by local and national agencies in natural resources enhancement (e.g. local environmental planning and resource allocation) and protection;
- Active involvement of stakeholders in the actual management of the resource(s);
- Active resource management decisions taken at the local level with support of local and national governments.

The following are the key indicators of SO4:

Strategic Objective-Level

| | | |
|---------------------|---|--|
| Strategic Objective | : | Enhanced Management of Renewable Natural Resources |
| 1. Measure | : | Financial resources invested in natural resources management |
| Target | : | Increase from \$242M in 1996 to \$376M in 2000 |
| 2. Measure | : | Organizational resources (number of selected NGOs, PVOs, private sector firm, and Public organization, etc. engaged in natural resources management) |
| Target | : | Increase from 463 in 1996 to 2,350 in 2000 |
| 3. Measure | : | Communities affected (number of people in selected areas, disaggregated by ethnic groups, gender, being directly involved in natural resources management) |
| Target | : | Increase from 46,000 in 1996 to 240,000 in 2000 |

Results Package 1: Coastal Resources Management

Coastal waters along 3000 km (17%) of shoreline managed for sustainable harvests by 2002.

Causal relationships, key assumptions and development hypotheses.

Declining fishery resources and an expanding population contribute to a growing crisis in the Philippines. The CRM Activity will focus on local level action by resource users that is integrated with support activities designed to achieve rapid spread to a national scale with long-term sustainability. Support activities include national policy development and implementation, environmental communications, donor coordination, a national repository of CRM lessons learned and training center, a regional working group of CRM implementors and other international linkages such as the US Coast Guard, the Smithsonian and the states of Hawaii and Florida. Private enterprise, at local, national and international levels, is a critical element for making sustainable management a reality on the coasts.

The basic cause of coastal resource degradation is "*de facto*" open access to coastal resources. This is true in the case of fisherfolks and fishery resources, mangroves and mangrove area users, and producers of waste and water quality. These resource users are the real day to day managers of coastal waters and the natural resources therein. When given responsibility for and secure tenure over coastal resources, they have shown that they can become more effective managers.

Local governments have been given management responsibility for most coastal resources under the Local Government Code of 1991. However, only few local government units understand what is required of them or how to develop regulations that can and will be enforced. Effective

enforcement of municipal ordinances that restrict access to coastal resources requires broad support from resource users. This support is best developed by involving resource users in the formulation of regulations.

Early decisions on access restrictions in municipal waters are relatively easy: eliminate illegal/ destructive (including commercial) and overly efficient gears. They affect relatively few individuals, mostly outsiders. Decisions that limit access by local small-scale fisherfolks will be more difficult and should be made by the affected fisherfolks themselves. It is expected that net income rather than gross catch will drive decision making. Use of low cost capture methods that provide high net profit on a small harvest will be stressed. The availability of alternative enterprise opportunities for surplus fisherfolks will be important when effective access controls are in place and fishing effort is progressively reduced to levels needed for sustainable harvests.

National policies and their implementation can provide important support to local resource managers. Critical policy areas include: (i) the reduction of commercial fishing effort to sustainable levels outside municipal waters; (ii) the integration of national concerns regarding harvests of migratory fish stocks in municipal harvest level regulations; and (iii) the rationalization of mangrove area use.

Intensive and practical training of site level workers, expecting local government allocate resources for CRM, the judicious use of environmental communications and careful coordination with other donors are expected to lead to the spread of sustainable management practices at a rate than can avert or minimize the impending crisis.

While the overall target is expressed as coastal waters along kilometers of shoreline, the basic management unit will be the local government unit (municipality or city). Municipality/city waters extend 15 km from the shoreline. The length of shoreline managed by each local government unit is highly variable.

Key indicators

Result A: Municipal coastal resource management system for sustainable harvests developed and institutionalized. Each municipality is employing participatory planning, implementation and monitoring of coastal resources.

Measure: Kilometers of shoreline in number of municipalities.

Target: 3000 km in 136 municipalities by the year 2002.

Result A1: Development of system for sustainable harvests initiated (intermediate result). Trained staff with needed logistics and local government support have begun to assist fisherfolks in a municipality.

Measure: Kilometers of shoreline in number of municipalities.

Target: 3,000 km in 136 municipalities by the year 2002.

Result A1.1: Assisting organizations are contracted to work with fishing communities and their local government units. These are expected to be NGOs in most instances but may be the local government unit or academic/civic institution with technical

assistance provided by USAID. One assisting organization would normally cover several adjoining municipalities.

Measure: Number of municipalities covered by assisting organizations.
Target: 136 by the year 2002.

Result A1.2: Municipal (and city) governments agree to provide active support to fishing communities. Municipal employees are made available for training and assigned to work with fishers and/or logistical support provided, especially for the enforcement of municipal fishery ordinances.

Measure: Number of committed local governments.
Target: 136 by the year 2002.

Result A1.3: Site level workers are trained to assist fishing communities and their local governments develop management for sustainable harvests.

Measure: Number of site level workers trained.
Target: 920 persons by the year 2002.

Result A1.4: Other donors provide the majority of outside support for 50% of target shoreline/ municipalities. USAID would usually provide site staff training and, perhaps, technical assistance and/or limited logistical support.

Measure: Kilometers of shoreline in number of municipalities.
Target: 1500 km of shoreline in 68 municipalities by the year 2002.

Result A2: Coastal communities (barangays) using participatory planning, and implementation of resource management strategies

Measure: Number of barangays in a municipality using participatory processes.

Target: All coastal barangays in target municipalities use participatory processes.

Result A3: Barangay plans developed using participatory processes and are incorporated into municipal development plans.

Measure: Municipal development plans reflect barangay plans.

Target: 136 municipalities with 3000 km of shoreline by the year 2002.

Result A4: The municipal government has enacted ordinances that allow access to and the harvest of fishery resources to be limited. A minimal set of ordinances/provisions will be defined. Some variability may be required to meet site specific conditions. Active participation by fisherfolks in ordinance

formulation will be expected.

Measure: Number of municipalities meeting minimal requirements.
Target: 136 municipalities with 3000 km of shoreline by the year 2002.

Result A5: **Local government commitment to community management for sustainable harvests is maintained.** Local governments are responsive to and better able to support fisherfolks needs. Staff permanently detailed for CRM and continuing support for enforcement of regulatory ordinances are expected.

Measure: Number of municipalities demonstrating continuing support to resource management and conducting monitoring of the resource.
Target: 136 municipalities with 3000 km of shoreline by the year 2002.

Result A6: **Municipal regulatory ordinances are effectively enforced by fishing communities with support from their local government unit.**

Measure: Number of municipalities with effective municipal ordinance enforcement.
Target: 136 municipalities with 3000 km of shoreline by the year 2002.

Result A6.1 **Quality of shallow water habitats (coral, mangrove, seagrass) maintained or improved.**

Measure: Periodic assessment of habitat quality indicators.
Target: Habitat quality maintained or improved.

Result A6.2 **Available mangrove area placed under smallholder management with secure tenure.** Areas to be managed as mangrove forest under Mangrove Stewardship Agreements.

Measure: Hectares of mangrove area under successful smallholder management instrument.
Target: 70% of available mangrove area under Mangrove Stewardship Agreements.

Result A6.3 **Fishery-based disposable income of active fisherfolks is increased.**

Measure: Additional fisherfolks income from fishery-based activity.
Target: Doubling of disposable income within 4 years after project start-up in the area.

Result A7: **Investments by private enterprise provide employment opportunities for fisherfolks displaced by access restrictions.** Assisting organizations and local governments will know the identities of these individuals. Displaced fisherfolks are expected to exercise a variety of options, including retirement

and out migration as well as alternative enterprise in the target municipality. Alternative enterprise development activities will target the latter group.

Measure: Percentage of displaced fisherfolks engaged in micro-enterprises as entrepreneurs or employees.

Target: 100% of displaced fisherfolks find suitable alternatives; 50% of displaced fisherfolks that need alternative employment find it through CRM Activity assistance.

Result A8: Environmental communications produces positive changes in specific behaviors and knowledge relating to CRM. The behavioral changes and increased knowledge will be essential to successful attainment of other Results.

Measure: Percentage of people (disaggregated) with changed perception and attitude towards coastal resource use.

Target: 60% of target populations exhibit desired behavior and/or knowledge.

Result B: Increased investment in CRM by local and national government.

1. Measure: Percent of budget allocated for CRM by local government units in USAID influenced areas.

Target: 3% of annual Internal Revenue Allotment (IRA) invested in CRM activities.

2. Measure: Percent increase in national budget allocated for CRM.

Target: 3% annual increase in budget appropriation for CRM activities.

Result C: Effective National Policy Implementation

Measure: Mangrove area reverted from non-forest use to forest use by government agencies.

Target: 20,000 ha by the year 2002.

Result C.1: Mangrove areas are mapped and existing portions used for fishpond purposed identified and classified.

Measure: Hectares mapped.

Target: 300,000 ha mapped by the year 2002.

Result C.1.1: Administrative procedures for mangrove area recovery are developed and implemented by the Department of Environment and Natural Resources and the Bureau of Fisheries and Aquatic Resources.

Measure: Administrative procedures developed and implemented

Target: National policy translated into municipal ordinances

Result C.1.2: Municipal level issuance of Mangrove Stewardship Agreements. Responsibility for integrated social forestry programs has been devolved to local governments but no mechanism has been established for local issuance of tenure instruments.

Measure: Guidelines approved for local issuance of Mangrove Stewardship Agreements.
Target: 20 communities awarded MSA

Result C2: Commercial fishing effort reduced to level required for sustainable harvests. Municipal fisherfolks and their local governments can exclude commercial fisherfolks from municipal waters but the Bureau of Fisheries and Aquatic Resources must also regulate commercial fishing effort within archipelagic waters.

Measure: Actual commercial fishing effort in relation to effort required for sustainable harvests.

Target: A ratio of 1:1 by the year 2002.

Result C3: Collaborative management of migratory fish stocks by national and local governments. National agencies will develop new policies in areas such as coordination of migratory fish stock harvest among commercial fisherfolks and local government units.

Measure: Policy developed and officially adopted.

Target: Suitable policy by the year 2000.

Results Package 2. Forest Resources Management

At least 500,000 hectares of residual forest managed sustainably by community-based enterprises by the year 1999.

Causal relationships, key assumptions and development hypotheses:

The purpose of RP2 is to improve protection of the county's remaining forests. The program has targeted protecting at least 500,000 hectares (approximately 1.24 million acres) or 14% of the country's remaining residual dipterocarp (Philippine Mahogany) forest. More than 2.5 million hectares are unprotected now. USAID is working with the GOP to pioneer efforts for transferring management and protection responsibility for this forest land to local upland communities.

In the latter part of the century, the pace of destruction of the country's forest resources is staggering. Indiscriminate logging followed by uncontrolled slash and burn agriculture has reduced the country's rich forest resources from more than ten million hectares of primary, old-growth, hardwood forest covering one third of the countryside in 1950 to about 0.8 million hectares today. Another 3.1 million hectares of scattered, residual secondary hardwood forests remain in varying condition. At current rates of deforestation even these remaining forests will be significantly reduced by the turn of the century; with the concomitant irreversible depletion of the rich flora and fauna that are unique to the Philippines. This clearing of forested lands has resulted in soil erosion and damage to watersheds, reduced availability of arable land and degradation of the uplands. While watershed damage has had an adverse impact on agricultural

production in the lowlands, damage from storms, loss of top soil, and droughts and flooding have taken their tolls in lives, property and infrastructure.

Since the early 90's, the Philippine government expressed a dramatic shift in its attitude, policies and commitment to how upland forest resources should be managed to sustain the country's rich, diverse and economically important natural resource base. This shift in attitude is premised on the belief and vision that successful resource management depends on: a policy climate that encourages popular participation in decisions affecting access to and the economically and ecologically rational utilization of the country's natural resources, and the empowerment of upland communities to be directly responsible for managing the forest resources they depend upon for their livelihood. Today, scores of environmental NGOs, hundreds of communities and an ever increasing number of commercial businesses dependent upon forest and coastal resources are committing capital and efforts to reverse the trend of environmental degradation and sustaining the resource base.

This change in the country's political attitude toward natural resources management has attracted considerable support from the international donor community. Since 1986, donor funded projects have almost tripled (from 20 to 56) and donor investments in the sector increased from \$73 million to more than \$1.0 billion today.

Key Indicators:

Result A: Upland communities acquire tenurial access and usufruct rights to forest lands.

Measures: 1)Number of agreements signed between the Department of Environment and Natural Resources (DENR) and communities.
 2)Area of forestland covered by the agreements.

Target: At least 50 agreements signed covering 500,000 hectares of forestlands by 1999

Result B Community organizations demonstrate sustainable operations:

Measures: 1)Community organizations have Comprehensive Resource Management and Development Plans that define long term community vision for managing the tenured forest area.
 2)Community organizations generating a net profit and demonstrating sound financial management.
 3)Community organization follows approved harvesting plans and uses low impact harvesting practices.

Target: 50 comprehensive resource management plans approved by the DENR by 1999; 25 community organizations generating a net profit by 1999.

Result C Community organizations have information system in-place for effective, transparent decision making.

Measure: Year-end audit by an independent firm of the community forestry operations

Target: 50 favorable audits of community forestry operations by the year 1999

Result D Local Governments investing a portion of their internal revenue allotments to assist upland communities to employ community-based approaches to public forest lands within their political boundaries.

Measures:

- 1) Local Governments include community-based management approaches to forestland management into their land use plans.
- 2) Local Governments invest in spreading/strengthening community-based forest management within their political areas.

Target: 5- Provinces have included community-based management in their forestland use plans. Provincial governments are working with municipal governments to spread community-based management of forestlands.

Result E Policy and regulatory environment in-place that promotes sustainable forest management and encourages long-term investment in forestry and forest based industries.

Measures: Passage of Act that institutionalizes community-based approaches as the national strategy for forest management.

Target: Executive Order 263 pronounced and implemented, House Bill 2966 submitted for Presidential signature.

Result F: Implementing rules and regulations for community-based forest management simplified.

Measure: Department Administrative Order in place revising existing guidelines on Community Based Forest Resources Management

Target: Simplified systems reduce the time required for communities to secure a tenure agreement with the DENR from three years to one year or less.

Result G National government devolves to local governments the authority to manage, regulate and protect public forest lands.

Measure: Responsibilities devolved to Local Government contained in department administrative orders.

Target: Local Governments given responsibility to oversee management, protection and regulation of public forest lands.

Result H Forest charges system modified to encourage sustainable forest management and private investment in forestry and forest based businesses.

Measure: Revised policy on forest charges contained in Department Administrative Order.

Target: Forest charges as a percent of FOB value of wood products eliminated in favor of other tax and investment incentive options.

Result Package 3: Industrial Pollution Abatement

20% reduction in pollution discharges in participating facilities in industrial locations.

Causal relationships, key assumptions and development hypotheses:

Philippine industries can be an effective engine of economic growth for the country. They can contribute to the GOP's policy of decentralized economic growth in areas outside of Metro Manila. These industries however, are in a period of transition, and face two major challenges: rigors of international competition, and the environmental degradation.

From 1946 through the 1970s, the GOP promoted industrialization under an import substitution strategy. A major consequence of the import substitution strategy, which has clear implications on industrial pollution, is the lack of incentives to upgrade industrial/pollution technology. Technological upgrading is needed to raise production efficiency, improve competitiveness, and prevent and reduce industrial pollution. There has been a lack of government, private and public agreement to implement existing laws and regulations on pollution prevention. The absence of implementable penalties for non-compliance with environmental standards mitigates desired changes in industrial performance.

Industrial pollution affects the productivity of firms and the health of those who live and work in urban and industrial areas. It also adversely affects infrastructure as manifested in reduced property values, loss of productivity, and increased maintenance costs for buildings. Serious problems on public health and safety are caused by urban and industrial pollution and their indirect economic impact. The typhoid fever epidemic in San Jose, Batangas is attributed to water pollution brought by livestock/poultry wastes. The number of work days lost as a result of illnesses associated with poor water quality and waste management has yet to be quantified. Over the longer term, air quality degradation and its adverse health effects, such as respiratory diseases and elevated lead levels in the bloodstream, may have more profound effects on the population, and consequently the economy.

The targeted result of RP3 is to improve industrial management of pollution through pollution prevention or reduction at its source, and efficient and cost-effective abatement and reclamation of industrial wastes.

{Note: This results package is currently being designed to emphasize policy implementation in support of a revamp of GOP's environmental strategy. Additional indicators and benchmarks will be developed for policy-related results later.)

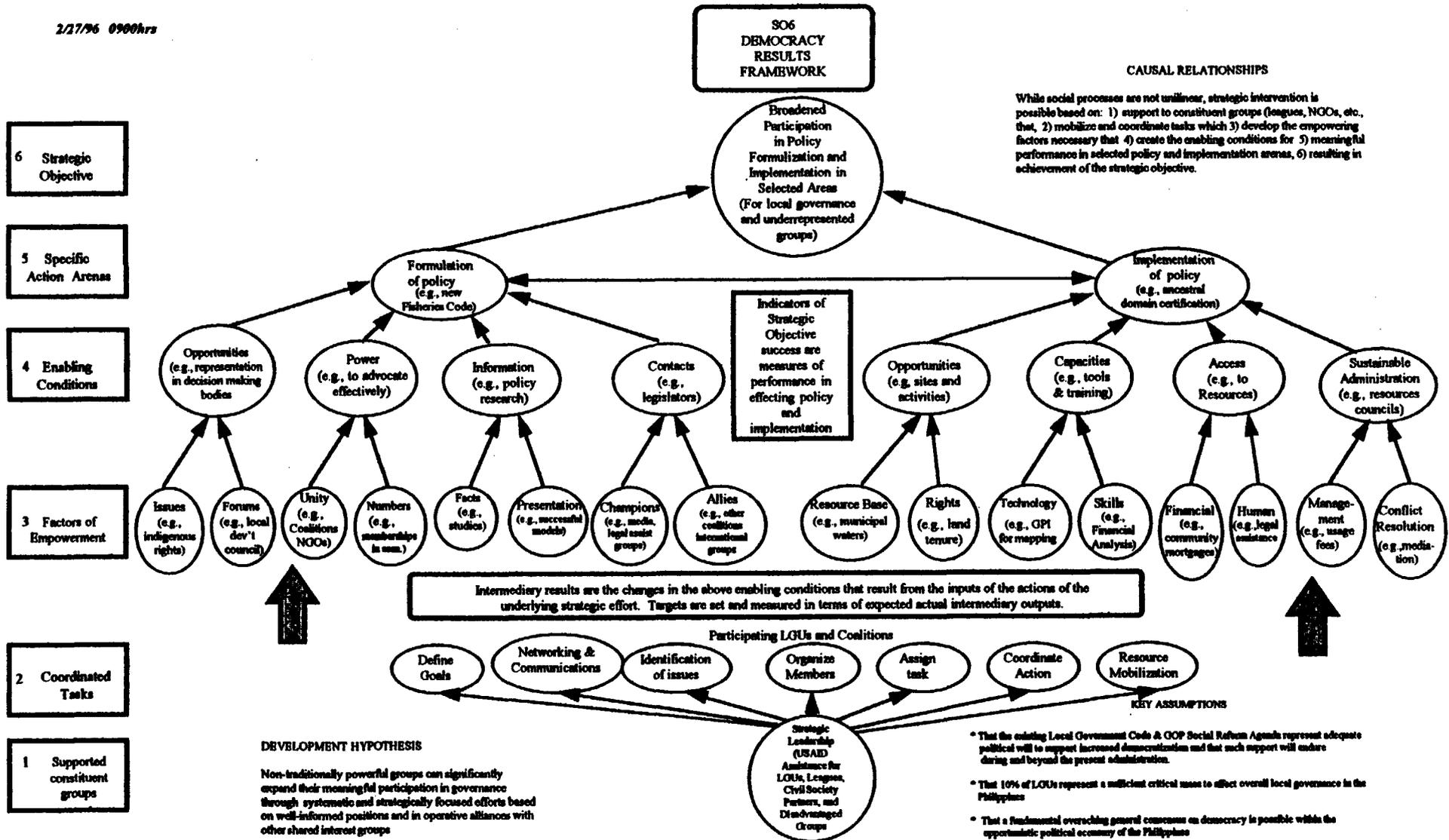
Key Indicators

- 1. Measure: Percent reduction in pollution discharge of participating firms
Target: 25% by year 2000

- 2. Measure: Percent adoption of Pollution Management Appraisal (PMA) technologies
Target: 70% of firms which have undergone PMA are investing in technology to improve industrial processes which will minimize wastes by Year 2000

- 3. Measure: Millions of dollars invested in pollution abatement
Target: \$11 M by year 2000.

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TWO RECENTLY COMPLETED ACTIVITIES IN THE HEALTH AND POPULATION PROGRAM

1. Child Survival Program (CSP)

The Child Survival Program was conceived in 1987 to assist the Department of Health (DOH) achieve the child survival goals set in the 1988-1992 Philippine Development Plan. A joint USAID and DOH analysis at that time identified five sectoral constraints that would impede the attainment of such goals: (1) inadequate budgetary resources; (2) lack of effective targeting of services; (3) low client demand; (4) centralized administration of services; and (5) fragmentation of services. These key problems had to be resolved in order to achieve a sustained decrease in infant, child and maternal mortality. To this end, the CSP provided \$50 million in grant funds broken down as follows: \$45 million as performance disbursements to the Government of the Philippines (GOP) and \$5 million in technical assistance obtained through AID direct contracts and grants. Performance disbursements under CSP were made annually upon the accomplishment by the DOH of a set of policy objectives jointly developed by USAID and DOH.

The CSP design proved to be an appropriate response to constraints in the effective delivery of child survival services. The policy reforms identified reflected accurate analyses of the problems, and of the measures required to overcome them in a sustainable manner. The performance benchmarks selected were accurate measures of the achievement of policy reforms. These policy reforms, in turn, were highly effective in achieving the desired program purpose. In particular, the following high impact changes include: increased prioritization of child survival by the GOP; identification of underserved areas and effective, decentralized health planning from the bottom up; definition/implementation of a well chosen core package of maternal and child health (MCH) interventions, including Control of Acute Respiratory Infection (CARI), which was new to the Philippines, and Family Planning (FP), which was revived after a period of stagnant implementation; a comprehensive IEC strategy utilizing various media to increase consumer demand and promote improved health behaviors; and strengthening of supervision through integrated, criteria-based supervisory systems and health information systems. Child survival service delivery improved which, in turn, impacted on mortality: a consistent and credible pattern of decreased infant/child deaths from pneumonia, diarrhea, and immunizable diseases between the years 1988-1994 was documented.

The use of a performance-based program mode of disbursement rather than project assistance proved to be an appropriate instrument for the achievement of CSP's purpose. The DOH effectively leveraged other donor assistance and GOP resources in implementing the CSP. The recurrent costs of improved service delivery were effectively absorbed by the GOP following the end of program disbursements, substantive work on health care financing begun under CSP continues, and current work with local government units (LGUs) in the planning and implementation of FP/MCH activities adopt the performance based approach of CSP.

During CSP's implementation, a major event occurred with far-reaching implications for the entire health system. Under the 1991 Local Government Code (LGC), authority for the delivery of health services was transferred from the DOH to the local government units (LGUs). For the DOH, full implementation of the LGC began in 1993 and USAID assistance through the Integrated Family Planning Maternal Health Program (IFPMHP) benefits from the extensive work done with LGUs and the experience in performance-based disbursements under CSP.

Recognizing that sustaining and expanding on the impressive achievements of CSP will be heavily contingent on the successful management of the devolution process both by the LGUs and the DOH, activities under SO 3 respond to the transition in the changed roles of LGUs and the DOH. Specifically, USAID assistance is being utilized to address the following policy and programmatic issues: re-definition and clarification of the roles and relationships of the DOH central and regional offices, re-introduction, as appropriate, of a decentralized health planning process used under the CSP to create municipal-provincial linkages, assistance to the DOH in facilitating its role as a "servicer of service providers," putting an LGU focus in the FP/MCH training, research, monitoring and IEC activities of IFPMHP, and strengthening the system for collecting and analyzing service statistics that will help LGU program managers and central office policy makers in sustaining responsive FP/MCH programs.

2. Family Planning Assistance Project (FPAP), 492-0396

The Mission's Reduced Fertility Rate and Improved Maternal and Child Health Strategic Objective is based on solid experience with family planning gained over a 20 years period with implementing family planning, child survival, and maternal health programs in the Philippines. But this experience was not always positive.

During the 1970s and early 1980s, the Philippines had one of Asia's most successful family planning programs. USAID was then, as it is today, the largest single contributor of financial and technical assistance to the Philippine National Family Planning Program (PNFPP). For the remainder of the 1980s, however, the program encountered serious difficulties due to the growing

political unrest, deteriorating economic conditions, a democratic revolution, and the ascendancy of the Catholic Church with its increasingly strong opposition to family planning. The program was all but dismantled by the Aquino Administration, whose political survival depended upon support from the Catholic leaders.

During this period, the Population Commission of the Philippines (POPCOM), which had spearheaded the family planning program during its successful years, was stripped of its responsibilities for family planning and left only with development of population policy. The DOH, which was assigned the responsibility for the provision of family planning information and services for health, rather than demographic reasons, was ill-prepared and ill-equipped to assume the new responsibilities, in addition to its existing awesome and enormous responsibilities in the preventive and curative health areas. Still worse, the NGOs, which had up until then provided more than 35 per cent of the family planning services and had shared major responsibility for family planning information, education, and communications programs, were totally neglected. Without POPCOM and a strong NGO sector, the program was unable to meet the demand for services from couples, who wanted to either postpone or terminate their fertility.

Against the backdrop of the democratic revolution and an increasingly hostile (to family planning) Catholic hierarchy, USAID and the Government of the Philippines signed an agreement to implement the \$40 million, six years, Family Planning Assistance Project (FPAP). This project was implemented nationally from May 1990 through September 1995. The FPAP was remarkably successful in meeting its objectives and in reviving the PNFPP. A major reason for this success was, indeed, the open and strong support provided to family planning by President Ramos (who followed President Aquino) and by his charismatic Health Secretary, a strong and committed advocate of family planning, notwithstanding the continuing opposition from the Church. The use of modern contraceptive methods increased nationally from 22 per cent in 1990 to 28 per cent in 1995. The use of traditional and natural family planning methods, supported by the Church, also increased during the same period from 11 per cent to 25 per cent.

The Philippine Devolution Act of 1992, under which financial powers and program management responsibility for all development programs, including health and family planning, were transferred to the Provinces and Local Government Units (LGUs), posed major challenges to the FPAP. Such a radical change in power and program responsibility was not contemplated at the time design of the FPAP. With considerable flexibility, however, the Project responded to the new challenges and needs of the Devolution Act, and helped the Department of Health implement the first truly "experimental LGU family planning programs" in 20 selected LGUs. This "LGU experiment" demonstrated that (1) there was considerable public support and customer demand for quality

family planning services and that further reductions in were possible; (2) substantial technical and funding support will be required, if the LGUs are to plan and implement effective family planning programs in their respective areas; (3) the traditional role and responsibility of the Department of Health and its Regional Offices must change from "implementor and manager of programs" to "provider of technical support and assistance" to the LGUs; (4) necessary support systems must be established within the Department Health to encourage and provide needed technical support to the LGUs; and (5) there was considerable scope for further expansion of the role of the NGOs and the private sector in the provision of family planning services.

These lessons learned from the FPAP Project and its "LGU experiment" were incorporated into the design of the Integrated Family Planning and Maternal Health Program and provided the foundation for the Mission's Reduced Fertility Rate and Improved Maternal and Child Health Strategic Objective and related Results Packages, activities and indicators.

Supplemental Annex D

November 14, 1995

TO: Michelle Adams-Matson, SEA/RPM

FROM: Jan van der Veen, USAID/Manila/PRM (signed)

SUBJECT: Status of USAID/Manila Strategy/Action Plan Agreements

REF: a) Your EMail and attachments of October 19, 1995
b) STATE 102712

As requested, we are submitting an update of our outstanding Strategy/Action Plan agreements. The actions requested are italicized, with responses following.

Action c: Mission will submit a more complete performance monitoring plan. Specifically, SO1 will be separated into 2 SOs. Mission will review indicators for the revised results framework and will include subsequent revisions in the performance monitoring plan.

Response: As requested in STATE 102712, the Mission revised its Strategy, separating SO1 (Economic Growth) into two SOs, SO1 (Broad-Based Economic Growth in Mindanao) and SO2 (Improved National Policies in Trade and Finance). The former RP 3.4 (Energy) is now a separate SO 5, (Reduced Emission of Greenhouse Gasses). New indicators and targets have been developed for SO 5. New indicators have also been developed for Democracy (SO 6, see below).

The Strategic Objective Tree which you have on file (sent in ref a), should be discarded and replaced by the attached Strategic Objective Trees, which are presented in the form of two slides, one with results packages and the other with SO indicators.

The Mission is holding its Strategic Performance Semestral Reviews from November 13 through November 17. By the end of November, the Mission will submit complete SO/RP tables with revised indicators. We expect some of the RP indicators to be refined between now and the R4 submission.

The Mission's complete Performance Monitoring Plan (which outlines data sources, timing, approaches, etc) will be submitted by the next R4.

Action d: *SO2 (FP/MCH) and indicators should be revised. Mission agrees to provide ANE with further clarification on what is intended in terms of "capacity."*

Response: SO2 has been changed to SO 3 and renamed "Reduced Fertility Rate and Improved Maternal Child Health." The selected SO indicators, with targets for the Year 2000, are:

1. Total Fertility Rate, dropping from 4.1 in 1993 to 3.3;
2. Infant Mortality Rate, dropping from 57 per 1000 live births to 49;
3. Maternal Mortality Ratio, dropping from 209 maternal deaths per 100,000 live births to 190;
4. Contraceptive Prevalence Rate (all methods) increasing from 40% to 50.5%;
5. Contraceptive Prevalence Rate (modern methods) increasing from 24.9% to 35.4%;
6. Percent of births in high risk groups dropping from 62.4% to 56%;

At the RP level, please note that the term "capacity" has been dropped in favor of measures of actual service delivery by local governments and the private sector, as well as indicators of expanding resources and responsibility on the part of the Department of Health and other national institutions.

Finally, the former Target of Opportunity (To reduce rate of HIV/AIDS infection in high-risk groups) has been changed to "HIV/AIDS Epidemic Prevented" and has been reclassified as a Special Objective apart from SO 3. The SO indicator is "HIV seroprevalence rate among target risk groups increases from less than 1% to less than or equal to 3% (the critical level for containing the spread of HIV) by Year 2000.

Action f: *Mission will modify wording of SO4 (D/G). USAID/W (G/DG in particular), the in-country contractor, and the mission will work to revise indicators for the SO to reflect the subnational emphasis of the activities.*

Response: An MSI Consultant team (Larry Heilman and Richard Gaeta) has completed its assessment of the Democracy SO (now labelled SO 6). Following the recommendations of the MSI consultants, as well as the modification in the SO to reflect the sub-national emphasis of its activities within the Mission's manageable interest (ref. b), the Mission has decided to no longer utilize national opinion responses as SO indicators, although the Mission intends to continue to use the surveys (conducted under contract with the Social Weather Stations) to provide useful information on overall

satisfaction with democratic institutions.

The new SO indicators are:

1. The percent of total disadvantaged (eg. indigenous peoples, fisherfolk, urban poor) impacted by coalitions of disadvantaged groups;
2. Major issues successfully addressed by the coalitions, as documented in the form of narratives;
3. The number of NGO representatives actively participating in local government special bodies (eg. school boards, development councils, planning boards);
4. The percent of people who feel their priority concerns are being addressed by LGUs in the targeted geographic areas.

For SO6, the baselines and targets will be defined in close consultation with the NGO partners and ARD Contractors in time for the R4 submission. We believe that the time spent working with the partners in defining the baselines and targets will lead to more and enduring valid baselines and targets.

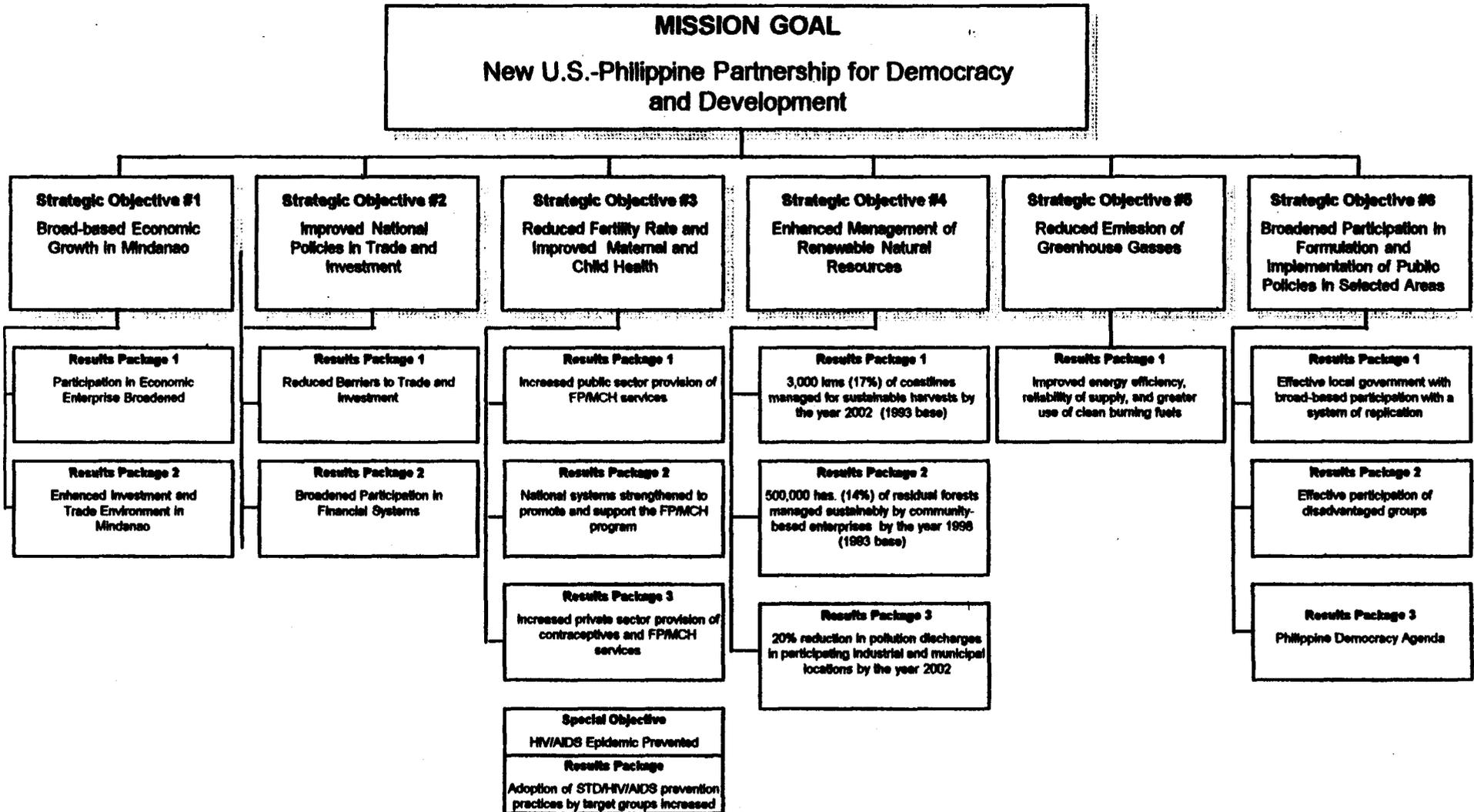
In summary, of the three actions requested of the Mission, it has completed (c), and (d) and has defined the indicators as requested in action (f), with only the baselines and targets of SO6 pending.

cc. DMasters, ANE/EA

~~CLEARANCE: AMartinez, PRM (draft)
GWest,DD (draft)
KSchofield, DIR (draft)~~

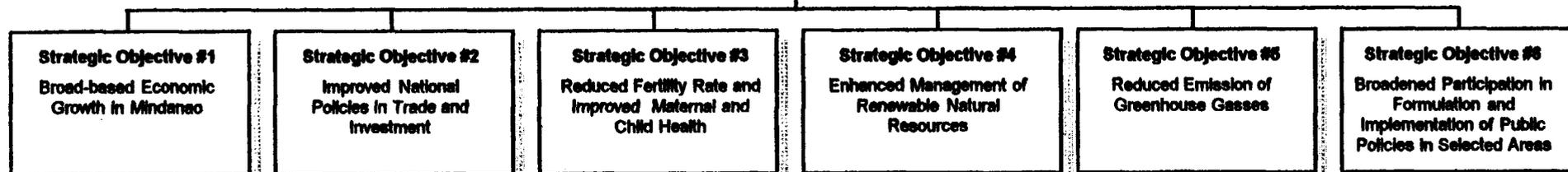
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USAID/MANILA OBJECTIVE TREE



USAID/MANILA OBJECTIVE TREE

MISSION GOAL
New U.S.-Philippine Partnership for Democracy
and Development



- INDICATORS**
- Increased real Gross Regional Domestic Product Growth from 1.4% per year (1985-1994 average) to 5.0% per year by 2000
 - Increased income growth for the lower 50% of families from 0.9% per year (1985-1993 average) to 3.0% per year by 2000

- INDICATORS**
- National ratio of Gross Domestic Capital Formation increased from 24.6% in 1994 to 28% by 2000
 - National ratio of total exports and imports to GDP increased from 74% (1989-1994 average) to 90% by 2000
 - Ratio of tax revenues to GDP increased from 17% in 1994 to 22% by 2000

- INDICATORS**
- Total Fertility Rate - 4.1 (1993) to 3.3 (2000)
 - Infant Mortality Rate - 57 (1993) to 49 (2000)
 - Maternal Mortality Rate - 209 (1993) to 180 (2000)
 - Contraceptive Prevalence Rate (all methods) - 40% (1993) to 50.5% (2000)
 - Contraceptive Prevalence Rate (modern methods) - 24.9% (1993) to 35.4% (2000)
 - Percent of births in high risk groups - 62.4% (1993) to 56% (2000)

- INDICATORS**
- Financial resources invested: \$242 million (1994) to \$376 million (2000)
 - Organizational resources: 463 organizations (1994) to 2,348 organizations (2000)

- INDICATORS**
- Tons of CO₂-equivalent of avoided global emissions: 0 (1995) to 20.8 million metric tons per year (2002)
 - Tons of SO₂ of avoided local emissions: 0 (1995) to 238,000 tons per year (2002)

- INDICATORS**
- % of total disadvantaged impacted by coalitions
 - Major issues addressed by coalitions (documented in the form of narratives)
 - Number of NGO representatives actively participating in local special bodies in target sites
 - % of people who feel their priority concerns are being addressed by LGUs in targeted areas

SYNERGISM IN THE USAID/PHILIPPINES PROGRAM

(Four Examples)

USAID/Philippines is committed to an integrated program of development which encompasses elements of both complementarity and synergism. Both concepts are vital to a successful and sustainable program; complementarity because it allows each part of the program to fit together in a coherent form and synergism because it enables these "fitted" pieces to enhance one another and thereby magnify the program's overall effectiveness. Thus, while this section will focus on the synergistic relationships between and among mission Strategic Objectives (SOs), areas of complementarity will also be highlighted where they reinforce synergism and are necessary to its development.

The mission's six SOs and one special objective interact and reinforce each other in a number of ways. In addition, some of the primary tools or mechanisms developed or utilized in one SO area are used by other SOs, thus creating a multiplier effect which allows the program to achieve greater results than would otherwise be attainable with independent and unconnected activities. Importantly, the convergence of the different SOs towards the larger goal of sustainable development with broadened participation often draws the different SO teams into common work areas, both geographical and substantive; this in turn increases the opportunities for further synergism to develop.

Synergism currently flourishes between and among many SO activities in the mission. While it is not possible to describe all of them here, four SO alliances are highlighted below in an attempt to illustrate the importance and depth of this process in mission functioning.

1. **SO1 "Broad-based Economic Growth in Mindanao"**
SO6 "Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas":

SO1 seeks to maximize people's participation in and benefits from increased public and private investments in the economy of the island of Mindanao. Under SO6, USAID provides technical assistance to communities, including selected communities within Mindanao, to enhance the capability of local governmental units (LGUs) and the private sector to plan, finance, implement and

manage together their own sustainable economic development within the context of the Local Government Code of 1991. The Growth with Equity in Mindanao (GEM) activity, USAID's major activity under SO1, directly assists these selected communities in enterprise development, market linking, the development of environmental enterprises, and financial packaging for LGU infrastructure. GEM satellite offices in six key cities of Mindanao provide extensive support which strengthen the LGUs; the LGUs, in turn, institutionally stronger due to the work of the SO6 team, provide more attractive and more efficient services for public and private investors. A synergistic process develops in which LGUs and prospective investors build upon the work of the other.

2. **SO1 "Broad-based Economic Growth in Mindanao"**
SO2 "Improved National Systems for Trade and Investment":

As described above, SO1 focuses on development activities which promote broad-based economic growth in Mindanao. The activities of SO2 naturally complement and reinforce these efforts, as the targeted structural reforms under SO2 are intended to bring about improved fiscal resource mobilization and allocation, open markets, and improved investment financing. The resulting fiscal stability, liberalized trade and investment policies, and improved financial markets help establish an environment conducive to trade and investment for the entrepreneurs and farmers of Mindanao. In addition, GEM, the major SO1 activity in Mindanao, is currently helping to identify and analyze needed structural reforms and to build a constituency in Mindanao that will support the efforts of SO2 reform implementors.

In a sense SO1 works from the bottom up, identifying important policy issues that require the attention of policy makers at the national level (e.g., reduced costs of inter-island shipping), while SO2 works from the top down, supporting policy reforms that materially affect the development of Mindanao (e.g., the reduction of tariffs on agro-industrial inputs). At the same time, SO1 gathers evidence on the ground that certain policy reforms are having their intended effects on the people, while SO2 helps determine which reforms might gain acceptance by a majority of national lawmakers.

The activities of each SO complement and reinforce the activities of the other, thereby multiplying the effectiveness and sustainability of both.

3. SO1 "Broad-based Economic Growth in Mindanao
- SO4 "Enhanced Management of Renewable Natural Resources"
- SO6 "Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas":

The synergisms involved here move beyond the SO dyad configuration discussed above into triads involving the financial (economic development in Mindanao), environmental, and democracy areas. Such configurations demonstrate the multi-faceted and far-ranging possibilities for synergistic interactions in a well designed and highly integrated program.

Under SO4, technical assistance is being provided for the promotion of community-based coastal resource management activities. SO4 has three results packages, all of which support the achievement of SO1 goals through the eventual generation of increased employment and revenue production in Mindanao. Two of the primary implementation sites under SO4 are in the Sarangani Bay and Malalag Bay (Davao del Sur) areas. These sites are covered by the General Santos City and Davao GEM satellite offices under SO1. The GEM contractor has already identified various environmental coastal enterprise projects for these areas and identified markets such as for crab fattening and fish cages for which feasibility studies and plans will be developed. These coastal enterprise projects could be widely replicated with Coastal Resource Management Program staff identifying additional enterprise projects and GEM marketing and facilitating financing for them. Importantly, these interconnected activities not only create synergism between SOs, but also provide a mechanism to better balance enterprise development needs with those of environmental and natural resource management and preservation.

SO6 also is active in Mindanao, providing technical assistance to communities to enhance the capability of LGUs and the private sector to plan, finance, implement and manage together their own sustainable economic development. SO4 activities directly support two of SO6's results packages here (effective local government with broad-based participation with a system of replication and effective participation of disadvantaged groups), through its environmental preservation and management work with both LGUs, fisherfolk, and indigenous upland communities. SO1, through its GEM facilities, is in a position to directly assist on many levels here also, including in the areas of enterprise development, market linking, the development of environmental enterprises, and financial packaging for LGU infrastructure. Thus, again, the activities of all three SOs interconnect and interact in multi-faceted ways which facilitate and enhance the attainment of each of their objectives, while at the same time increasing overall program performance.

4. **SO3 "Reduced Fertility Rate and Improved Maternal and Child Health"**
SO6 "Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas":

In working towards reducing the fertility rate and improving maternal and child health in the Philippines, SO3 works mainly along established networks and avenues that eventually lead to its ultimate beneficiary, the Filipino family. The SO uses a three-pronged approach involving LGUs, national agencies such as the Department of Health, and private sector NGOs, in order to maximize the effectiveness and efficiency of the delivery of sustainable family planning and maternal and child health services. Under Results Package 1 of SO3, the LGU Performance Program has been established to provide mechanisms to help LGUs improve and expand the delivery of health services in the public sector. This work both strengthens and complements SO6 LGU initiatives, as it acts to increase the awareness of local health officials of their roles in local governance and of local chief executives on their health sector responsibilities. This synergistic interaction is exemplified in the particular focus of the LPP and the GOLD Project supported under SO6. A mutual thrust of these two activities is mobilizing the active participation of local officials towards assisted self reliance, with LPP focussing on FP/MCH concerns while GOLD initiatives deal with more general socio-economic concerns. Thus, the activities under each SO work to strengthen and enhance the performance and abilities of LGUs and their officials, while at the same time, reinforcing and facilitating the attainment of overall mission goals.