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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AGILE	Accelerating Growth, Investment, and Liberalization with Equity
AIDREP	AID Representative
AIDS	Acquired Immune Deficiency Syndrome
ANE	Asia and Near East
APEC	Asia Pacific Economic Cooperation
ARMM	Autonomous Region of Muslim Mindanao
ASEAN	Association of Southeast Asian Nations
ASEP	AIDS Surveillance and Education Project (USAID/Philippines Program in Health)
BIR	Bureau of Internal Revenue
BOP	Balance of Payment
BOT	Build-Operate-Transfer
BSS	Behavioral Surveillance Survey
CBFM	Community-based Forestry Management
CBFMA	Community-based Forestry Management Agreement
CDIE	Center for Development Information and Evaluation
CEPT/AFTA	Common Effective Preferential Tariffs/ASEAN Free Trade Agreement
CG	Consultative Group
CPR	Contraceptive Prevalence Rate
CRM	Coastal Resources Management (USAID/Philippines Program in Environment)
CSP	Child Survival Program
CSW	Commercial Sex Worker
CTRP	Comprehensive Tax Reform Program
CY	Calendar Year
CYP	Couple Years Protection
DA	Department of Agriculture
DENR	Department of Environment and Natural Resources
DHS	Demographic and Health Survey
DOE	Department of Energy
DOF	Department of Finance
DOH	Department of Health
DOTC	Department of Transportation and Communication
DSM	Demand Side Management
EAGA	East Asian Growth Area
EDC	Export Development Council
ELAP	Emergency Livelihood Assistance Program (USAID/Philippines Program in Economic Growth)
ENRAP	Environment and Natural Resources Accounting Project (USAID/Philippines Program in Environment)
EO	Executive Order
E	European Union
EGO	Executive Office
FCSW	Female Commercial Sex Worker
FP	Family Planning
FRM	Forestry Resources Management (USAID/Philippines Program in Environment)
FSN	Foreign Service National
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEM	Growth with Equity in Mindanao (USAID/Philippines Program in Economic Growth)
GHG	Greenhouse Gases
GNP	Gross National Product
GOLD	Governance and Local Democracy (USAID/Philippines Program in Democracy)
GOP	Government of the Philippines

HCV	Home Consumption Value
HIV	Human Immuno-deficiency Virus
HSS	HIV Sentinel Surveillance
IBRD	International Bank for Reconstruction and Development
ICASS	Inter-agency Council Agreement for Support Services
IDU	Injecting Drug User
IEC	Information, Education, and Communication
IEM	Industrial Environmental Management
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFES	International Foundation for Electoral Systems
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IP	Indigenous People
IPR	Intellectual Property Rights
IRR	Implementing Rules and Regulations
IRS	Internal Revenue Service
JICA/OECF	Japanese International Cooperation Agency/Overseas Economic Cooperation Fund
LGU	Local Government Unit
LPP	LGU Performance Plan
MABS	Microenterprise Access to Banking Services
MAI	Multilateral Assistance Initiative
MCEI	Municipal Coastal Environmental Initiative (USAID/Philippine Program in Environment)
MCH	Maternal and Child Health
MDP	Mindanao Development Project (USAID/Philippine Program in Economic Growth)
MILF	Moro Islamic Liberation Front
MMR	Maternal Mortality Rate
MNLF	Moro National Liberation Front
MOA	Memorandum of Agreement
NAPOCOR	National Power Corporation
NDS	National Demographic Survey
NEA	National Electrification Administration
NGO	Non-Governmental Organization
NIC	Newly Industrialized Country
NSO	National Statistics Office
NTC	National Telecommunications Commission
OE	Operating Expenses
OFDA	Office of Foreign Disaster Assistance
OPAMIN	Office of Presidential Assistant for Mindanao
OTI	Office of Transition Initiative
OYB	Operating Year Budget
PCDI	Philippine Central Depository Inc.
PO	People's Organization
POPCOM	Population Commission
RECS	Rural Electric Cooperatives
RFCSW	Registered Female Commercial Sex Worker
RIGS	Regional Inspector Generals
PSC	Personal Service Contractor
RFSW	Registered Female Sex Worker
SEC	Security Exchange Commission
SME	Small and Medium Scale Enterprises
SO	Strategic Objective
SOAG	Strategic Objective Agreement
SPCPD	Southern Philippines Council for Peace and Development
SpO	Special Objective

STI	Sexually Transmitted Infection
SZAED	SZOPAD Accelerated Enterprise Development Program (USAID/Philippine Program in Economic Growth)
SZOPAD	Special Zone of Peace and Development
TDY	Temporary Duty
TFR	Total Fertility Rate
ToP	Technology of Participation
TT	Tetanus Toxoid
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
USDH	United States Direct Hire
USAID	United States Agency for International Development
USG	U.S. Government
VS	Voluntary Sterilization
WTO	World Trade Organization

PART I: OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

*"What is very clear is that the Philippines situation is largely different
from Korea, Thailand, and Indonesia."*

*- James Wolfensohn
President, World Bank*

*"It is in the pursuit of sustainable development, fueled by economic globalization, where lie the seeds of
humankind's survival as a species on this earth."*

*- Fidel V. Ramos
President, Republic of the Philippines
United Nations Economic and Social Council,
November 1997*

The Philippines has weathered the current regional economic instability better than other East and Southeast Asian countries. This is due mainly to the Government's long-term commitment to stabilization and structural reforms and its achievement of political stability within a democratic, decentralized governance system. USAID, along with other donors, has been a partner in creating enabling conditions that minimized the effect of the regional financial crisis upon the Philippines.

Despite expected increases in the number of business failures, rising unemployment, and an increased cost of living in 1998, long-term prospects for the Philippines are positive. As donors agreed in the 1997 Consultative Group meeting for the Philippines, the country needs assistance to strengthen its democracy and complement economic growth with sustainable environmental management and population growth, better health care, and improved employment opportunities. Underlying political, social and economic weaknesses must be dealt with to ensure a sustainable, environment-friendly recovery. USAID is positioned well to support efforts in these areas.

While the crisis has had negative effects on some aspects of the Mission's program, all strategic and special objectives are still on-track to achieve end-of-strategy results. Some of these objectives exceeded their planned results for 1997. The best performance was shown by Strategic Objective 4 (environment), especially in the area of forestry, and in Strategic Objective 6 (democracy), in both local governance and civil society. All other strategic and special objectives were met substantially. Nevertheless, some targets were not achieved, directing Mission attention to obstacles to achieving end-of-strategy results. This was the case for Strategic Objective 1 (Mindanao economic transformation), where private investment fell because the Mission targeted investors from countries hit by the financial crisis. We are modifying the approach of this and other activities to address the financial crisis and other obstacles to achieving our strategic objectives. (*See Section IV, Special Issues*).

The Mission had some remarkable accomplishments in 1997, despite a challenging political and economic environment:

- Through Strategic Objective 1, *Accelerate the Economic Transformation of Mindanao*, USAID has played a key role in the continued progress made by Mindanao. SO 1 helped the people of Mindanao cope with the financial crisis and contributed to important growth of the private sector. While growth of the private sector was not as high as expected, much progress was made in promoting exports and shipments of higher value goods. **Over 17,000 farmers and fisherfolk increased their incomes by an average of 164%, following USAID's intervention.** USAID's work in Mindanao helped raise the island's priority to the Central Government, resulting in increased infrastructure funding and facilitation of trade with the East Asian Growth Area. The Mission is refocussing its efforts under this strategic objective to promote trade with Asian countries least affected by the financial crisis.

USAID efforts were essential to the establishment or strengthening of several producers associations (e.g., Mango Producers Council, Potato Growers Association) whose operations have already resulted in major production increases of several important crops, and related agribusiness development. Through the USAID/Philippines and Office of Transition Initiatives-funded Emergency Livelihood Assistance Program (ELAP), **the Mission helped 1,200 former Moro National Liberation Front (MNLF) combatants and their families make the transition from war to productive peacetime activities, thus strengthening the peace in Mindanao.** Other economic growth promotion activities in areas with a high concentration of Muslim men and women are being intensified.

- Under Strategic Objective 2, *Improved National Systems for Trade and Investment*, USAID/Philippines had some major achievements in 1997, despite the financial crisis. While the financial crisis manifested itself in a strong currency devaluation, a stock market crash and a doubling of interest rates, SO 2 contributed to increased capital formation and increased openness of the economy. Increased investment counterbalanced negative economic factors, and gross domestic product growth decelerated only slightly, from 5.7% to 5.1%. In the area of trade and investment, USAID-assisted partners helped the GOP maintain its World Trade Organization tariff reduction commitments, establish an intellectual property rights law, and insure telephone tariff rebalancing. In the area of financial markets, **USAID helped create the Philippine Central Depository, which keeps stock exchange records up-to-date and secured, thus promoting capital formation and financial stability.** While major problems continue in fiscal resource mobilization, USAID-financed consultancies and advocacy programs over the past several years played an important role in this year's passage of a law reforming the tax system.

- Strategic Objective 3, *Reduced Fertility Rate and Improved Maternal Child Health*, achieved its planned results in 1997, helping the Philippines make steady progress in reducing fertility and maternal and child deaths. Contraceptive prevalence is increasing as planned, while high risk births are decreasing faster than projections. In the public sector, full immunization of infants remains high, but tetanus toxoid vaccination rates are falling.

A one-month supply of pills and condoms is available at almost 80% of service delivery points. The Government family planning budget doubled between 1996 and 1997, but is still inadequate to pay for the procurement of contraceptives. Despite uncertainties caused by the upcoming general elections and the opposition of the Catholic Church, **the governments of 66 provinces and cities have demonstrated their interest in participating in the family planning program by meeting the criteria of USAID's Local Government Unit Performance Program.** This program builds capabilities in planning, managing and implementing integrated family planning and child survival programs at the local level.

Private sector involvement in increasing contraceptive prevalence is not as strong as we desire, although it is growing. A promising program begun in 1997 is the establishment of networks of private midwife clinics in six areas of the country.

- Through Special Objective 1, *Rapid Increase of HIV/AIDS Prevented*, the Mission has supported the Department of Health, NGOs and local government efforts to limit the spread of HIV/AIDS among the most vulnerable groups. **USAID has helped prevent an "explosion" of HIV infections, with less than three percent of registered female commercial sex workers testing positive in each of the eight sentinel surveillance sites.** Both men and women at risk are using condoms more consistently. The recent signing of the AIDS Prevention and Control Act endorses condom usage for AIDS prevention and recognizes the rights of AIDS victims and their access to services. To complement USAID's grassroots educational efforts, the Mission has facilitated the provision by other donors of drugs to treat sexually-transmitted infections. USAID also started to address the serious problem of child prostitution through ethnographic research and the production of television commercials designed to raise public awareness of the problem.

- The Mission exceeded its targeted results for Strategic Objective 4, *Enhanced Management of Renewable Natural Resources*, and supported the Agency goal of biodiversity conservation through community-based initiatives in coastal and forest resources management. Thanks to the efforts of USAID, awareness of these issues has spread dramatically. For the first time, local governments and the private sector are establishing strategic partnerships with communities to advance coastal resources management. **A report of the Japanese Government Agency Overseas Economic Cooperation Fund (OECF) credits USAID's work with "community organizing, public awareness, and capability building" as being central to its decision to commit fully \$22.9 million to coastal resources management in two of the Mission's priority sites.**

With guidance from USAID, the GOP transferred management control of approximately 481,000 hectares (with an end of strategy target of 500,000) to more than 250 different upland communities -- the first and most important step in improved forest management. **The dramatic increase in area under community-based forest management during this reporting period is the result of increasingly effective implementation of the rules and regulations USAID helped put in place.** This same policy framework goes a long way toward explaining why men and women in Philippine upland communities are the forests'

first line of defense and are *preventing* forest fires, while other countries in the region are suffering from debilitating forest fires . In addition, USAID provided the analytical basis (including an assessment of associated health care costs) for the GOP's decision to *phase out all leaded gasoline in the Philippines*, through an Executive Order signed by President Ramos.

■ Strategic Objective 5, *Reduced Emission of Greenhouse Gases*, is setting the stage for significantly reduced emissions, particularly by encouraging policies that promote production and use of clean fuels and renewable energy and reduce energy demand through increased energy efficiency. USAID has been a key catalyst in supporting the development and implementation of dramatic and effective new policies, regulatory frameworks and fiscal measures to encourage investment in clean and efficient power systems. These policies are helping the GOP meet its goals of modernizing the power sector and reducing local air pollution, while at the same time reducing emissions of the greenhouse gases that contribute to global climate change. **The Mission helped break a critical impasse to consummate the \$4.5 billion deal that would bring clean natural gas on line, to benefit the Filipino people and the global environment.** Our intervention facilitated the 1997 signing of a major new natural gas sales and purchase agreement by the GOP, an agreement that will provide fully 2,700 megawatts of clean power. The GOP also established a progressive policy framework to support investment in renewable energy power systems. The Mission helped make this happen by exposing key policy makers to successful efforts from other countries with development of renewable energies. The Philippines, as a key climate change country under the USAID Climate Change Initiative, will be in the vanguard of the Agency's programs in this area.

■ In addition to exceeding 1997 targets for Strategic Objective 6, *Broadened Participation in Formulation and Implementation of Public Policies*, activities under the local governance and civil society components have had highly visible accomplishments with nationwide impact. SO 6 is on-track to achieving its ultimate results. There has been dramatic progress toward diversity and deepening of local government efforts in our working sites. Satisfaction with USAID-promoted participatory mechanisms in local governance remains high. Almost 700 NGO representatives actively participated in LGU Special Bodies in areas assisted by USAID. **In one province, local executives sought feedback from the citizenry on the local government's performance through a regular poll.** There also are promising hints of sustainability in local governance, and USAID activities are attracting serious attention from other donors ready to work with local government as development partners. The USAID-assisted leagues of local government are now key players in proposed amendments to the Local Government Code.

Under the civil society program, coalitions of the disadvantaged asserted themselves in the policy arena, scoring policy victories at the national (legislative and executive) and local levels. The coalitions increasingly used gender-responsive legal and policy research, media campaigns, and new consultative and deliberative mechanisms. **Significant accomplishments in 1997 include: repeal of a Presidential Decree that criminalizes squatting; passage of**

the Anti-Rape bill; ratification of the International Labor Organization Convention for Home-based workers by the Department of Labor; the adoption of a Human Rights manual for national use; and appointment of a labor representative to the Philippine Health Insurance Corporation.

Under the Philippine Democracy Agenda, a three-volume collection of provocative papers and case studies was published examining three major themes: "democracy and citizenship in Filipino political culture"; "state-civil society relations in policy-making"; and "relations within civil society". Each volume in the collection recommends policy issues for consideration by advocacy groups.

- Special Objective 2, *Assistance to Amerasians*, awarded eight subgrants to NGOs and people's organizations to **provide skills training, credit, job placement, and health and psycho-social services to Filipino-Amerasians and their families.**

No changes are contemplated in USAID/Philippine's management contract with USAID/Washington. However, the Mission is modifying some of its indicators for SpO 1, SO 4 and SO 5. The modifications for SpO 1 have been approved by the Global-ANE Joint Programming team. We are expecting another Washington team to help us finalize SO 4 and SO 5 indicators. (*See Annex B, Progress on Environmental Indicators Development and Performance Monitoring*). The 1997 Washington cable amending the management contract required the Mission to undertake this indicator work.

The international nature of the financial crisis demonstrates that USAID's work in the Philippines continues to be instrumental to the development of the region as a whole. **The Mission is currently developing ideas and plans for a new strategy integrating development priorities in the Philippines with support and leadership responsibilities for a number of programs in Asia** (*See Annex A, Strategy Development Plan*). Bilaterally, USAID/Philippines will put greater emphasis on "second generation" reform issues to assure long-term sustainability: decreasing unequal distribution of wealth and income; preventing inefficient, unfair restraints on trade (internal and international); improving transparency in government and economic affairs; enhancing workplace conditions; strengthening community interest in environmental protection; and lessening donor-dependent family planning program. Regionally, the Mission has the potential to become a "hub" for other Asian countries, helping them access the skills and ideas found in the Philippines. During the last few years, USAID/Philippines' staff and partners have provided technical, financial, and managerial assistance to Mongolia, Vietnam, Cambodia, Laos, Japan, the Office of the Regional Inspector General and the US-Asia Environmental Partnership. They also have managed regional disaster assistance. Our new strategy will formalize this up to now ad hoc role. We plan to submit the new strategy for approval in the Spring of 1999.

The Mission seeks authority to develop an integrated bilateral and regional strategy. In addition to such authority, we need guidance from USAID/Washington in the following areas:

1. **Linking regional programs to overall effort.** What issues and concerns should the Mission be aware of as we explore more effective and innovative ways of working in the region? What is the Bureau's current thinking on regional programming and structure?

2. **Bilateral Focus.** Is there any reason to assume the narrowing of the bilateral program?

3. **New Opportunities.** Given U.S. Government and Agency priorities, can USAID/Washington suggest new targets of opportunity or program areas the Mission should examine?

4. **Participation.** What methods for involving partners and customers can USAID/Washington suggest?

5. **Estimated Resource Level --** Our planning assumes an average OYB of \$40 to \$50 million throughout the strategy period. Is this a safe assumption?

USAID/Philippines staff have taken on an unprecedented workload, following years of precipitous staff cutbacks and increased regional responsibilities. **The requirement to cut staff further at the end of FY 1997 resulted in cutting back services vital to program operations.** For example, staff can no longer rely on the motorpool to take them to and from meetings in a city plagued by traffic jams and unreliable public transport. Assuming further reductions do not occur and our responsibilities and workload do not expand, the Mission can manage with the level of 18 U.S. direct hires for FY 1998 and FY 1999 proposed by the Asia and Near East Bureau (ANE). The increased flexibility of the workforce guidance regarding non-USDH staff will allow us to maintain FY 1998 personal service contract and foreign service national levels through FY 1999. These levels will give the Mission time to make systematic improvements to reduce our vulnerability.

■ **The Mission is devoting great time and resources to preparing for the move of the Regional Inspector General's (RIG) Office from Bangkok to the USAID building in Manila.** This includes reconfiguring our office space to make room for the RIG, assisting with finding suitable housing, and providing motorpool and other Executive Office services. We expect the adjustment will be more manageable once we hire the additional PSCs and FSNs approved by the RIG. This personnel is essential to providing full Mission services to the additional seven USDHs and three FSNs on the RIG staff.

■ **Our regional responsibilities in Mongolia and Vietnam are also increasing.** Program and funding levels have increased for Mongolia, requiring additional design and programmatic work. Likewise, strong interests have been expressed by the Agency and ANE Bureau to begin a broader program in Vietnam. Additional staff time will be needed to assist with development of a Vietnam strategy.

USAID/Philippine requires the program resources specified in the FY 1999 Congressional Presentation to achieve the results of the current strategy. Approximately the same level is

needed for FY 2000. Some of these funds would complete the financing of the current strategy, while the remaining funds would finance the new strategy. To ensure our ability to manage effectively both bilateral and regional responsibilities, the Mission's workforce must remain at FY 98 levels through FY 2000, and our combined Operating Expense and Trust Fund levels must remain level between FY 98 and FY 99, and increase by 2% in FY 2000. These resources are the bare minimum needed for the Mission to both implement our own bilateral program and support programs in other Asian countries. Any further cuts will put us in an untenable situation, creating an excessive level of management risk.

In sum, 1997 was a year marked by considerable progress in USAID's program in the Philippines. We believe that this year's achievements will broaden and deepen the developmental impact achievable with the resources requested for the Philippines in this R4.

PART II: PROGRESS TOWARD OBJECTIVES

USAID/PHILIPPINES RESULTS SUMMARY TABLE

Objective Name	Rating	Evaluation findings (as requested by CDIE)
SO 1: Accelerate the Economic Transformation of Mindanao	Met	<i>Impact of USAID/GEM Assistance:</i> Assessment of assistance to farm and fishing families conducted by Mindanao State University confirmed that 17,000 farmers/fisherfolk benefited from USAID programs, with average increase in monthly income of 164%.
SO 2: Improved National Systems for Trade and Investment	Met	<i>Capital Markets:</i> Completion report indicated significant accomplishments in both public and private sector components, recommended further assistance for Securities and Exchange Commission to ensure progress in implementing and enforcing new regulatory framework. <i>Build-Operate-Transfer (BOT) Evaluation:</i> Significant progress in assisting the physical infrastructure program of the government and generating opportunities for U.S. business. Recommended a final phase of USAID assistance to explore investment enhancement mechanisms in the water sector and activities implemented by local governments.
SO 3: Reduced Fertility Rate and Improved Maternal and Child Health	Met	<i>1997 Family Planning Rider Survey:</i> Results indicate the program is on track for contraceptive prevalence and high risk births, but below expectations for private sector participation.
SpO 1: Rapid Increase of HIV/AIDS Prevented	Met	<i>Program Assessment:</i> HIV prevalence was low (less than 1%) in all of the HSS sites in 1997. However, high risk behaviors are widespread among those groups where the potential for STI/HIV infection is greatest. The education component has done an excellent job in developing institutional capabilities to reach individuals in high risk groups. However, a new strategy must be developed to address the special concerns and needs of the increasing number of pre-adolescent young girls who are entering the sex industry.

Objective Name	Rating	Evaluation findings (as requested by CDIE)
SO 4: Enhanced Management of Renewable Natural Resources	Exceeded	No evaluation.
SO 5: Reduced Emissions of Greenhouse Gas	Met	No evaluation.
SO 6: Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas	Exceeded	<p><i>7th Rapid Field Appraisal of Decentralization:</i> Dramatic progress in diversity and deepening of local government efforts.</p> <p><i>Mid-term Assessment:</i> Activities promote positive attitudes among local officials about potential for local government action and benefits of participatory process.</p> <p><i>Strategic Direction Dialogue:</i> Local government units are credible development partners.</p> <p><i>Coalition Assessment:</i> Coalitions have learned importance of decentralized, democratic processes in their groups. Have also shown an improved repertoire of advocacy strategies.</p> <p><i>Annual Partners Conference:</i> Linkages among coalitions and civil society/local government partnerships must be strengthened to enhance sustainability of NGOs.</p>
SpO 2: Assistance to Amerasians	Met	No evaluation.
Percent funding through NGOs and PVOs: FY98 <u>41.4%</u> ; FY99 <u>39.3%</u> ; FY00 <u>40.0%</u>		

USAID/PHILIPPINES OBJECTIVE TREE



STRATEGIC OBJECTIVE NO. 1 ACCELERATING THE ECONOMIC TRANSFORMATION OF MINDANAO

PERFORMANCE ANALYSIS

Although the financial turmoil that erupted in most Southeast Asian countries, including the Philippines, has had a dampening effect on the pace of economic growth of Mindanao, good progress was made during the year toward attaining our Strategic Objective. As a whole, the people of Mindanao became more prosperous and the island's economy became more integrated, more varied, and more productive. Businesses continued to make major investments in the island. Critically needed infrastructure came on line. The island's transportation links with other countries in the region continued to expand. While the potential for renewal of warfare remains, the peace between the Government and the Moro National Liberation Front (MNLF), the principal Muslim separatist organization, has held. With USAID's assistance, progress was made toward further integrating Mindanao's Muslim community into the overall island economy. Our support is widely acknowledged and appreciated by economic and political leaders throughout Mindanao and in Manila.

At the Strategic Objective level, the indicators confirm that progress is being made. They also make clear, however, that the financial turmoil is having a major negative effect on Mindanao. The number of new jobs emerging in Mindanao was 79,000 for 1997 against the target of 275,000. The value of direct exports from Mindanao was \$1.47 billion; we had expected \$1.61 billion. The total value of higher value products produced and shipped from Mindanao to either foreign or domestic markets, however, exceeded the target. The amount shipped was \$4.2 billion, surpassing the \$4.0 billion target. While the Mission is disappointed that the 1997 indicator targets were not fully attained, we are encouraged that substantial progress nevertheless was made. It is clear that USAID-supported activities in Mindanao for the past several years are an important part of the reason why progress has been achieved.

Programmatically, three new important activities were initiated in 1997. They are:

- **Emergency Livelihood Assistance Program (ELAP).** With assistance and financial support from BHR's Office of Transition Initiatives (OTI), the ELAP was designed and initiated within a four month period. This activity responded to the GOP request to help some 35,000 to 45,000 former MNLF combatants to make the transition from being combatants to being productive farmers or fishermen, after long decades of civil war. It is being implemented as part of our overall Growth with Equity in Mindanao, or GEM Program.
- **Microenterprise Access to Banking Services - Mindanao (MABS-M).** This activity is aimed at increasing the access of microenterprises, and of poor people in general, to financial services from the formal banking system. At least 20 private rural banks in Mindanao will receive assistance needed to develop the capability to profitably service the microenterprise market. Efforts will be made to ensure that women will have equal opportunities in accessing

the services. This activity is being complemented by and coordinated with a similar effort focused on credit unions.

■ **SZOPAD Accelerated Enterprise Development (SZAED).** In addition to current activities under GEM, the Mission is expanding and intensifying the pace of its enterprise development activities, i.e., investment promotion and facilitation, brokering contract farming arrangements, strengthening local business support organizations, etc. for the Muslim community of Mindanao. The goal of the activity is to raise the pace and extent of economic progress in these areas to levels equal to other areas in Mindanao. This is also being implemented by GEM.

SO 1 contributes to the U.S. national interest of *"promoting broad-based economic growth in developing and transitional economies,"* as highlighted in the Strategic Plan for International Affairs document. It also supports the Philippine Mission's Performance Plan objective of *"promoting increased export of U.S. goods and services and facilitating U.S. investment".*

IR 1: Expanded Participation of Mindanao's Lower Income Groups in More Productive Activities

Appropriate progress is being made in attaining IR targets. Farmers/fisherfolk obtaining access to more lucrative markets continue to increase, although at a slower pace than in 1996.

A recent survey of income benefits to the roughly 17,000 farmers/fisherfolk who have received USAID-supported services, conducted by a university in Mindanao, indicates that their annual incomes have increased by an average of 164% as a result of the services. Private sector investment in Mindanao traceable to USAID-supported promotion and facilitation efforts was approximately \$247 million in 1997. While this was below the target of \$300 million, the amount is still impressive given the financial turmoil that has affected the country since July 1977. The number of new jobs being created as a result of USAID-assisted investment, 18,400, was above the 15,000 target. About 5,500 of the 18,400 jobs created were factory-

The Bangsamoro Women Foundation for Peace and Development (BMWFD)

The BMWFD is an organization of 17,000 women who are associated with the Moro National Liberation Front (MNLF). It is one of very few NGOs, and the only women's organization, that maintains a presence in all the conflict-affected areas of Mindanao. The Foundation was established and is chaired by Madame Eleonora Tan-Misuari, the wife of MNLF Chairman and Autonomous Region in Muslim Mindanao (ARMM) Governor Nur Misuari. The Foundation's aim is to create a pool of women leaders who can promote and advance the peace and development process. It also provides guidance and assistance needed by its members to initiate productive farm, cottage, and community enterprises.

The BMWFPD was USAID's chief partner in the design of the Emergency Livelihood Assistance Program (ELAP) and is currently providing management oversight of the entire Program.

based, and had a workforce which is 62% women. The remaining new jobs were farm-based, with about 19% women.

■ **Productive occupations for former MNLF combatants.** USAID's recently inaugurated ELAP program, which is aimed at facilitating the transition of former MNLF combatants into productive occupations, is working well. At this point, some 1,200 former combatants have received the assistance needed to initiate or expand production of agricultural or aquacultural products suitable for the areas in which they live, and have successfully initiated production. An additional 2,600 former combatants will initiate production over the next six months. This program is addressing such a critical need in a timely manner that other donors, including the United Kingdom, and the International Fund for Agricultural Development, have decided to "buy-into" the USAID program rather than developing programs of their own.

NOT AN ORDINARY HARVEST - MNLF FAMILIES RAISE CORN

The year after the peace agreement was signed between the Moro National Liberation Front (MNLF) and the Philippine government was a difficult time for the former combatants. Many tried their hand at farming, but because of their limited resources and lack of access to technology, they were only marginally successful. In 1997, the Philippine government asked USAID to design a program that would help the MNLF members and their families begin new lives. Working closely with the SPCPD (Southern Philippines Council for Peace and Development), USAID mobilized the currently operating Growth with Equity in Mindanao (GEM) Program to develop a program that would help as many former rebels as possible and as quickly as possible.

The Emergency Livelihood Assistance Program (ELAP) was designed to meet this request, and the U.S. government signed a memorandum of agreement with SPCPD Chairman Nur Misuari on August 8, 1997... to have the program begun within one month.

This week, the first corn seeds planted under the ELAP were harvested, and Madame Roi Misuari, in behalf of her husband, delivered a short but passionate speech, commending those involved with ELAP for a "truly meaningful program that was on the ground with little or no fanfare, cutting through bureaucratic red tape... and immediately effecting aid, where and when it was needed." She went on to suggest that USAID's efforts should be a model for other donors who have expressed interest in supporting the peace initiative.

USAID has been successful in stretching the program with the help of British funding. AID officials and the SPCPD are seeking other donors to join the ELAP, the implementation of which was described by Madame Roi as a "strategy that we hope will attract attention among other donors..."

Madame Roi listened attentively to Uttoh Salem Cutan, the SPCPD Director of Special Concerns and Chairman of the South Cotabato Revolutionary Committee. He told the assorted group that "the MNLF thought USAID would be the last ones to provide assistance. But they were the first."

- excerpts from Daily Zamboanga Times, February 19, 1998

- **Sugar production/milling enterprise.** With USAID support, a number of former MNLF commanders have initiated a sugar production/milling enterprise in one of the more depressed Muslim areas of Mindanao where many former MNLF combatants reside. This enterprise will provide 750 permanent jobs, and an additional 2,500 to 5,000 seasonal jobs.

- **Aqua-feedmill plant.** With USAID support, an investor has opened the first ever aqua-feedmill plant in Mindanao. This plant will be able to provide the feed requirements of at least 2,000 tilapia producers at prices that are 30% lower than the current prices paid by tilapia growers for feeds shipped in from other parts of the country. The reduction in cost will allow a significant expansion of tilapia production in Mindanao. Tilapia is in high demand in both the Philippines and in other countries.

- **Mango industry.** USAID's assistance for the development and expansion of the (smallholder-dominated) mango industry in Mindanao has resulted in a situation where mangos, for the first time, are available on a twelve-month basis throughout the Philippines. Production has expanded from 30,000 MT per year (involving about 19,000 farmers) to about 40,000 MT, and will increase to 50,000 MT per year (about 32,000 farmers) by the year 2000. USAID support for the industry included: facilitating the organization and functioning of several mango producers' associations around the island, and helping them join together into the newly created "Mindanao Mango Industry Council"; organizing and partially financing a continuing series of "Mango Congresses" at which information on new market opportunities, new varieties, new production techniques, etc. was disseminated; and bringing about a consensus that the "carabao" variety of mango, which has widespread domestic and international appeal, would become the standard Mindanao mango and that new planting would be of this variety.

IR 2: An Improved Trade and Investment Environment in Mindanao

Excellent progress was made in meeting 1997 targets. Mindanao's share of the national government's infrastructure budget in 1997 was 23%, compared to the historical average of 11%. Expansion of telecommunications exceeded targets, with the total number of lines reaching 181,000, against a target of 125,000. The percentage of the basic highway network in place reached its target of 65%. The number of regular, scheduled air and sea services between points in Mindanao and East Asian Growth Area (EAGA), and other regional destinations, reached the 1997 target of three each.

- **Telecommunications service in Sulu and Tawi-tawi.** Assistance from a USAID-supported organization was key to the establishment of telecommunications service in Sulu and Tawi-tawi -- Muslim-dominated islands in the Sulu archipelago with a combined population of approximately 800,000. Prior to this development, business people in Tawi-tawi would take a six-hour boat trip to Malaysia in order to place a telephone call to Manila. For the first time ever, people in these remote islands are linked telephonically to the rest of the Philippines and the rest of the world.

■ **First ever tourist-class hotel in Tawi-tawi.** USAID support was also critical to the establishment of the first ever tourist-class hotel on Tawi-tawi island. The hotel is a joint venture of Malaysian, Singaporean, and Tawi-tawi business people. In the past, visiting businessmen and tourists had to lodge with local families. The hotel development, resulting from USAID-supported investment promotion and joint venture matching activities, will spur business and tourism development on the island.

Spunsilk Production in Surallah

The cultivation of silkworms is becoming a profitable business that is changing the lives of the upland agricultural community of Surallah in the province of South Cotabato in Mindanao. With assistance and support from USAID's Growth with Equity in Mindanao (GEM) Program, more than 2,000 women in and around Surallah have become involved in silkworm production.

In assisting a Filipina entrepreneur to identify sources of supply of raw silk, GEM determined that the Surallah area was ideal for the production of mulberry trees. After discussions with the Federation of Surallah Women's Associations (FSWA) to explore its members' interest, GEM arranged for training in the basics of mulberry plantation management and cocoon production. Mulberry tree production began in April 1996, and cocoon production shortly thereafter. Presently, some 700 women are involved in varying stages of mulberry plantation development, and another 1,300 women are involved in cocoon production. The average monthly earnings from this activity is about 10,000 pesos (US\$ 280), which is an especially attractive return for part-time and home-based work.

The cocoons being produced are sold to a Filipino-Italian joint venture company that is currently building a spunsilk processing plant in Surallah. Once the plant goes into full production, the number of employed women involved in the silkworm industry is expected rise to 3,500.

■ **Comprehensive inventory of infrastructure needs and potential infrastructure activities.** A comprehensive inventory of infrastructure needs and potential infrastructure projects in Mindanao, compiled by USAID's GEM Program, is making it much easier and much quicker for the GOP and donors to the Philippines to identify and select infrastructure projects to be undertaken. During 1996 and 1997, assistance was requested from, and provided to the Asian Development Bank, the International Finance Corporation, Japanese International Cooperation Agency (JICA), the European Union, the International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development, United Nations Development Program, and the Governments of Germany, the United Kingdom, New Zealand, South Korea, and Austria. Some important infrastructure projects that were selected and whose implementation has been accelerated as a result of GEM assistance are: a new airport in Cagayan de Oro, financed by the government of Korea, a "Social Infrastructure" program for the SZOPAD area, financed by the IBRD, and a fish-landing port in the MILF-dominated Liguasan Marsh area. GEM influence was also key in convincing JICA to include the Muslim-dominated areas of Mindanao in a new "arterial roads master plan" that JICA was developing.

■ **Policy analysis/modification efforts.** USAID-supported policy analysis/modification efforts were key to the issuance of governmental orders that: 1) exempt travelers from Mindanao to EAGA destinations from paying the customary foreign travel tax; 2) grant domestic shipping treatment to ships coming from EAGA destinations; and 3) declare Bongao (the capital of Tawi-tawi) as an "international point of entry". These steps will promote greater trade between Mindanao and EAGA. Our efforts were also key to the inclusion of a provision in the new Intellectual Property Rights law that protects plant breeders (and thus should encourage faster development of a plant breeding industry).

■ **Organization and initial functioning of the "Patatas (potato) Growers Association".** USAID supported the organization and initial functioning of the "Patatas (potato) Growers Association." This association currently has some 300 members, and is the principal vehicle behind the introduction of white potato cultivation in Mindanao. Since there is great demand for snack food from potatoes, getting wide-scale potato cultivation underway would indeed enhance USAID's Mindanao agribusiness development strategy.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

The financial turmoil that struck the region and the Philippines last summer has affected Mindanao significantly. Investment, both domestic and foreign, has slowed down. Many businesses are in trouble, and some will go under. At some levels, credit has become very difficult to obtain, and when obtainable, is more costly than before. Government revenues are down, and governmental expenditure on infrastructure and other items is decreasing. We expect this negative economic trend to continue throughout 1998.

After reviewing the situation and its probable impact on prospects for the attainment of our SO, the Mission has concluded that for the most part, we should continue the present approach. The principal modifications in SO 1 activities include: shifting the investment promotion focus from those countries (e.g., South Korea, Indonesia) that have been badly damaged by the financial crisis to others not seriously affected (e.g., Taiwan, Australia); shifting the focus from larger projects, which requires substantial bank financing, to smaller projects; and re-doubling efforts to attract export-oriented "screwdriver" industries that are substantially immune to exchange rate fluctuation problems. In our microfinance activities, since the principal problem microenterprises face is access to credit, not the cost of credit, we do not anticipate that the higher interest rates will significantly reduce microenterprise demand for credit from the rural banks.

As the Mission expands its work with the Muslim community in Mindanao, it becomes increasingly clear that serious short-term and long-term problems exist in the community, and that the resolution of these problems is critical to sustaining current and future progress. In the short term, the principal problem remains the absorption of the former combatants into the general economy. Through ELAP, we will be facilitating the transition of about 4,000 former MNLF combatants. The GOP and other donors have the resources to provide the assistance needed by perhaps another 15,000. That will leave some 10,000 to 20,000 still in need of

assistance. In addition, the other principal Muslim separatist organization - the Moro Islamic National Front (MILF) - may be close to signing a peace agreement. If so, that agreement will leave another 10,000 combatants in need of assistance.

A longer range problem is that the education level of Muslims in Mindanao is much lower than that of Christians. Only one out of three Muslim children attend secondary school compared to two out of three for Christian children. This continued imbalance threatens to result in the creation of a permanent Muslim underclass, and consequently, a permanent unstable situation in Mindanao. USAID has a small grant for education issues in Mindanao (Strategic Program for Enhancing Education and Development (SPEED)), but a lot more could be done.

ENVIRONMENTAL COMPLIANCE

Given the urgency to start ELAP, the Mission Director, in consultation with USAID/W, invoked the "Notwithstanding Authority" of FAA Section 492(b) and approved its initiation prior to conduct of an environmental assessment (EA). This was done with the understanding that protective measures would be followed in the handling and use of pesticides, and that an EA would be carried out as soon as possible to assure compliance with USG environmental regulations. The EA is in its final draft (based on a scoping statement approved by the Bureau Environmental Officer (BEO) on 12/17/97), and will be submitted promptly to the BEO for review. It will also determine if additional review is recommended for ELAP's proposed seaweed, mud crab and tilapia production activities.

An IEE for MABS-M was signed by the BEO in March 1998. To the extent that SO 1 supports studies for infrastructure development, it will coordinate with the BEO to determine if additional environmental review is required.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
APPROVED: March 30, 1995

INDICATOR: Growth in employment

UNIT OF MEASURE: Average no. of jobs created annually

SOURCE DOCUMENT: Integrated Survey of Households
SOURCE ORGANIZATION: National Statistics Office (NSO)

INDICATOR DESCRIPTION: Average number of jobs created annually increases from the 1988-1991 average of 138,000 jobs per year to a 1992-2000 average of 300,000 jobs per year.

YEAR LOW	PLANNED HIGH	PLANNED	ACTUAL
1994			250,000
1995			297,000
1996	250,000		252,000
1997	275,000		79,000
1998	300,000		
1999	325,000		
2000	350,000		

COMMENTS:

Targets reflect annual growth of employment at 5.9%. Note that annual growth of the labor force is estimated to 5.1%.

Annual number of jobs created is calculated as of October from October of the previous year.

The 19% increase in jobs created in 1995 was the result of numerous large construction projects coming on line simultaneously and the resulting direct and ancillary employment

There was a nation-wide slowdown in employment growth in 1997 due to El Nino's impact on agriculture; a credit squeeze and rising interest rates; and economic uncertainty caused by the "Asian currency crisis." Overall, Philippines' employment grew by only 1.6% while that of Mindanao increased by 1.2%.

Women comprised about 36% of the workforce in Mindanao in 1997.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
APPROVED: March 30, 1995

INDICATOR: Value of Mindanao direct exports to foreign markets

UNIT OF MEASURE: US\$ billion

SOURCE DOCUMENT: Monitoring records
SOURCE ORGANIZATION: Contractor (GEM); National Statistics Office (NSO)

INDICATOR DESCRIPTION: Total value of direct exports from Mindanao to foreign markets increases from the 1985 to 1991 average of \$1 billion per year to \$2.45 billion by the year 2000.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			1.23
1995			1.49
1996	1.40		1.38
1997	1.61		1.47
1998	1.85		
1999	2.13		
2000	2.45		

COMMENTS:

Targets are based on expectations of 15% annual growth in direct exports.

There was an unusually high increase in Mindanao foreign exports in 1995, mainly due to the \$200 million rise in crude coconut oil exports. That year, while Indonesia had a poor crop and export availability worldwide was low, the Philippines had a good crop and almost tripled its exports. Exports of this particular product, however, went down its usual level thereafter.

In 1997, there was a smaller increase in value of total foreign exports than what was targeted. Among the major products that significantly declined in export volume in 1997 were banana, saw wood/veneer sheets/plywood, and tuna/skipjack. Local banana production went down. Production of wood products had been diverted to the domestic market. The El Nino-related current shifts reduced tuna catch in Mindanao. There was also a general decline in prices of major export products due to a worldwide over-supply (as in the case of processed pineapple, shrimps and prawns, seaweeds and crude coconut oil). A slowdown in car and tire manufacturing also resulted in lower export prices of primary rubber products.

Note: 1997 data covers the period from Dec 1, 1996 to Nov 30, 1997

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
APPROVED: March 30, 1995

INDICATOR: Value of higher value products shipped from Mindanao

UNIT OF MEASURE: US\$ billion

SOURCE DOCUMENT: Monitoring records
SOURCE ORGANIZATION: Contractor (GEM); National Statistics Office (NSO)

INDICATOR DESCRIPTION: Total value of higher value products (i.e. all manufactured goods, all processed agricultural goods, and all agricultural products except corn, rice, and coconut) increases from the 1991 to 1995 average of \$2.79 billion per year to a total of \$5.2 billion by the year 2000.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			2.79
1996	3.70		3.91
1997	4.03		4.16
1998	4.40		
1999	4.80		
2000	5.20		

COMMENTS:

Planned targets were revised, after review of 1996 domestic trade data. It was discovered that base data inadvertently included trade figures from outside of Mindanao. Revised targets reflect 9% annual growth. Note that real annual growth for the period 1991-95 was 7.6%.

1995 figure assumes an additional 75% due to historical underreporting by the NSO. Prior to 1996, the NSO compiled these statistics in Manila based only upon what was submitted by provincial authorities. In early 1996, the NSO underwent a decentralization where NSO staff were assigned to individual ports/airports. This change greatly improved NSO ability to collect complete data/information and demonstrated that traditionally, these figures had been underreported.

All figures include both domestic and foreign trade. For domestic trade, foreign exchange rates of PhP 26.00 and PhP 28.00 to the dollar were assumed for 1996 and 1997, respectively.

1997 domestic trade included last quarter of 1996 and first three quarters of 1997.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Expanded Participation of Mindanao's Lower Income Groups in Productive Enterprises
APPROVED:

INDICATOR: Families initiating commercial production of more lucrative products

UNIT OF MEASURE: Annual increase of families initiating commercial production

SOURCE DOCUMENT: Quarterly and Semestral Reports
SOURCE ORGANIZATION: Contractor (GEM)

INDICATOR DESCRIPTION:

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1996			9,300
1997	10,600		7,959
1998	10,600		
1999	10,600		
2000	10,600		

COMMENTS:

Of the beneficiaries in 1996 and 1997, about 20% were women.

1997 figure includes 1,162 former MNLF combatants and their families who are now growing hybrid corn under the ELAP.

There was a slower roll-out of agribusiness projects in 1997 mainly due to the tight credit situation which has resulted in the deferment of investment and/or expansion plans of some enterprises; and the reduced fisheries production due to El Nino.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Expanded Participation of Mindanao's Lower Income Groups in Productive Enterprises
APPROVED:

INDICATOR: Avg increase (%) in income of farm/fishing families receiving assistance

UNIT OF MEASURE: Avg increase (%) in annual income in each household assisted

SOURCE DOCUMENT: Project monitoring forms and reports
SOURCE ORGANIZATION: Contractor (GEM); Mindanao State University study

INDICATOR DESCRIPTION:

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			30-300
1996	30	300	160
1997	30	300	164
1998	30	300	
1999	30	300	
2000	30	300	

COMMENTS:

For 1997, calculation of average change in income is based on a random sample of 255 GEM-assisted projects surveyed by Mindanao State University. Farmer/fisherman beneficiaries were asked what their income was without the project and what it is with the project. An average of the percentage increase is reported.

The average non-agroforestry farm worker beneficiary saw his/her monthly income rise from PhP 5,630 to PhP 14,886 or 164%. Average income change ranges from 120% to 394%.

Agroforestry beneficiaries, while generally expected to earn more than their present average monthly income of PhP 2,750 from the high value cash crops that they intercrop with commercial trees, are expected to earn very substantial profits starting on the 10th year of operation when the commercial trees mature. From then on, the average agroforestry/tree crop plantation beneficiary expects his/her monthly income to rise to over PhP 100,000 per hectare.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Expanded Participation of Mindanao's Lower Income Groups in Productive Enterprises
APPROVED:

INDICATOR: Level of USAID-facilitated private investment per year

UNIT OF MEASURE: US\$ million

SOURCE DOCUMENT: Project monitoring forms and reports
SOURCE ORGANIZATION: Contractor (GEM)

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			30
1996	300		292
1997	300		247
1998	300		
1999	300		
2000	300		

COMMENTS:

Actual figures are only for those investments that are "on-the-ground". In addition to these investments, there is another \$474 Million in active investment "commitments" up to December 1997.

"On-the-ground" investment consists of the total value of projects that have been initiated. It should be noted that the total value of the project(s) is reported even though this investment will be made incremental over several years.

Investment "commitments" are defined as the total value of projects that have begun the project cycle (MOU, MOA, etc.). USAID experience in investment facilitation suggests that roughly 50% of investment "commitments" lead to "on-the-ground" projects.

An exchange rate of 26 pesos = 1US\$ was used to convert 1996 peso investments into dollar terms.

An exchange rate of 28 pesos = 1 US\$ (average GEM/USAID rate for 1997) was used to convert 1997 peso investments into dollar terms. The peso devaluation has further reduced the dollar equivalent of total investments.

The lower actual investment in 1997 is due to the deferment of planned investments and/or deferred expansion of enterprises under the prevailing tight credit/high interest rate situation. Concern about the El Niño phenomenon also negatively affected investments in the fisheries and agricultural sectors.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Expanded Participation of Mindanao's Lower Income Groups in Productive Enterprises
APPROVED:

INDICATOR: No. of jobs created as a result of USAID-assisted investment

UNIT OF MEASURE: Cumulative increase of jobs (110,000 direct and 50,000 indirect) by Yr 2000

SOURCE DOCUMENT: Project monitoring forms and reports
SOURCE ORGANIZATION: Contractor (GEM)

YEAR	PLANNED DIRECT	PLANNED INDIRECT	ACTUAL DIRECT	ACTUAL INDIRECT
1995			490	470
1996	5,000	2,500	13,499	10,112
1997	15,000	7,500	18,441	17,293
1998	30,000	15,000		
1999	60,000	30,000		
2000	110,00	50,000		

COMMENTS:

The number of direct jobs is calculated from the number of jobs created by those USAID-facilitated investments that are "on-the-ground".

If no estimates are available, "Indirect jobs" are calculated by using multipliers of 0.75 for agricultural employment and 1.5 for industry/value-added processing-type employment.

Of the 18,441 jobs created in 1997, 5,079 were enterprise/ factory-based jobs and 13,362 hired labor for agri-based enterprises. The latter type of employment may include seasonal labor hired for specific agri-based work (e.g., harvesting, weeding/site clearing, etc.). The Mindanao State University survey indicated that overall, 30% of the new jobs went to women. In the case of factory-based jobs, about 62% went to women.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Improved Trade and Investment Environment in Mindanao
APPROVED:

INDICATOR:	Basic arterial highway network for Mindanao in place
UNIT OF MEASURE:	Percent (%) of highway network segments in place or under construction
SOURCE DOCUMENT: SOURCE ORGANIZATION:	Project monitoring forms and project reports Contractor (GEM)
INDICATOR DESCRIPTION:	Percentage values reported represent that portion of the entire arterial network that is either in good condition or under construction.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			44
1996	55		50
1997	65		65
1998	75		
1999	85		
2000	100		

COMMENTS:

Approximately 50% of the arterial highway network in Mindanao is considered to be in less than the required condition (i.e. all or some segments of the highway are not paved or are in need of major rehabilitation).

Percentage values reported represent that portion of the entire arterial network that is either in good condition or under construction.

Work is presently underway to upgrade the following segments: Digos-GenSan Road, Davao-Bukidnon Road, Maramag-Kabacan Road; and Zamboanga-Pagadian.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Improved Trade and Investment Environment in Mindanao
APPROVED:

INDICATOR: Mindanao's share of the national government's infrastructure development budget

UNIT OF MEASURE: Percent (%) annual share of national infrastructure budget

SOURCE DOCUMENT: Project monitoring forms and reports; national budgets
SOURCE ORGANIZATION: Contractor (GEM)

YEAR LOW	PLANNED HIGH	PLANNED	ACTUAL
1995			21.2
1996	20.0		22.7
1997	22.5		23.6
1998	25.0		
1999	27.5		
2000	30.0		

COMMENTS:

In 1995, Mindanao's share of the Philippine infrastructure budget was PhP5.82 billion (21.16% of the total budget). This figure includes DPWH, DOTC, WEA and DA-GATT adjustment measures.

In 1996, this amount increased to PhP 7.23 billion (22.73% of the total budget).

For 1997, this amount is PhP 9.44 billion (23.6% of the total) which includes the budget of NIA.

For 1998, the proposed amount is reported to be PhP 12.2 billion (26.1% of the total, including the NIA budget)

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Improved Trade and Investment Environment in Mindanao
APPROVED:

INDICATOR:	Adequacy of air/sea linkages with EAGA and regional destinations
UNIT OF MEASURE:	No. of regular scheduled services between various points
SOURCE DOCUMENT:	Project monitoring forms and reports
SOURCE ORGANIZATION:	Contractor (GEM)

YEAR	PLANNED AIRLINK	PLANNED SEALINK	ACTUAL AIRLINK	ACTUAL SEALINK
1995			2	2
1996	2	2	2	3
1997	3	3	3	3
1998	4	4		
1999	5	6		
2000	6	8		

COMMENTS:

Present airlinks are:

- Davao - Manado (Indonesia); began 1992; 3 times/week
- Davao - Kotakinabalu (Malaysia); began 1995; 2 times/week
- Davao - Singapore; began 1997; 2 times/week. Singapore is a main transit point for Asian and EAGA destinations. While not in BIMP-EAGA, it is a significant development in local linkages.

Present sealinks are:

- Zamboanga - Sandakan (Malaysia), began 1994; once/week
- GSC - Bitung (Indonesia); began 1995; every 13 days
- Davao - Bitung (Indonesia); began 1996; twice/month

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Improved Trade and Investment Environment in Mindanao
APPROVED:

INDICATOR:	Telecommunication availability
UNIT OF MEASURE:	# of lines installed by major telecommunication firms
SOURCE DOCUMENT:	Project monitoring forms and reports
SOURCE ORGANIZATION:	Contractor (GEM)
INDICATOR DESCRIPTION:	Lines installed by firms assisted by USAID

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			0
1996	25,000		103,000
1997	125,000		181,000
1998	225,000		
1999	325,000		
2000	425,000		

COMMENTS:

Number of lines installed by major telecommunications firms in 1996 is broken down as follows: PLDT - 43,248 lines (expansion); Majortel - 45,000 lines (new); NTP I-3 (Government) 4,000 lines; Piltel - 9,849 lines (expansion); and Globetel - 910 lines (equiv. lines).

Basic Cellular services became available in all major cities in 1996 (Davao, GSC, Cotabato, Zamboanga, Butuan, CDO, Dipolog). Also currently available in 15 municipalities/ secondary cities which include 9 out of 23 provincial capitals.

Nine USAID-assisted telephone projects intended to provide services to major municipalities which would not be serviced by major firms for another 5 - 10 years were completed or neared completion by June 1997.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ACCELERATE THE ECONOMIC TRANSFORMATION OF MINDANAO
INTERMEDIATE RESULT: Improved Trade and Investment Environment in Mindanao
APPROVED:

INDICATOR:	More favorable polices/practices adopted
UNIT OF MEASURE:	No. of policies defined below modified
SOURCE DOCUMENT:	Quarterly and semestral reports
SOURCE ORGANIZATION:	Contractor (GEM)

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			0
1996	4		4
1997	7		8
1998	10		
1999	13		
2000	15	20	

COMMENTS:

Policies/practices improved in 1997 were:

1. New Agricultural Modernization Act provides that public sector banks provide projects with long gestation periods longer grace periods and repayment schedules.
2. Provision in new Intellectual Property Rights Law that protects plant breeders and reduced tariffs on imported seeds to 3%.
3. Declaration of Bongao as an international port of entry.
4. Reduction of port charges by 50% for EAGA vessels currently being applied on a bilateral basis between Indonesia and the Philippines.

STRATEGIC OBJECTIVE NO. 2 IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT

PERFORMANCE ANALYSIS

The Mission made good progress in meeting Strategic Objective 2 results in 1997. Of the three SO-level indicators, two met or exceeded targets. Gross capital formation, measured by the ratio of gross domestic capital formation to gross domestic product, is 26.6% and on target. The openness of the Philippine economy, measured by the ratio of total exports plus imports to gross domestic product, is 114%, exceeding the 84% target. The tax revenues indicator, ratio of tax revenues to gross domestic product is, however, below target at 16.8% compared to the expected level of 18.5%.

Our program contributed importantly to helping the Philippines withstand the Asian regional financial turmoil. The establishment of the Philippine Central Depository in 1997 ensures that transactions in the Philippine stock exchange are up-to-date and secured. This represented a significant step in strengthening the Philippines' capital-market institutions and helped make the Philippines one of the few market economies in Asia without a major institutional crisis in the financial sector. Real investment in 1997 continued to increase significantly, at about 10%, despite the financial crisis and the effects of *El Niño* which resulted in a deceleration in gross domestic product (GDP) growth from 5.7% to 5.1%. Other support to the GOP in responding to the financial crisis include staving off pressures for tariff reform reversals, and collaborating with the monetary authority and other donors to explore ways of improving the financial system's capability to withstand such crises.

Progress was also made in several other areas supported by USAID, such as the passage of the Comprehensive Tax Reform Program (CTRP) legislation, passage of the Intellectual Property Code, and other legislations related to microfinance. USAID also has developed the new Accelerating Growth, Investment and Liberalization with Equity (AGILE) activity, which will allow the Mission to assist the GOP in responding to the crisis and advise the new administration on economic policy. In conjunction with the recent gender assessment, women's concerns and needs of women as stakeholders will be taken into account in AGILE discussions.

SO 2 supports two major objectives of U.S. national interest contained in the Strategic Plan for International Affairs: "*to open foreign markets to free the flow of goods, services and capital,*" and "*to increase global economic growth*". It also responds to two goals of the Philippine Mission Performance Plan: "*promote economic liberalization and reform and increase Philippine support for the multilateral trading system,*" and "*promote increased export of U.S. goods and services and facilitate U.S. investment*".

Soundness and Stability in Philippine Capital Markets

On the basis of a \$1 million USAID challenge grant, the Financial Executive Institute of the Philippines (FINEX) developed and operationalized the Philippine Central Depository, Inc. (PCDI) to facilitate transactions in trading stocks and bonds. The establishment of the Depository ensured that transactions in the Philippine stock exchange are completed rapidly and with security. What had been a backlog of several months in clearing transactions was eliminated, and the exchanges are now current. The functioning of a such a depository is a legal requirement for the participation of many institutional investors in the Philippine capital markets.

PCDI's operations started at a critical moment. In July 1997 Philippine markets encountered tremendous pressures stemming from the depreciation of the Thai *baht* and the series of financial and political crises that overtook country after country in Asia. Philippine and foreign funds managers, concerned about possible capital losses, took precautionary measures to distance themselves from Philippine financial assets, including the peso. As a result, the peso fell against the U.S. dollar by over 50%, interest rates doubled, the stock market index fell by over 50%, and stock-market volume traded fell by two-thirds.

Unlike some other countries in the region, however, the Philippines had no substantial bankruptcies in banking, the securities industry, or other financial institutions. Transparency in the stock market maintained confidence in the market's structural integrity. No social discontent gathered outside the doors of financial firms that had failed and taken public savings with them. Nor did serious concern about servicing external debt arise to disrupt flows of financing for international trade. The Government of the Philippines (GOP) maintained its commitment to free trade and capital markets.

While higher import and financing costs are battering the budgets of both the GOP and private firms, and inflation and unemployment are expected to rise in 1998, the worst was avoided. The Philippines continued to attract real investment throughout the crisis and can look forward to resuming growth in the near future.

IR1: Fiscal Resource Mobilization and Allocation Improved

Although tax performance was maintained at the improved levels achieved in recent years, it is still an area of weakness that creates vulnerabilities in terms of financing social spending and maintaining financial stability. Tax policy and administration are therefore a principal focus of attention in the International Monetary Fund's and World Bank's negotiations with the GOP over future programs.

■ **Comprehensive Tax Reform Program (CTRP) legislation.** The principal achievement in 1997 was the enactment of the final component of the CTRP which was passed with the help of USAID-financed technical consultancies and advocacy programs over the past several years. The new law, which USAID-financed research assisted in preparing in past years, improves both personal and corporate income taxation, as well as excise and value-added taxes. It also maintains the Government's commitment to steadily reduce import tariffs to very low levels by the year 2004.

■ **Tax policy and administration.** USAID initiated two new activities in 1997: a fiscal-policy analysis activity with the Department of Finance to provide timely revenue information, simulate the effects of planned fiscal policy and administrative changes, and evaluate tax revenue performance; and technical assistance to the Bureau of Customs to facilitate trade by ensuring implementation of the WTO-standard method of valuing imports for purposes of assessing tariffs.

Tax Reform for Trade Liberalization in the Philippines

USAID has actively promoted trade liberalization in the Philippines under the agenda for reform established by the Multilateral Assistance Initiative (MAI) in 1989. The MAI's major policy reforms in the trade and taxation areas include accession to the terms of the Uruguay Round of the GATT, conversion of remaining quotas to tariffs, tariff reduction and simplification, legislation of the Export Development Act, and comprehensive tax reform. Compared with the highly protected and regulated business environment of the 1970s, the Philippine trade and investment regime in recent years has become increasingly open and liberalized.

The Comprehensive Tax Reform Program (CTRP) was a major building block in this effort. In 1997, at a critical moment in the review of the draft law for the final element of the CTRP, the Department of Finance called on USAID to facilitate and advise in a nearly deadlocked process. USAID quickly arranged for a consultancy by a very well known U.S. tax expert, who succeeded in putting the CTRP's review back on track, leading to the CTRP's final element being made law by the end of the year. The Department of Finance repeatedly cites USAID's timely assistance as a critical element of the long joint effort.

IR2: Trade and Investment Policies Liberalized

■ **WTO and Common Effective Preferential Tariffs/ASEAN Free Trade Agreement (CEPT/AFTA).** When the currency crisis hit the country in July, preparations were underway for a meeting of a "Caucus on Competitiveness" between President Ramos, the Secretary of Trade and Industry, and the Export Development Council (EDC). Through their participation in the EDC, USAID's partners in advocacy for an open trading policy were able to counter several industry initiatives to slide back the country's tariff reform commitments following the currency crisis. Proposals to revert tariffs to pre-1995 levels were countered, albeit at the cost of slowing down the pace of the tariff reform program. The GOP nonetheless maintained its commitments under the WTO and CEPT/AFTA.

■ **Telecommunications.** In 1997, USAID technical assistance contributed to the approval by the National Telecommunications Commission of the first tariff rebalancing (including metering of local calls), whereby cost of international calls were reduced while that of local calls were raised to approximate the actual cost of providing them. Tariff rebalancing aims to eliminate the current subsidy to local calls from international calls. The reduced dependence of local telephone services on income from international calls paves the way for the implementation of decreased "accounting rate" as mandated by the U.S. Federal

Communications Commission. (Accounting rate is the amount equally shared by local and foreign telecommunications firms in processing an overseas call).

- **Information technology.** USAID's partners helped formulate policy recommendations to legalize electronic data interchange transactions in the Philippines and to establish a private sector-led Information Technology Board that makes policy recommendations to the GOP. They also helped generate public support that led to the GOP's signature of the WTO's Information Technology Agreement in 1997.

- **Intellectual property rights.** The Intellectual Property Code that USAID-assisted partners helped to draft became law. Although the Code does not include all the elements desired, it does include several important provisions, such as the fair-use provision in reference to decompilation. The Mission is assisting its partners who are involved in framing the Code's implementing rules and regulations.

- **Build-Operate-Transfer (BOT) Center.** USAID's assistance to the GOP's BOT Center helped achieve private investments in the Southern Tagalog Arterial Road (STAR) project extending the South Luzon Express Tollway (\$80 million) and the NAIA (Manila's international airport) Passenger Terminal 3, which will be capable of handling 24 million passengers by year 2020 (\$400 million).

IR3: Financial Markets Improved

- **Philippine Central Depository Incorporated (PCDI).** Established by private initiative on the basis of a challenge grant from USAID, PCDI became operational in January 1997 and is already breaking even. Conversion of shares of publicly listed companies with the PCDI was completed in December 1997. Without the Depository, many institutional investors would be barred from investing in Philippine stocks.

- **Microfinance.** Advocacy efforts supported by USAID had several successes in 1997 in the effort to ensure the sustainability of microfinance programs. Thanks in part to these efforts, two legislative acts passed in December 1997 were positively affected:

Social Reform and Poverty Alleviation Act. The Philippine Congress passed this Act to ensure that GOP funding will be used for training and institutional development of microfinance lenders, to reduce dependency on subsidies (such as interest rates and equity infusion), to emphasize the mobilization of savings, and to strengthen the National Credit Council mandate to rationalize existing directed credit and guarantee programs.

Agriculture and Fisheries Modernization Act. The Philippines' goal in approving this Act is to adopt market-based interest rates, to phase out directed credit programs of the Department of Agriculture, and to eliminate the provision of credit subsidies.

In addition, USAID assisted the National Credit Council in drafting a national strategy paper on microfinance. The strategy covers the role of formal financial institutions and has a market-based orientation. The paper was presented to the donors in the Philippine Consultative Group subworking group on poverty alleviation in order to improve the quality of microfinance efforts across the board.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

Three important developments will propel the Mission into a new stage of trade and investment strategy in 1998:

- First, the financial turmoil has affected both realities and perceptions regarding the Philippines' economic strategy. While the Philippines has avoided the financial-sector breakdown that occurred in some other countries in the region, best projections are that the Philippines will nonetheless suffer a "growth recession" in 1998. This lower growth rate, along with the hyperbole surrounding the exchange-rate and stock-market fluctuations, could threaten to derail the longer term trend of policies toward openness, equity, and the elimination of privileges. On the other hand, it has also spurred additional interest in economic policy reform.
- Second, a new GOP Administration will be elected in May 1998 and take office in July. This will result in a major change of personnel in policy-making positions. Although there is near-consensus in the Philippines about the benefits of an open, market-oriented economy, emphases do differ from leader to leader, and many interests are seeking protection as change proceeds. Progress in policy reform could be slowed substantially during and after the election.
- Third, AGILE, the new umbrella management tool for procuring economic policy-relevant assistance will be in place by May 1998. The Mission expects that the gradual integration in AGILE of other assistance vehicles under this SO will make the SO's operations more manageable.

In the context of these three developments, USAID and its partners face both challenges and opportunities in creating an economic-policy program that will be accepted by the new GOP Administration, preserve the substantial achievements of recent years, and address the many remaining problems and emerging obstacles. While the SO has abundant latitude to address different areas that may arise, certain areas will continue to have core importance:

- **Tax reform**, both in terms of policy and administration. This is critical to financing vital social and economic services without harming the financial system, investment, or private job creation. Equity and honesty in tax administration is also one of the key governance problems facing the Philippines. With the issues identified by USAID's current activities, the planned assistance to the Bureau of Customs related to the GOP's WTO agenda, and the recent recommendations by the IMF, the needs for action and thus for assistance in taxation

are very large. In addition, development of local governments' revenue base to improve public services at the local level remains a major challenge.

■ ***Financial stabilization and development***, especially in the private sector, has made progress but is still clearly in mid-stream. In particular, the bulk of the financial sector's legislative agenda remains to be approved by the Philippine Congress. The Central Bank's recent request for assistance, USAID/CDIE's ongoing assessment of capital-market assistance in five countries including the Philippines, the World Bank's and Asian Development Bank's financial-sector program loans (which are under design), and the programs proposed by the Mission's partners in the capital-markets activities will provide a substantial possible assistance agenda. Policy problems related to local-government financing and to provision of accessible and sustainable financial services to the poor remain a particular challenge.

■ ***Liberalization*** has made great strides but is far from complete. For all the new entries into telecommunications, many policy and regulatory problems still stand in the way of the Philippines' being able to take advantage of the cost reductions of new technologies and to expand telecommunications services to more of the population. Trade liberalization still faces numerous sectorial barriers. The high margins stemming from limited competition in retailing, shipping, and financial services also represent opportunities for substantial benefit from reforms.

■ ***Private investment in infrastructure*** continues to hold great promise, although progress in some areas has been slow recently. USAID will extend further assistance in the development of BOT projects in the environmental infrastructure sector (i.e., water, waste-water treatment, solid waste management), expanding to include regional centers and cities outside Metro Manila.

ENVIRONMENTAL COMPLIANCE

There are no issues in SO 2 related to the implementation of USAID environmental procedures under 22 CRF 216.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
APPROVED: March 30, 1995

INDICATOR:	Gross capital formation
UNIT OF MEASURE:	Ratio of gross domestic capital formation to gross domestic product (%)
SOURCE DOCUMENT:	National Income Accounts
SOURCE ORGANIZATION:	National Statistics Coordination Board
INDICATOR DESCRIPTION:	Annual data collection with two months' lag

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			24.1
1995	25.0		22.2
1996	25.0		24.9
1997	26.0		26.6
1998	27.0		
1999	28.0		
2000	28.0		
2001	30.0		

COMMENTS:

* Assumptions: continuing government commitment to policy and institutional reforms; stability in government monetary policy; no major political disruptions at the national level.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
APPROVED: March 30, 1995

INDICATOR:	Openness of the Philippine economy
UNIT OF MEASURE:	Ratio of total exports plus imports to gross domestic product (%)
SOURCE DOCUMENT:	National Income Accounts
SOURCE ORGANIZATION:	National Statistics Coordination Board
INDICATOR DESCRIPTION:	Annual data collection with two months' time lag

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			74
1995	79		80
1996	81		98
1997	84		114
1998	86		
1999	88		
2000	90		
2001	92		

COMMENTS:

Assumptions: no further retrenchment in trade liberalization policies reforms; no major political disruptions at the national level.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
APPROVED: March 30, 1995

INDICATOR:	Tax revenues
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UNIT OF MEASURE:	Ratio of tax revenues to gross domestic product (%)
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SOURCE DOCUMENT:	Department of Finance; National Income Accounts
SOURCE ORGANIZATION:	National Statistics Coordination Board

INDICATOR DESCRIPTION:	Annual data collection with two months' time lag
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YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			16.0
1995	17.5		16.3
1996	18.0		16.8
1997	18.5		16.8
1998	19.0		
1999	20.0		
2000	22.0		
2001	23.0		

COMMENTS:

Assumptions: continuing government commitment to fiscal reform; no major political disruptions at the national level.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
INTERMEDIATE RESULT: Fiscal Resource Mobilization and Allocation Improved
APPROVED:

INDICATOR:	Participation rate in the Philippine tax base
UNIT OF MEASURE:	Ratio: # of actual income taxpayers to # of potential income taxpayers (%)
SOURCE DOCUMENT:	Bureau of Internal Revenue
SOURCE ORGANIZATION:	Department of Finance; National Statistics Office
INDICATOR DESCRIPTION:	Six-month time lag in data.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			20.45
1995	22.0		19.82
1996	23.0		19.43
1997	24.0		18.91
1998	25.0		
1999	26.0		
2000	28.0		
2001	30.0		

COMMENTS:

Based on annual data from Bureau of Internal Revenue and Department of Finance estimates records; potential taxpayers from National Statistics Office.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
INTERMEDIATE RESULT: Trade and Investment Policies Liberalized
APPROVED:

INDICATOR:	Level of trade protection		
UNIT OF MEASURE:	Effective protection rate (EPR)		
SOURCE ORGANIZATION:	Philippine Tariff Commission or USAID-commissioned study		
INDICATOR DESCRIPTION:	EPR is the increment in value-added made possible by the tariff structure as a proportion of free trade value-added (percent).		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			31.0
1995	29.0		29.8
1996	27.0		25.5
1997	24.0		23.3
1998	21.0		
1999	18.0		
2000	15.0		
2001	13.0		

COMMENTS:

Assumption: Government implementation of tariff reform and liberalization programs.

The actual measure used is the EPR average for all sectors using the price comparison method to take into account the effect of both tariffs and quotas.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
INTERMEDIATE RESULT: Trade and Investment Policies Liberalized
APPROVED:

INDICATOR:		Private capital formation	
UNIT OF MEASURE:		Gross level of private capital formation in million 1994 US dollars	
SOURCE DOCUMENT:		National Accounts - supporting tables	
SOURCE ORGANIZATION:		National Statistical Coordination Board	
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			9,829
1995	11,200		10,420
1996	11,500		12,494
1997	11,900		15,061
1998	12,300		
1999	12,700		
2000	13,100		
2001	13,500		

COMMENTS:

Annual data are calculated from the National Accounts - supporting tables; one year time lag.

* 1994 actual: The original R4 document indicated 10,900 but a reestimation of gross private capital formation yielded \$9,900.

* 1997 actual: Estimated using forecasts of PCF in current prices and converted to 1994 dollars at an exchange rate of 1\$: P 26.4172.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
INTERMEDIATE RESULT: Trade and Investment Policies Liberalized
APPROVED:

INDICATOR:		Telephone service coverage	
UNIT OF MEASURE:		Number of telephone lines per 100 person-population	
SOURCE DOCUMENT:		Monitoring reports	
SOURCE ORGANIZATION:		National Telecommunications Commission	
INDICATOR DESCRIPTION:		Quarterly data collection with three months time lag.	
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			1.70
1995	2.20		2.01
1996	4.00		4.01
1997	7.00		8.31
1998	10.00		
1999	12.00		
2000	14.00		
2001	15.00		

COMMENTS:

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: IMPROVED NATIONAL SYSTEMS FOR TRADE AND INVESTMENT
INTERMEDIATE RESULT: Financial Markets Improved
APPROVED:

INDICATOR:		Participation in the Philippine Stock Exchange (PSE) Board	
UNIT OF MEASURE:		Growth in the number of companies listed on the PSE Board (%)	
SOURCE DOCUMENT:		PSE Information	
SOURCE ORGANIZATION:		Statistics Office	
INDICATOR DESCRIPTION:		Annual data calculated from the PSE's weekly reports; two days time lag	
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			11
1995	8.0		16
1996	9.0		11
1997	10.0		5
1998	10.0		
1999	10.0		
2000	10.0		
2001	10.0		

COMMENTS:

**STRATEGIC OBJECTIVE NO. 3
REDUCED FERTILITY RATE AND
IMPROVED MATERNAL AND CHILD HEALTH**

PERFORMANCE ANALYSIS

Despite the constraints created by the current economic crisis and upcoming general elections, the Philippines is making steady progress towards completing its fertility transition and reducing maternal and child deaths. Virtually all performance indicators at the SO level were either fully met or exceeded in 1997 (see Summary Table below). Of particular interest is the dramatic decline of high risk births, an area of major focus for SO 3.

Summary Performance Table

Strategic Objective-Level Indicator	1993 (Baseline)	1996 (Actual)	1997	
			Planned	Actual
Contraceptive Prevalence Rate (CPR) (All Methods)	40.0%	48.1%	46.0%	47.0%
CPR (Modern Methods)	25.2%	30.2%	31.2%	30.9%
% of Births in High Risk Groups	62.4%	59.2%	59.0%	56.2%

SOURCE: The 1997 National Family Planning Rider Survey

NOTE: The 1997 figures represent only nine months' performance since the 1996 National Family Planning Rider Survey was conducted.

As reported in the last R4, the year 2000 goal for infant mortality rate (IMR) of 49.0 was achieved in 1995, a full five years ahead of schedule. As a result, it has been revised by the National Infant Mortality Task Force to 41.2 for 2000. Annual targets for 1996, 1997, 1998 and 1999 are also modified accordingly to 47.4, 45.8, 44.3, and 42.7 respectively (see performance monitoring tables), meeting, in effect, the R4 agreement from last year.

Accomplishments of SO-level indicators and goals would not have been possible without parallel successes at the Intermediate Results (IR) level. Significant accomplishments include:

IR 1: Increased Public Sector Provision of Family Planning /Maternal Child Health (FP/MCH) Services

The number of Local Government Units (LGUs) participating in the LGU Performance Program (LPP) rose to 66, against a planned target of 60. An additional 19 LGUs have been selected for enrollment in 1998, well exceeding the year 2000 goal of 75 participating LGUS. Given the fact that only four LGUs from out of 70 enrolled have dropped out of the program since its inception in 1994, the GOP and the Mission are pleased that there will be more than 75 LGUs continuing in 2000. The primary objective of the LPP is to establish improved local capacity for planning, implementing, managing and evaluating integrated family

planning and maternal child health (FP/MCH) programs through the development of appropriate systems, training and staff development. This past year alone, such capacity was established in 21 more LGUs, raising the total number of LGUs having such capacity to 66, and, in the process, bringing FP/MCH services to over 70% of the Rural Health Units and Village Health Stations located as close to the community as possible in these participating LGUs. Thus, the LPP is contributing significantly to the GOP's decentralization efforts, the key objective of the Local Government Code.

Coverage of fully immunized children (FIC) and Vitamin A capsule (VAC) supplementation remains high. FIC coverage of 90.6% exceeds 1997 planned target of 90%, based on DOH service statistics. For VAC, performance in 1996 was very close (88%) to the planned target for the year. However, for 1997, the VAC coverage seems to have declined to 78% according to the National Micronutrient Day coverage survey. DOH attributed this decline to the fact that although people's awareness of the National Micronutrient Day is good, it is no longer sufficient for them to make it a priority activity for that day. Hence, additional emphasis must be placed on fortification, for which USAID is providing technical assistance through the centrally-funded Opportunities for Micronutrient Interventions (OMNI) Project.

Similarly, the percent of pregnant women immunized against tetanus -- another key indicator -- is declining due primarily to adverse publicity by pro-life and other groups opposed to family planning who charge that the tetanus toxoid (TT) vaccination is an abortifacient. TT coverage has dropped from a high of 70% in 1993, based on DOH service statistics, to 69.3% in 1994, 57.6% in 1995 and 47.0% in 1996. The 1997 figure will not be available until April 1998. President Ramos issued a Presidential Proclamation in August 1997, declaring a national neonatal tetanus elimination campaign. The DOH subsequently issued updated guidelines in September. USAID will work with the DOH on their implementation.

Serious questions about the FIC and TT definitions and data sources have been raised by experts from both inside and outside the country. Results using different sources with different definitions are discussed further in the performance monitoring comment section. USAID will field a short-term U.S. consultant with expertise in this area in mid-1998 to review and address the problems noted in the data sources.

Contraceptive distribution data indicate that the public sector remains the largest provider of contraceptives. However, the Couple Years of Protection (CYP) being generated by the public sector is declining: from 1.67 million in CY 1994 to 1.55 million in CY 1996. (CY 1997 figures will not be available until May 1998.) While this decline is partially offset by the increase in private sector use, the decline in IUD and voluntary sterilization performance is a concern to both DOH and USAID. The Mission has commissioned necessary studies to analyze and address the underlying causes through the Population Council and Access to Voluntary and Safe Contraception International.

As discussed in last year's R4, a study was undertaken jointly with DOH to determine ways by which FP/MCH activities could become sustainable at the LGU level. Findings showed

that the current indicator of allocating a portion of the GOP Human Ecological Security (HES) funds for FP/MCH activities is not a good indicator for sustainability because HES funds support a wide variety of activities from sportsfests to tourism development to environmental and forestry management activities. As a result, this indicator will be replaced, pending discussions with the DOH and LGUs.

IR 2: National Systems Strengthened to Promote and Support the FP/MCH Program

All critical indicators for 1997 for the national systems development IR have been met. Implementation of the new 1996-2000 Philippine Family Planning Strategy, approved last year, is underway. A market segmentation study, as called for in the Strategy, to promote increased private and NGO sector participation in the program and to concentrate scarce public sector resources on the poor and indigent populations has been completed and is ready for dissemination. The study should contribute to greatly expanded roles for the private and NGO sectors in family planning and MCH service delivery, which could vastly improve the prospects for long-term sustainability of this program. An innovative program to link potential consumers to service delivery outlets as close to their homes as possible was launched in four "test" provinces and cities in 1997.

Data from the Contraceptive Distribution and Logistics Management and Information System (CDLMIS) indicate that close to 78.0% of all service delivery points throughout the country had at least one-month supply of oral pills and condoms as of December 1997. This level exceeded the 1997 benchmark of at least 70% of all service delivery points having one-month supply of such contraceptives.

The 1997 National FP and MCH Rider Survey was conducted on time, reflecting the Government's commitment to timely data collection and dissemination. Fieldwork for the 1998 Demographic Health Survey (DHS) is well underway.

Work on institutionalization of competency-based FP/Reproductive Health training and MIS is on target with additional full-time staff assigned by the DOH. However, institutionalization of information, education, and communication (IEC) programs and advocacy activities remains a problem, partly due to the overlapping functions and roles of DOH and Population Commission (POPCOM), and partly due to the transfer of responsibility for these programs to LGUs under devolution. USAID is working closely with DOH and POPCOM to ensure that local capabilities to plan and manage customer-oriented IEC and advocacy campaigns are created at Local Government levels, obviating the need for multiple bureaucratic structures.

The DOH met the 1997 benchmark for a doubling of its annual family planning budget from 1996. However, the DOH budget still constitutes a very small proportion of the total costs of the program. Despite the interest of the DOH in having a high quality family planning program, Congressional appropriations for family planning remain low.

IR 3: Increased Private Sector Provision of Contraceptives and FP/MCH Services

The percent of private sector contribution to contraceptive prevalence in 1997 was 24.4%, up from 23.9% in the 1996 survey, but well below the target of 31.0 %. However, the 1997 survey was conducted nine months after the 1996 survey and therefore does not represent one full year's performance. The target of 31.0% was set assuming the baseline of 27.0% from the 1993 DHS. However, trends from the 1995, 1996, and 1997 annual National FP Surveys are very consistent and reassuring, but they seem to question the validity of the baseline figure. It appears that the definition of public and private sector sources was less clear in the 1993 DHS than in the annual FP Surveys.

However, it is gratifying that the contribution of the private sector is steadily increasing, with private hospitals and clinics being the largest source (for IUDs and voluntary sterilization), followed by pharmacies (for pills and condoms). Commercial contraceptive pill sales increased 17% from 1996 to 1997, while sales of the brands promoted under the USAID-supported social marketing program increased 31% during the same period. A brand-new expanded and performance-based service delivery initiative involving private sector midwives has been launched by the John Snow, Inc./Research and Training Institute (JSI/RTI) in early 1997. This program is serving as a catalyst for our other private sector activities. For example, the midwife centers are sales points for contraceptive social marketing products, and provide counseling and referrals to private sector voluntary sterilization (VS) providers.

Customer Focus: One major customer survey was undertaken during the year: the National Family Planning Survey with an additional MCH Rider survey, involving over 20,000 households. "Cluster surveys" to generate local data on program performance and to assess client satisfaction with the services were undertaken also in all 47 participating LPP LGUs. Findings from the surveys have been incorporated into appropriate communications, advocacy, and service delivery strategies to address client concerns and to further improve the quality of services. A high level team from the Department of Health was sent to selected countries to observe quality assurance standards and procedures. Subsequently, the Secretary of Health established a National Task Force on Quality Assurance. An integrated certification, quality assurance and monitoring system to improve the quality of FP/MCH services and client satisfaction is in final stages of development.

Gender Integration: A Mission-wide assessment of gender integration highlighted several successes of SO 3 in addressing gender issues. These include:

- A uniquely designed home-based, walk-in FP/MCH program, which saves women's time and encourages increased women's economic participation. It involves using private sector midwives, who offer affordable services for 12 hours a day, six days a week;
- Assistance to midwives to establish their own private clinics, which enhances the status of women by contributing to professional status and image of midwives and by raising their incomes;

- Support for research on emerging gender issues in health and population sectors, including violence against women and the possibilities for integrating reproductive tract infection case detection and management with family planning;
- Support for a male participation study to encourage increased male involvement and participation in family planning programs.

A DREAM COMES TRUE FOR LUDELYN

Still only in her early 20s, Ludelyn Ando, midwife, is already the picture of a young woman who has embarked on a journey towards professional and personal growth. The eldest of four children from parents who have just enough to get by, Delyn, as her friends call her, was determined to go to school to be able to effectively serve her community of Suba-Maulog in the island province of Cebu.

She studied midwifery, and after graduation at the age of 19, joined the newly-launched Well-Family Clinic Project. This project -- which is funded by USAID and implemented by the John Snow Inc./Research and Training Institute in partnership with selected non-government organizations -- recruits midwives, teaches them to become entrepreneurs and managers of franchise-type clinics that provide family planning (FP) and maternal and child health (MCH) services, and trains them in marketing, demand creation, promotion, interpersonal communication, counseling and clinic management.

After only a year in the project, Delyn has become the owner-manager of a thriving clinic-business, which gives her a substantial monthly income. The once-shy country girl even uses a personal cellular phone bought from the earnings from her clinic, which is considered among the best-performing clinics of the project.

Delyn finds fulfillment in her mission, which is to give quality FP/MCH services to the people in her community. She is currently earning more than enough to be able to sustain all of her operations. With clients crowding her clinic each day, Delyn has a new project to meet the needs of her clients: to include lying-in (bed) facilities in her clinic so that patients can stay for several days if needed. She wants to open it soon.

Donor Coordination: Donor coordination continues to be excellent. Meetings of key donors such as the United Nations Population Fund (UNFPA) and the Dutch Government focus on sustainability issues as well as implementation coordination. Cooperation with Japan on improving services in Region III (northwest of Luzon) of the Philippines under the U.S.-Japan Common Agenda is progressing well.

Sustainability: A number of actions have already been taken to promote greater sustainability of the program, as reported in the last R4. The Government has followed through on its commitment to double its family planning services budget. A Market Segmentation Study to enable the Government to focus its meager resources on the poor and indigent has been completed and is under discussion; a consumer intercept study to determine the capacity and willingness of potential consumers to pay for family planning services is currently underway. JSI/RTI's expanded service delivery program through a network of private midwife clinics is expected to play a pivotal role in increasing the role and participation of the private sector in

FP/MCH service delivery throughout the country. Midwives will serve as part of the service provider network for contraceptive social marketing products; as referral centers for VS services; and as providers of FP services to industrial companies. The linkages of this program offer considerable promise for sustainability. However, increases in contraceptive prices due to the devaluation of the peso could negatively impact on this and other private sector programs.

The long-term sustainability of the Philippines Family Planning Program will remain a serious problem for the foreseeable future. Because of the continuing Catholic Church opposition to family planning, the political sensitivity of the upcoming elections, and the ongoing economic crisis, increasing public outlays for family planning could be difficult. The Mission has determined that this is not the time to continue serious discussions on sustainability concerns, lest family planning become a political issue. Mission will resume these discussions with the new Government after the elections.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT CONCERNS

The SO 3 framework and related programs went through a series of refinements in 1996 and 1997 to improve performance and to more effectively and efficiently meet the needs of our customers. Survey results and other performance measures indicate that all fundamentals for the successful attainment of the SO 3 goals are in place, and steps are being taken to address performance problems witnessed in 1997. We still expect to meet SO goals set for the year 2000.

The 1998 DHS is underway and field implementation will be completed in April 1998. The survey will provide accurate and reliable information on key indicators -- CPR, TFR, IMR, MMR, and other national level indicators -- for comparison with the 1993 DHS baseline. New data also should reconfirm if the trends noticed in the annual FP/MCH Rider Surveys and service statistics records are valid and reliable and if the SO indicators are on target.

Comprehensive assessments of each of the three IRs by independent consultant teams are underway. The primary purpose of these assessments is to determine if performance is on target and if any mid-course corrections are warranted. Additional technical assistance will be provided to: examine the continuing decline in TT coverage; energize the private and commercial sectors; and address long-term sustainability issues. The three IR assessments are preparatory to a joint programming exercise involving the Mission, ANE and Global Bureaus in September-October 1998 to review the progress made under the current strategy and to lay the foundations for the development of the follow-on strategy.

ENVIRONMENTAL COMPLIANCE

SO 3 has no environmental compliance issues.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
APPROVED: March 30, 1995

INDICATOR: Contraceptive prevalence rate (all methods)

UNIT OF MEASURE: Married women of reproductive age using a form of contraception

SOURCE DOCUMENT: Nat Demographic Survey; FP "Rider" to the Labor Force Survey
SOURCE ORGANIZATION: DHS Project; National Statistics Office (NSO)

INDICATOR DESCRIPTION: This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			40.0
1995	43.0		50.7
1996	44.5		48.1
1997	46.0		47.0
1998	47.5		
1999	49.0		
2000	50.5		

COMMENTS:

The 1993 baseline is from the National Demographic Survey of the DHS Project. Subsequent rates are from the annual family planning (FP) Rider survey of the NSO. Compared to 1993, in the 1995 NSO final report, traditional method use increased 10.2%, from 14.8% to 25.0%, while modern method use, including modern natural family planning (mucus/billings/ovulation/temperature/thermometer) increased from 25.2% to 25.7%. This large increase in traditional natural methods may be attributed to the "Natural Family Planning Month" conducted just previous to the survey and visit of the Pope to the Philippines. By this large increase in traditional method use, overall prevalence was boosted quite high. The 1996 NSO finding of 17.9% for traditional methods appears to be a more realistic estimate, and overall prevalence, while high, is closer to expectations. This trend was repeated in the 1997 NSO survey.

Frequency of data collection: NDS conducted every 5 years; NSO survey conducted annually (except in 1997 when the NSO FP Rider Survey was conducted nine months after the 1996 survey).

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
APPROVED: March 30, 1995

INDICATOR: Contraceptive prevalence rate (modern methods)

UNIT OF MEASURE: Married women of reproductive age using a modern method of contraception

SOURCE DOCUMENT: Nat Demographic Survey; FP "Rider" to the Labor Force Survey
SOURCE ORGANIZATION: DHS Project; National Statistics Office (NSO)

INDICATOR DESCRIPTION: This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			25.2
1995	28.2		25.7
1996	29.7		30.2
1997	31.2		30.9
1998	32.7		
1999	34.2		
2000	35.7		

COMMENTS:

The 1993 baseline is from the National Demographic Survey of the DHS Project. Subsequent rates are from the annual family planning (FP) Rider survey of the NSO. The 1997 FP survey was conducted only nine months after the 1996 survey.

The 1995 final NSO report of the FP survey adjusted for age distribution but made no adjustment for the methodological problem of voluntary sterilization underreporting. A separate BUCEN estimate, using alternate adjustment techniques to correct for this, indicated a modern method rate of 28.5%. The 1993 baseline of 25.2% includes modern natural family planning methods, a 0.3% increase over the original presentation of the baseline of 24.9%.

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

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
APPROVED: March 30, 1995

INDICATOR:	Percent of births in high-risk groups
UNIT OF MEASURE:	Percent (%) of births to women in various high risk categories
SOURCE DOCUMENT:	Nat Demographic Survey; FP "Rider" to Labor Force Survey
SOURCE ORGANIZATION:	DHS Project; National Statistics Office (NSO)
INDICATOR DESCRIPTION:	Percent of births to women who are 35 years or over, under age 18, who had a child in last two years, or who have had more than three children. This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			62.4
1995	61		60.5
1996	60		59.2
1997	59		56.2
1998	58		
1999	57		
2000	56		

COMMENTS:

The 1993 baseline is from the National Demographic Survey of the DHS Project. Subsequent rates are from the annual family planning (FP) Rider survey of the NSO. The 1993 NDS included births in the last five years. The 1995, 1996 and 1997 NSO surveys include 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.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
APPROVED: March 30, 1995

INDICATOR:	Infant mortality rate
UNIT OF MEASURE:	No. of deaths in infants in a given year per 1,000 live births
SOURCE DOCUMENT:	Nat Demographic Survey: IMTF Report
SOURCE ORGANIZATION:	DHS Project; Infant Mortality Task Force (IMTF)
INDICATOR DESCRIPTION:	Infants are children under age one. This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1990			56.7
1991	55.9		55.1
1992	55.2		53.6
1993	54.4		52.0
1994	53.6		50.5
1995	52.9		48.9
1996	47.4		
1997	45.8		
1998	44.3		
1999	42.7		
2000	41.2		

COMMENTS:

The official GOP statistic for IMR comes from the interagency Infant Mortality Task Force (IMTF) which uses indirect estimation techniques. The NDS result (a direct estimate) is only one of the sources used by the IMTF to derive the official rate. The 1993 NDS IMR was for a five-year period preceding the survey, centered on 1990. It found the IMR to be 33.6. In 1996 the IMTF released its estimate for 1995 and interpolated the data for 1991-1994. As the 1995 IMR was lower than planned and, indeed, lower than the year 2000 goal of 49.0, the IMTF reset the 1996-2000 IMR goals. These have been incorporated in the table.

Frequency of data collection: NDS conducted every 5 years. IMTF Reports are usually issued every five years.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Public Sector Provision of FP/MCH Services
APPROVED:

INDICATOR:	Percent of children fully immunized (FIC)
UNIT OF MEASURE:	% of infants at 12 months of age who have been vaccinated
SOURCE DOCUMENT:	MCHS/EPI data; annual report
SOURCE ORGANIZATION:	Department of Health (DOH)
INDICATOR DESCRIPTION:	"Vaccinated" means three shots in the cases of polio and DPT and once for both measles and BCG. This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			90.9
1994	90		88.4
1995	90		86.4
1996	90		90.6
1997	90		
1998	90		
1999	90		
2000	90		

COMMENTS:

The 1993 NDS indicated 61.9% FIC for children 12-23 months. The 1993 baseline and subsequent annual data used by DOH are from service statistics using the above "unit of measure." 1997 DOH service statistics data will be available o/a April 1998. The 1997 MCH Rider Survey (RS) indicated 58.2% of children 12-23 months were fully immunized prior to their first birthday. This measure corresponds to the 1993 NDS measure. A BuCen analysis indicates that although this is a slight decrease from the 1993 NDS finding of 61.9%, the difference is not significant when taking into account sampling error.

Frequency of data collection: annually.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Public Sector Provision of FP/MCH Services
APPROVED:

INDICATOR:	Percent of pregnant women immunized against tetanus		
UNIT OF MEASURE:	% of pregnant women who have received two or more doses of tetanus toxoid		
SOURCE DOCUMENT:	Nat Demographic Survey; MCH/EPI Annual Reports; MCH "Rider" Survey		
SOURCE ORGANIZATION:	DHS Project; Department of Health; NSO		
INDICATOR DESCRIPTION:	This is a national estimate.		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			70.0
1994	71.4		69.3
1995	72.8		57.6
1996	74.2		47.0
1997	75.6		
1998	77.0		
1999	78.5		
2000	80.0		

COMMENTS:

The baseline and subsequent annual data are from DOH service statistics according to the above "unit of measure." This measure focuses on protection of mother rather than protection of child. The 1997 DOH service statistics will be available o/a April 1998. The 1993 NDS indicated 42.2% of live births in the last five years in which two or more tetanus toxoid vaccination (TTV) doses were received during corresponding pregnancy. The 1998 NDS is currently ongoing and results are expected to be available by September 1998.

The 1997 MCH Rider Survey (RS) was conducted and shows that, based on a BuCen analysis of the findings:

- * 36.1% of surviving children under age 3 had mothers who received two or more TTV during the corresponding pregnancy. This corresponds most closely to the 1993 NDS measure, except for children under 3 rather than under 5.
- * using more complete criteria (see note below) for TT protection, 51.2% of surviving children under 3 years of age are protected against neonatal tetanus. This measure is more accurate for estimating protection of the child than the measure used in the 1993 NDS.
- * 67.4% of children under 3 years of age had mothers who received two or more TTV, without regard to the timing of one vaccination. This estimate is a proxy for the service statistics measure which focuses on the mother.

Note: According to the more complete criteria, the following TTV should be received by the mother in order for a reference child to be considered protected against neonatal tetanus: (1) at least two doses of TTV during pregnancy with the reference child; or (2) one dose during pregnancy with reference child plus at least two doses prior to pregnancy with reference child; or (3) at least three doses prior to pregnancy with reference child.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Public Sector Provision of FP/MCH Services
APPROVED:

INDICATOR:	Percent of children receiving vitamin A capsule supplement
UNIT OF MEASURE:	Percent (%) of children between 12-59 months receiving vitamin A capsule
SOURCE DOCUMENT:	FETP Cluster Survey Report and Regional Reports
SOURCE ORGANIZATION:	Department of Health (DOH)
INDICATOR DESCRIPTION:	Measurement is for vitamin A capsule received during the national micronutrient day. This is a national rate.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			90
1994	90		93
1995	90		88
1996	90		88
1997	90		78
1998	90		

COMMENTS:

The National Micronutrient Day has been conducted since 1993 on or about October 16, yearly. After the Day, a cluster survey is conducted nationwide to examine the distribution of micronutrients. According to this year's results, 78% (95% confidence interval - 75-81%) of the children were given Vitamin A. The DOH reports that the coverage for Vitamin A capsules decreased this year compared to previous years because many of the targeted clients did not go to the health center. The DOH believes that although people's awareness of the program is good, it is not enough for them to make it a priority activity for that day. Waning enthusiasm by some health workers for the campaign approach may also be contributing. Hence, the DOH is increasing its efforts in micronutrient fortification to improve micro-nutrient status.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Public Sector Provision of FP/MCH Services
APPROVED:

INDICATOR:	Modern method CYP from a public sector source increased (in million)
UNIT OF MEASURE:	CYP by modern contraceptive methods distributed/delivered in a year
SOURCE DOCUMENT:	DOH FPS-CLDMIS; AVSC - VS reports.
SOURCE ORGANIZATION:	Department of Health
INDICATOR DESCRIPTION:	CYP = couple years of protection. Year = calendar year

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			1.67
1995	1.94		1.61
1996	2.06		1.55
1997	2.18		
1998	2.30		
1999	2.43		
2000	2.55		

COMMENTS:

* 1997 data will be available o/a May 1998

The CYP assumptions are based on new official Philippines-specific assumptions. The CYP planned accomplishment have been adjusted to correspond with the 1995 Census data.

Frequency of data collection: annually

Public Sector CYPs by Method by Year

Method	1994	1995	1996
Pills	707,370	732,800	677,559
Injectables	13,170	76,150	172,442
Condoms	153,140	153,060	128,799
IUDs	560,030	494,070	425,544
Voluntary sterilization	240,140	150,593	142,790
Total	1,673,850	1,606,673	1,547,134

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Public Sector Provision of FP/MCH Services
APPROVED:

INDICATOR:	Aggregate no. of LGUs achieving the LPP annual benchmarks
UNIT OF MEASURE:	Aggregate no. of LGUs achieving the LPP annual benchmarks for FP/MCH
SOURCE DOCUMENT:	IFPMH Program MIS and records
INDICATOR DESCRIPTION:	This refers to LGUs participating in Local Governance Unit Performance Program (LPP)

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			20
1995	23		28
1996	41		46
1997	60		66
1998	75		

COMMENTS:

The LGU Performance Program (LPP) is designed to strengthen the capacity of local government units (LGUs) to plan and implement effective population, family planning and child survival programs. The program provides grants to LGUs that successfully meet their annual performance benchmarks. The performance benchmarks are agreed upon between the DOH and the LGUs and are geared towards capacity building and expanding/sustaining FP/MCH service delivery. For each new group of LGUs, performance benchmarks in the first year of their participation focus on "start up". Each of the start up benchmarks ensures that structures are in place to support continued participation in the LPP. Each year, the DOH and the LGUs work together to agree on the subsequent annual benchmarks. All performance benchmarks: are aimed to promote increased capacity of LGUs to manage, implement, and sustain population, family planning and child survival program activities; are feasible and achievable in one year; are specific and measurable; and are mutually acceptable to both DOH and the LGUs.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: National Systems Strengthened to Promote and Support the FP/MCH Prog
APPROVED:

INDICATOR: PFPP sustainability enhanced by increased allocation of budget for FP

UNIT OF MEASURE: DOH budget in GAA allocated for DOH Central FP Service (P million)

SOURCE DOCUMENT: General Appropriation Act (GAA)

INDICATOR DESCRIPTION: GAA = General Appropriation Act

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			7.1
1994			20.1
1995			20.7
1996	25.1		25.1
1997	37.6		37.6
1998	56.5		
1999	84.7		
2000	127.1		

COMMENTS:

New indicator commencing in 1996. Prior years given for information. In addition to the DOH Family Planning Service, funds for FP are also provided at regional and LGU level. However, as these are difficult to isolate from other health expenditures, the DOH FPS budget has been chosen to monitor. The GAA budget in 1997 was P 35.737 million for the Family Planning Service and the DOH realigned P 1.9 million to the FPS from other budget categories.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED FERTILITY RATE AND IMPROVED MATERNAL AND CHILD HEALTH
INTERMEDIATE RESULT: Increased Private Sector Provision of Contraceptives and FP/MCH Services
APPROVED:

INDICATOR:	Percent of family planning services provided by the private sector
UNIT OF MEASURE:	Percent (%) of FP services provided by commercial outlets, NGOs/PVOs
SOURCE DOCUMENT:	Nat Demographic Survey; FP "Rider" to the Labor Force Survey
SOURCE ORGANIZATION:	DHS Project; National Statistics Office (NSO)
INDICATOR DESCRIPTION:	Private sector sources include private hospitals/clinics, pharmacies, private doctors, stores, churches, and as of 1996, private midwives and NGO clinics.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			27.0
1995	29		18.2
1996	30		23.9
1997	31		24.4
1998	32		
1999	33		
2000	34		

COMMENTS:

The 1993 baseline is from the National Demographic Survey of the DHS Project. Subsequent rates are from the Annual Family Planning (FP) rider survey of the NSO.

**SPECIAL OBJECTIVE NO. 1
RAPID INCREASE OF HIV/AIDS PREVENTED**

PERFORMANCE ANALYSIS

The Special Objective (SpO) successfully met its target of maintaining human immunodeficiency virus (HIV) seroprevalence rates in the Philippines at <3% among registered female commercial sex workers (RFCSWs) in all of the 8 HIV Sentinel Surveillance (HSS) sites. Data from the HSS for 1997 indicated that there had been no "explosion" of HIV infections thus far (Table 1).

Table 1. Number of HSS sites where HIV seroprevalence rates among RFCSWs remains less than 3%.

SpO Indicator	1993 (Baseline)	1996 (Actual)	1997	
			Planned	Actual
HIV Seroprevalence Rates among RFCSWs	<3% in 2/2 sites	<3% in 8/8 sites	<3% in 8/8 sites	<3% in 8/8 sites

The Philippines remains in the early stages of the HIV/AIDS epidemic. Since the first cases of HIV/AIDS in the Philippines were reported in 1984, a cumulative total of 978 HIV/AIDS infections (295 have developed AIDS), have been reported to the National AIDS Registry as of December 1997. The Registry reported that the number of new cases of HIV infection (117) in 1997 decreased 25% from the number of new cases listed in 1996 (156). Our AIDS Surveillance and Education Program (ASEP) activities have made it possible for the Philippines to continue to remain a low prevalence country through early and effective targeting of HIV prevention interventions to high risk groups. ASEP continues to support the efforts of NGOs and PVOs skilled in reaching people practicing high risk behaviors and improve sexually transmitted infections (STI) care management through provision of training on syndromic (based on signs and symptoms) approach. The sentinel surveillance (HSS and Behavioral Sentinel Surveillance (BSS)) systems established under ASEP also offer a cost effective "model" for countries with low HIV/AIDS prevalence to monitor the disease and associated behavioral change among the high risk groups.

As recommended by the program assessment conducted in February 1997, the Mission, together with the USAID/W Joint Programming Team (JPT) and the Philippines DOH made changes to the existing SpO strategic framework to improve the validity and reliability of the performance measures. The changes included: resetting the SpO indicator target level from 1% to 3% and monitoring each surveillance site separately, focussing on RFCSWs; adding alternate indicators to measure steps that lead to adoption of risk-reduction behaviors; using a new indicator to determine condom usage rates; reducing the current number of HIV sentinel and behavioral sites from ten to eight; and cutting regular surveys from two to just one annually in most sites. ASEP, the main activity under the SpO, has also been extended to September 2000 to coincide with the time frame of the SpO results framework.

The SpO indicator was reset to 3% at the SpO level given the fact that HIV seroprevalence for RFCSWs already exceeded 1% in one survey round in the surveillance site of Angeles City and that high risk behaviors are so widespread among target groups that it would be difficult, if not impossible, to keep prevalence rates below 1% within these groups over the next 5-10 years. In our epidemiologist experts' opinion, the 1% was artificially low -- not based on current knowledge of the threshold of the epidemic. It was further recommended that this indicator be refined to focus on RFCSWs since this is the largest high risk group and has the greatest potential for transmitting HIV infection to a large percentage of their sexual partners.

IR: STI/HIV/AIDS Prevention Practices Increased

At the Intermediate Result (IR) level, there is an increasing trend in the rates reported for consistent condom usage for both women and men at risk (Table 2). Higher rates indicate increasing prevention practices (safe sex) in the target risk groups. Overall, the 1997 rates were higher than the 1993 baseline rates. The 1997 data were provided by two different surveys: HSS conducted at the beginning of the year, and BSS conducted towards the latter part of the year.

Table 2. Prevalence Rates of Sentinel Groups Who Report Consistent Condom Use with Partner At-Risk During the Past Week

Risk Group	1993 (Baseline)	1996 (Actual)	1997		
			Planned	Actual	Actual*
Registered female commercial sex worker (RFCSWs)	32%	41%	>43%	44%	48%
Free lance female commercial sex worker (FFCSWs)	14%	21%	>28%	20%	28%
Men who have sex with men (MSMs)	2.5%	13%	>18%	9%	23%
Injecting drug user (IDUs)	2%	2%	>18%	3%	4%

Source: Behavioral Data from National HIV Sentinel Surveillance

*Data from 1997 National Behavioral Sentinel Surveillance

As reported during the last R4, a significant reason for the variable condom usage rates obtained in the previous years is the disparity between the number of sites surveilled (eight sites) and the number of sites targeted for information, education and communication (IEC) activities (five sites) at the time the surveys were conducted. In 1997, the number of sites targeted for IEC activities was expanded to seven, and in 1998, an eighth site will be added.

Data from injecting drug users (IDUs) indicate a decrease in sharing of needles, although high levels of risk behavior continue in this group. Due to their unstable mental state, IDUs find it hard to change behaviors, or do not recognize that behavioral change is needed. Another

factor is that our assistance cannot provide for a needle exchange program, which constrains our ability to do more in this area.

Other notable developments since the last R4 review include:

- **Establishment and refinement of the BSS system.** Systematic sampling methods and revised questionnaires were applied in BSS surveys to implement the assessment recommendation to improve the system of behavior monitoring. Based on the 1997 BSS baseline data and targets for the additional indicators at the IR level, "knowledge", "attitude" and "condom use during the last sexual intercourse", have been adjusted.
- **Improved understanding of HIV risk factors as the result of research activities.**
 - a) *Research on child prostitution:* an audience research activity was undertaken to test acceptability, impact and effectiveness of public service announcements that address social norms regarding child sex work.

Stop Child Prostitution

An external evaluation of the ASEP in early 1997 identified child prostitution as a priority concern and suggested the strategy of changing prevailing social norms regarding children in sex work to protect children against AIDS and other STIs. In response, the ASEP-supported NGO, ReachOut Foundation, focused the fourth and ongoing phase of its media campaign on the issue of child prostitution and its link with AIDS. The campaign seeks to motivate policy makers and other concerned groups to guarantee that children everywhere enjoy their fundamental right free and secure from all forms of sexual exploitation.

Stop Child Prostitution ad. "Guhit" (Drawing) is a poignant account of an 11 year-old girl. Drawing stick figures, she painfully narrates and identifies the different men who abused her and how she, in the end, ends up with AIDS. In a feeble attempt to stop the unpleasant thoughts, she scratches off the illustrations to communicate a child's cry for help. "Guhit" won 2nd place for outstanding creativity for a Public Service Announcement in the 1997 Mobius Ad Award, surpassing entries from over 30 countries.

Protect Children from AIDS ad. "Laro" (Games), uses typical Filipino children's games to show the realities that children forced into sex work live in. After each scene of a bright, fun game, the tone dramatically shifts to a dark, somber impression of sex work, signifying how children are tragically robbed of their childhood by adults. While both ads are meant to have a primary impact on attitudes, they also aim to reinforce appropriate behavior, ending with the Bantay Bata (Child Watch) hotline managed by the ABS-CBN Foundation, one of the country's largest corporate foundations.

The media campaign against children in sex work is widely approved because ReachOut, with ASEP support, has built partnerships with government at national and local levels, the business sector, the media, and other NGOs to achieve a shared goal -- child prostitution and its link to STI/AIDS prevention. The underlying principles of commitment, professionalism, networking, and community participation serve as a guide to this goal.

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b) *Research on commercial sex regulation*: a multi-city study on regulation of the commercial sex industry undertaken in 1997 concluded that current local regulation is ineffective, both in terms of prostitution and STI/HIV control. Data will support NGO capacity building in advocacy for law and policy reforms.

■ **Signing of the Philippine AIDS Prevention and Control Act by President Ramos.** The new legislation outlaws compulsory AIDS testing as a precondition to employment, admission to educational institutions, place of abode, entry or exit from the Philippines, and access to health care, credit, insurance, and burial services. It also acknowledges the promotion of condoms to limit the risk of transmission.

■ **Provision of drugs for the treatment of sexually transmitted infections at government and NGO health centers.** Due to the unreliable and inadequate supply of drugs for the treatment of sexually transmitted infections at government and NGO health centers, USAID began mobilizing resources from the DOH, LGUs, and other donor agencies who can support the purchase of drugs. The Government of the Netherlands has signed a Contribution Agreement to provide \$76,000 for the period December 1997 to December 1998. The Government of Japan, through the Japanese International Cooperating Agency (JICA), has expressed the possibility of providing STI drugs beginning in mid-1998 through the public sector health clinics in conjunction with the Mission's STI syndromic management activities.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

Based on current performance, it is expected that the SpO will achieve both its objective level target of maintaining HIV seroprevalence rates among RFCSWs in HSS sites at <3% in 2000 and IR level targets of increasing knowledge, attitudes and STI/HIV/AIDS prevention practices by high-risk groups. The national, LGUs and DOH leadership continue to endorse AIDS prevention and control as an urgent and priority concern.

Targeting of high risk groups such as female and male commercial sex workers, men who have sex with men, IDUs and other men at risk through peer education and counseling to encourage behaviors that reduce risk of HIV infection will be continued. As recommended by the 1997 Assessment of the SpO and by the Gender Assessment conducted by the Mission, additional target groups will be added, including: child sex workers; gate keepers, such as sex establishment managerial and owners; and policy makers, such as city health officers and local government political leaders. More descriptive and ethnographic research will be initiated to identify the extent and distribution of child sex workers, trace the factors promoting entry of children into sex work, and identify special needs of child sex workers. Advocacy activities to generate multisectoral support for HIV/AIDS prevention and actions to reform counterproductive local ordinances on commercial sex will be added.

ENVIRONMENTAL COMPLIANCE

SpO 1 has no issues related to the implementation of environmental procedures.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: RAPID INCREASE OF HIV/AIDS PREVENTED (SpO)
APPROVED: March 30, 1995

INDICATOR:	HIV seroprevalence rates among RFCSWs in HSS sites remain <3% in 2000
UNIT OF MEASURE:	No. of HIV sentinel surveillance sites where rates remain less than 3%
SOURCE DOCUMENT:	Field Epidemiology Training Program surveys
SOURCE ORGANIZATION:	Department of Health (DOH)
INDICATOR DESCRIPTION:	RFCSWs = registered female commercial sex workers; HSS = HIV sentinel surveillance sites

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			2
1994	6		6
1995	7		7
1996	8		8
1997	8		8
1998	8		
1999	8		
2000	8		

COMMENTS:

HIV infection in the Philippines is still low compared to other Asian countries.

Frequency of data collection: annual sero-prevalence surveys.

Baseline data are from two initial HSS sites in 1993. By 1995, HSS was sequentially expanded to seven sites and in 1996, to eight sites.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: RAPID INCREASE OF HIV/AIDS PREVENTED (SpO)
INTERMEDIATE RESULT: Practices to Prevent STI/HIV/AIDS Infections Among Hi-Risk Groups Increased

APPROVED:

INDICATOR:	Increase in RFCSWs reporting consistent condom use with partner at-risk during past week
UNIT OF MEASURE:	% of RFCSWs reporting consistent condom use with partner at-risk during past week
SOURCE DOCUMENT:	FETP-DOH National HIV and Behavioral Sentinel Surveillance surveys
SOURCE ORGANIZATION:	Department of Health (DOH)
INDICATOR DESCRIPTION:	RFCSWs = registered female commercial sex workers

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1993			32
1994	35		48
1995	38		52
1996	40		41
1997	43		44
1998	46		
1999	48		
2000	50		

COMMENTS:

1993 baseline and subsequent data are established by the HIV Sentinel Surveillance (HSS) survey.

RFCSW data are from all HSS sites. HSS was initially established in 1993 at 2 sites: Cebu and Quezon cities. In 1994, HSS added 4 sites: Pasay, Davao, Angeles and Iloilo. In 1995 and 1996, HSS added General Santos and Zamboanga cities, respectively.

Sex behavior data collection coincides with HSS sites. However, not all of these sites have education activities implemented. Between 1993-97, the number of HSS sites expanded from 2 to 8 while the IEC sites lagged. In June 1994, IEC was in Quezon City and Pasay. In 1995, IEC expanded to Cebu and in 1996, Davao and Angeles cities. In 1997, General Santos and Iloilo were added, and by 1998, Zamboanga will be added.

Note: 1997 data from HSS is 44%; from Behavior Sentinel Surveillance (BSS) is 48%.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: RAPID INCREASE OF HIV/AIDS PREVENTED (SpO)
INTERMEDIATE RESULT: Practices to Prevent STI/HIV/AIDS Infections Among Hi-Risk Groups Increased
APPROVED:

INDICATOR:	Sharing of injection equipment by intravenous drug users (IDUs) decreased
UNIT OF MEASURE:	Percent of IDUs who report sharing injection equipment - Cebu city only
SOURCE DOCUMENT:	FETP-DOH National HIV and Behavioral Sentinel Surveillance surveys
SOURCE ORGANIZATION:	Department of Health (DOH)

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1994			67
1995	65		73
1996	60		75
1997	55		66
1998	50		
1999	45		
2000	40		

COMMENTS:

1994 baseline and subsequent data are established by the HIV Sentinel Surveillance (HSS) survey.

IDU data are from Cebu city only. Harm reduction program with IDUs in Cebu began on 1995.

Note: 1997 data from HSS is 66%; from Behavior Sentinel Surveillance (BSS) is 77%.

STRATEGIC OBJECTIVE NO. 4
ENHANCED MANAGEMENT OF RENEWABLE NATURAL RESOURCES

"People first, and sustainable resource management will follow..."

PERFORMANCE ANALYSIS

The Mission made excellent progress in achieving Strategic Objective No. 4 results in 1997, and provided strong support to the Agency's global priorities of biodiversity conservation and sustainable natural resource management. USAID's initiatives in community-based coastal and forest resources management (the first among donors in the Philippines) are consolidating a powerful "social fence" to conserve world-class biodiversity while supporting sustainable rural livelihoods. This means measurably improved forest and coastal management by men and women in communities under the program, and reduced forest clearing and burning, soil erosion, damaging fishing practices, and near-shore pollution. USAID's support for policy change has also been basic to these results, ranging from the increased decentralization of decision-making on forest management, to the steady phase-out of all leaded gasoline.

Table 1: Summary Performance Table for SO 4

SO Indicators	1997 Target	Actual
Coastal Resources Management (CRM): 3,000 kms. of shoreline waters managed sustainably	1,180 kms. (initiated)	1,360 kms.
Forestry Resources Management (FRM): 500,000 has. of forest land managed sustainably	275,000 has.	481,000 has.

In 1997, the Mission initiated activities helping communities to place 1,360 kms. of shoreline under sustainable management, exceeding our target of 1,180 kms. This means that fish, mangrove and reef-based sanctuaries are being established and maintained; dynamite and cyanide fishing are being stopped; commercial fishing is being reduced to the level required for sustainable harvests; and local governments are allocating adequate resources to support and sustain coastal resources management (CRM) activities. Thanks to the efforts of USAID, awareness of these issues has spread dramatically, and has captured the attention and participation of groups ranging from local fishing communities, LGUs and scuba diving clubs to the for-profit private sector, GOP, and even the President of the Philippines.

With breakthroughs during this reporting period in policy implementation and institutional reform, the Mission catalyzed a dramatic increase in the area under community-based forest management (CBFM), hitting 175% of our planned target (481,000 hectares vs. 275,000 hectares target). In zones practicing CBFM, forest lands are increasingly no longer open access areas, but have clearly defined boundaries under community management and control; no new net forest is being cleared for agriculture, and the total area under forest cover is beginning to expand; effective measures are in place that reduce illegal logging, hunting, and

burning to close to zero; and environmental monitoring plans that include key indicators (e.g. incidence of fire, logging) are beginning to be prepared and followed by the GOP and LGUs.

The Mission made progress in refining its SO 4 indicators, and in developing a performance monitoring system. A report on development of SO 4's indicators is provided in *Annex B, Progress on Environmental Indicators Development*.

Community management means *better* resource management, and local groups are now using their *own* resources to protect the forests. In fact, it is no coincidence that while much of the region suffered from the smoke of forest fires in 1997, forestry resources management (FRM) communities in the Philippines were marshalling their resources to *reduce* forest fire, hire fire wardens and build watch towers (see box).

FRM is Reducing Forest Burning

While 1997 may be long remembered in Asia as the year of forest burning and crippling "smaze," USAID-assisted forest communities in the Philippines were making impressive progress in *reducing* the incidence of fire. Secure tenure provides the most powerful of incentives to protect the resource base, and a total of 90,000 sq.m. of fire lines have been installed by community groups in USAID-assisted areas. These communities have formed local forest protection committees to maintain these fire breaks and conduct regular training. While all too common in the past, incidents like the 1993 burning of 1,000 hectares of forest at Rang-ayan are no more. Not a single hectare of forest has been lost to that community since Community-based Forest Resources Management (CBFM) took hold, and their story is fast becoming a typical one in CBFM areas.

Given that several of these sites "buffer" biologically critical areas (such as the Northern Sierra Madres National Park, with 34 globally threatened species, perhaps one of the highest densities of such species of any park in the world), the benefits of these actions to habitat and biodiversity conservation are significant. Not surprisingly, a recent newspaper editorial called community-based forest management "*...one of the most critical and certainly innovative natural resources management programs government has embarked thus far.*"

SO 4 addresses the Strategic Plan for International Affairs (SPIA)'s national interest to "*secure a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation*". The SO also responds to two goals in the Philippine Mission's performance plan: 1) to "*enhance cooperation in dealing with transnational issues, including...environmental protection*", and 2) to "*promote sustainable development, including programs affecting the environment....*"

IR 1: Coastal Resources Management

USAID is achieving impressive results in creating demand for sound coastal management and getting this issue on the national agenda. For the first time, local governments and the private

sector are establishing partnerships with communities to advance CRM. Similarly, a "sea change" is taking place in the donor community and local private sector (see below), with dramatically increased attention and resources now being focused on coastal resources

Return of the Sharks and Food Chain

Malalag Bay had almost no fish left, one of the country's many casualties to over-fishing. With USAID's help, the local community understood what needed to be done and defined and enforced a fish sanctuary. Only months later, they were overjoyed to note that there was once again an abundance of fish in the Bay, and that the "food chain" had been restored. Their indicator? Sharks have again been spotted! These voracious predators require abundant fish resources, and are an excellent indicator of increased fish populations -- and of the powerful impact of the community fish sanctuary on restoring the Bay's ecological balance.

management. The community-based CRM process is being institutionalized in six provinces around the country, and is spreading steadily to other communities. This should accelerate in 1998, with USAID's leadership on the International Year of the Ocean initiative -- a leadership that will be visible not only in the Philippines, but also in an exhibit (being prepared in conjunction with the Smithsonian Institution) in the Agency's new headquarters in Washington, D.C.

■ **Guidance to 700 municipalities.**

Launching of the CRM Jurisdictional and Legal Guidebook by President Ramos is now providing support to LGUs in 700 municipalities nationwide, helping them

to address key jurisdictional issues on coastal resources management. USAID has also installed a busy technical assistance "Hotline" to help communities shift to effective coastal resources management.

■ **Partnership with the private sector.** For the first time, major private sector companies are now following USAID's lead to promote coastal resources management. This lends powerful credibility to this initiative in the business community, including companies whose activities affect the marine environment. The Mission's partners include Levi-Strauss, Herma Shipping lines, San Miguel Breweries, and the Petron oil company.

■ **Growing local ownership of CRM.** USAID has laid the groundwork upon which communities have begun to initiate their own CRM activities. For example, sea watch groups composed of men and women in coastal communities are active not only in apprehending illegal fishers, but also in conducting environmental conservation awareness campaigns.

1997 International Coastal Clean-up

In September 1997, more than 135,000 Filipino volunteers (and the U.S. Ambassador) picked up nearly 700 tons of trash (62% plastic, and 50% more than the total collected in 1996) from nearly one hundred sites along 1,000 kms. of shoreline. With USAID's support, the Philippines coastal clean-up ranked second only to the U.S. (from among over 100 countries) as the world's biggest participant. This has greatly heightened local awareness, and following this high visibility event, several municipalities in Cebu instituted new and concrete measures to keep these coastal areas clean.

■ **Leveraging resources.** USAID continues to communicate its successful CRM efforts, which has encouraged the commitment of major resources by LGUs and other donors. LGU funds in targeted areas allocated to coastal resource management increased by 17% in 1997, indicating growing local "ownership" which is basic to sustainability. A report of the Japanese Government Agency Overseas Economic Cooperation Fund (OECE) credits USAID's work with "community organizing, public awareness, and capability building" as being central to its decision to commit *fully \$22.9 million* to coastal resources management in two of the Mission's priority sites. Similarly, the Canadian International Development Agency (CIDA) is anticipating helping communities bring more than 1,500 km. of coastline in Mindanao under sustainable management, a project with an estimated cost of \$5 million over five years.

IR 2: Forest Resources Management

USAID's steady support for an improved policy and regulatory framework to encourage widespread CBFM broke through some major bottlenecks during this reporting period, and the impacts at the field level have been most impressive.

Community Forest Management Pays!

Sustainable forest management means taking out of the forest no more than nature can restore -- like withdrawing only the interest on a savings account. The challenge is to ensure that those funds provide enough to meet the community's needs so they continue to exercise wise stewardship, rather than clear more forest. VIBANARA (at 3 years old, the oldest CBFM cooperative in the program) hit that key threshold in 1997. They turned a profit and are investing part of it right back into the forest by hiring forest guards, fire wardens, and planting new tree seedlings in degraded areas. This is the model USAID is striving to help implement throughout the country.

■ **Transfer of forest management control to communities.** With support from USAID, the GOP transferred management control of approximately 481,000 hectares (with an end of strategy target of 500,000) to more than 250 different upland communities -- the first and most important step in improved forest management. Many of these are indigenous peoples groups for whom forest control and conservation can literally mean cultural survival.

■ **Critical Policy Changes.** The dramatic increase in area under CBFM during this reporting period is the result of increasingly effective implementation of the rules and regulations USAID helped put in place, in particular Executive Order 263 (mandating CBFM as the national forest management strategy). This package of critical policy change has 1) greatly simplified the rules for community-based forest management, encouraging more groups to participate; 2) decentralized decision-making authority to the local level, greatly facilitating the award and approval process for CBFM activities; 3) articulated clear and complementary roles in CBFM for local communities and the national and local governments; and 4) simplified the rules for private sector investment in CBFM. This dramatically reduces the previously heavy

transaction costs for local communities, and enables them to manage the forests far sooner -- leaving less opportunity for encroachment by farmers and illegal loggers.

Other SO 4 Activities

The Environment and Natural Resources Accounting Project (ENRAP) is helping the GOP to better understand the true economic and environmental costs and benefits associated with different policy options. The Philippines has become a real leader in this field. In 1997 President Ramos signed an Executive Order to institutionalize this methodology in the Philippines, and the GOP has obligated almost 70 million pesos (approximately \$1.75 million) for this purpose in the General Appropriations Act for 1998.

■ **Phase-out of leaded gasoline.** ENRAP provided the analytical basis (including an assessment of associated health care costs) for the GOP's decision to *phase out all leaded gasoline in the Philippines by 2001*, through an Executive Order signed by President Ramos. *In Metro Manila alone, this Order will result in an annual reduction of more than 100 metric tons of airborne lead by the year 2000.* ENRAP's analysis was also used to support a "lead pollution tax" on gasoline, making unleaded gas cheaper than leaded fuel in the Philippines.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

Over the next four years, USAID's efforts in CRM will lead to communities controlling access to, and managing sustainable harvests from, coastal waters along 3,000 kilometers of shoreline. *This means that the Mission is committing itself to helping its partners achieve sustainable coastal resource management over an area equivalent to the combined total shorelines of Sri Lanka, Bangladesh, and Fiji*, underlining the outstanding "investment opportunity" this activity offers the Agency. Success will be achieved when a growing number of communities and LGUs develop the skills necessary to identify priority environmental problems and initiate coordinated local action to sustainably manage the resource base. Activities in 1998 will include: 1) capitalizing on the International Year of the Ocean to further raise visibility and build awareness and ownership for coastal resources management; 2) forging new partnerships and multi-sectoral collaboration with the private sector and other donors; 3) initial expansion of CRM activities to other biologically significant coastal areas; and 4) accelerated work with enterprise development activities, to provide local fisherfolk with environmentally-friendly means of livelihood. A new window of opportunity is now being explored by the CRM Program, which has been asked by the Presidential Commission on the Sulu/Celebes Sea to spearhead regional collaboration in this vital marine ecosystem.

At the request of the GOP, a new activity, the Municipal Coastal Environmental Initiative (MCEI) will initiate implementation in 1998. This will serve as an important complement to CRM, by integrating management of land-based industrial pollution (from approximately 400 industries in 8 coastal areas) into the program. MCEI will coordinate with U.S.-Asia Environmental Partnership's efforts to promote a "clean revolution" in Asia, with joint

training and capacity-building activities in areas ranging from clean technology/environmental management to compliance with ISO 14000 standards.

Under the forestry resources management activity, USAID is working with upland communities in Mindanao, Palawan, and Northern Luzon, targeting its efforts to those regions with the greatest remaining residual forest and highest biological values. Activities in 1998 will include: 1) accelerated work with enterprise development; 2) continued support for implementation of further devolution of decision-making, to support closer partnerships between the communities, LGUs, and local representatives of the DENR; 3) capacity-building activities to enhance the capabilities of local groups to manage their resources in environmentally and economically sound ways; and 4) reinforcement of USAID's catalytic role in encouraging increasing resources from LGUs and the private sector in support of community-based forest resource management.

Other longer-term initiatives for FY 1999 and 2000 are expected to include 1) building local capacity to identify the economic value of the ecological services associated with maintaining and expanding forest and reef cover (e.g. watershed protection and its impact on agricultural and municipal water quality and quantity), to improve policy development and implementation at the LGU and national levels; 2) exploring possibilities for carbon offset activities, to help the Agency meet its global targets for climate change mitigation and "bridge" SOs 4 and 5 (please see R4 discussion of SO 5, below); 3) paying increased attention to measuring the impact of SO 4's activities on biodiversity conservation; 4) analyzing (in coordination with SO 6) the expected impacts of the newly approved Indigenous Peoples Rights Act (and the relationships between this Act and the Local Government Code) on forest and coastal area management; and 5) considering ways in which our forestry and coastal resources management programs might help other USAID-assisted countries in the region. Support will be sought from selected Global Bureau activities to further these important goals, and to help us bridge from our current activities to the ones that are likely to be done under the new Strategic Plan.

ENVIRONMENTAL COMPLIANCE

An IEE for MCEI was submitted to the Bureau Environmental Officer, and the Mission's recommendation for a categorical exclusion was approved on January 13, 1998. An IEE is also being prepared for CRM, per the guidance in SECSTATE 78619 (dated April 28 1997, and summarizing last year's R4 review). There are no other issues under SO 4 related to the implementation of 22 CRF Part 216.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ENHANCED MANAGEMENT OF RENEWABLE NATURAL RESOURCES
APPROVED: March 30, 1995

INDICATOR: 3,000 kilometers of coastal waters managed for sustainable resource use

UNIT OF MEASURE: Kilometers of shoreline

SOURCE DOCUMENT: Contractor's activity report, independent surveys
SOURCE ORGANIZATION: PRC (contractor); USAID staff

INDICATOR DESCRIPTION: Data are cumulative and are collected annually.

YEAR	PLANNED INITIATED	ACTUAL INITIATED	PLANNED SUSTAINABLE	ACTUAL SUSTAINABLE
1996	485	-		*
1997	1,180	1,360	0	0
1998	2,640		300	
1999	3,820		870	
2000	5,000		1,585	
2001			2,295	
2002			3,000	

COMMENTS:

* 1996 is activity start-up year. It is estimated that three (3) years will be required from activity initiation at a site before a CRM system is in place and fully functioning. The planned target consists of coastal communities for which CRM processes will be initiated. By year 2002, it is anticipated that 3,000 of these coastal communities will have achieved improved coastal resources management.

Indicator description: Sustainable resource use means communities are adopting improved coastal management practices, including at least the following four measures:

1. Fish, mangrove and reef-based sanctuaries are being established and maintained;
2. Dynamite and cyanide fishing have stopped;
3. Commercial fishing has been reduced to the level required for sustainable harvests; and
4. Local governments are allocating adequate resources to support and sustain CRM activities.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ENHANCED MANAGEMENT OF RENEWABLE NATURAL RESOURCES
APPROVED: March 30, 1995

INDICATOR: 500,000 hectares of forest areas under improved resource management

UNIT OF MEASURE: Hectares of residual forest areas under community-based forest management (000)

SOURCE DOCUMENT: Community Forest Management Agreements, Certificates of Ancestral Domain

SOURCE ORGANIZATION: DAI (contractor) reports, Dept of Env Nat Resources

INDICATOR DESCRIPTION: Data are cumulative and are collected annually.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			79
1996	105		101
1997	275		481
1998	375		
1999	500		

COMMENTS:

Indicator description: Improved resource management means communities are adopting sustainable forest management practices, including at least the following five measures:

1. Forest lands are no longer open access areas, but have clearly defined boundaries under community management and control;
2. No new net forest area is being cleared for agriculture, and total area under forest cover is expanding;
3. No illegal logging or hunting is taking place;
4. A management plan approved by the DENR is being effectively implemented; and
5. An environmental monitoring plan that includes environmental indicators (i.e., incidence of fire, logging) is being followed by the GOP and LGUs.

The Department of Environment and Natural Resources (DENR) has mandated Community Based Forest Management (CBFM) as the national strategy for forest management. DENR identified a total of 1.5 million hectares (1999) of residual forests nationwide as available for community-based forest management. By 1999, 600,000 hectares (of this total) will have been granted by DENR to 50 communities under a Community Forestry Management Agreement (CFMA) or under a Certificate of Ancestral Domain Claims (CADC) for ethnic communities. USAID's planned target in 1999 is 500,000 hectares in 40 communities (24 in 1997, 30 in 1998 and 40 in 1999), out of the 600,000 hectares total.

STRATEGIC OBJECTIVE NO. 5 REDUCED EMISSION OF GREEN HOUSE GASSES

"In the vanguard of a policy revolution..."

PERFORMANCE ANALYSIS

Just a few years ago, the Philippines power sector was in shambles. Crippling blackouts were common, and the lack of adequate and reliable power was putting the brakes on development. The heart of the problem was the country's policy framework -- an outdated collection of laws and regulations that encouraged inefficiency and discouraged investment. To cite one example: until last year the private sector was *prohibited* from investing in the development of renewable energy, since these resources -- the sun and the wind -- were considered part of the nation's "patrimony," and as such could only be developed by the State. The impacts of these kinds of policies on investment and development are obvious.

With USAID's assistance, the Philippines is now a leader in Asia in enlightened power sector development. USAID has been a key catalyst in supporting the development and implementation of dramatic and effective new policies, regulatory frameworks and fiscal measures to encourage investment in clean and efficient power systems. These are beginning to revolutionize the way electricity is generated, distributed, and used in the Philippines. They are also helping the GOP meet its goals of modernizing the power sector and reducing local air pollution, while at the same time reducing emissions of the greenhouse gases (GHGs) that contribute to global climate change (GCC). SO 5's sharp focus on basic policy reform is making a major difference.

For this R4, the Mission is submitting a new *interim* performance data table which reflects our important policy work under this SO. While the Mission believes quantified targets for reduced GHG emissions are one important way to measure progress, it also believes such targets must be technically sound, be developed in close collaboration with host-country counterparts, and -- perhaps most importantly -- be consistent with the broader objective of achieving the greatest reductions possible in GHGs. Against such a yardstick, the original SO 5 tables fall short and have not been included in this R4. These tables distract from the central thrust of the program, rather than report accurately on performance (please review ***Annex B, Progress on Environmental Indicators Development*** for detailed explanations). Additional work is clearly needed to better define global climate change indicators. The Mission looks forward to working with the Washington indicators team (scheduled to arrive on/about June 1998) to achieve closure on this issue. We believe, however, that performance in the SO 5 portfolio has been good for 1997.

The Philippines is one of USAID's nine priority Global Climate Change countries. To achieve SO 5 results, the Mission's reform agenda includes: 1) encouraging the use of cleaner fuels (e.g., natural gas, renewable energies), rather than coal; and 2) promoting energy efficiency, which helps offset the need for additional power generation (and their additional

emissions). Capacity-building efforts are key to achieving these goals. Opportunities for "win/win" solutions are many, not only for companies to earn profits while being environmentally responsible, but also for the nation as a whole, through increased global competitiveness with more efficient technologies and practices. In addition, with more than half the fuel used to generate electricity now imported, the use of cleaner, indigenous fuels will reduce the country's need for increasingly costly foreign exchange.

SO 5 addresses the Strategic Plan for International Affairs (SPIA)'s national interest to "*secure a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation*". It also responds to two goals in the Philippine Mission's performance plan: 1) to "*enhance cooperation in dealing with transnational issues, including...environmental protection (and) global warming*", and 2) to "*promote sustainable development, including programs affecting the environment...*"

The GOP at Kyoto: A Strong Partner for Progress

The Philippines played an important role in supporting consensus at the Climate Change Conference of Parties in Kyoto, Japan -- a role that earned Philippine President Ramos the personal thanks (by telephone and by letter) of U.S. President Clinton. There the GOP worked with the USG to help find common ground between nations to reduce greenhouse gases, and its experiences with the win/win options supported by USAID contributed to its progressive position. Similarly, the understanding gained by GOP decision-makers earlier in the year through USAID's bold training in market-based instruments and emissions trading was (according to a senior member of the delegation) key to their position. This training underscored the kinds of measures that can be taken with "no regrets" to reduce local air pollution while also reducing emissions of greenhouses gases, and this encouraged a focus on areas of agreement -- rather than controversy. This helped our GOP colleagues to help pave the way to that landmark agreement.

IR1: Reducing GHG Emissions with Cleaner Fuels

While the Philippines discovered important reserves of natural gas in 1989, the GOP lacked the other essential ingredients needed to encourage development of a natural gas industry. These included a sound legal and regulatory framework for the sector, as well as the analytical tools necessary to make informed decisions on gas pricing to ensure that the Filipino people would get a fair deal. The GOP had only limited experience in dealing with these complex issues, and lacked the confidence needed to consummate the \$4.5 billion deal that would bring that clean natural gas on line, to benefit the Filipino people and the global environment. *The Mission helped break this critical impasse*, by working with our partners in the Philippine Department of Energy to develop a comprehensive and measured strategy to free up those supplies of clean energy. This strategy facilitated the 1997 signing of a major new natural gas sales and purchase agreement, an agreement that will provide fully 2,700 megawatts (MW) of clean power (see box). In terms of global warming, this *effectively displaces nearly half the GHG emissions that would be associated with nine typical 300 megawatt (MW) coal-fired units*.

Striking a Deal for Reduced Global Warming

Tapping an entirely new energy source is a major challenge, and negotiations between the GOP and Shell/Occidental Joint Venture to develop the rich Camago-Malampaya gas fields were at an impasse for years. Through SO 5, USAID stepped in and identified critical ways to help break the bottleneck with capacity-building and technical assistance. This included: 1) support with development of a sound legislative and regulatory framework, including drafting appropriate Implementing Rules and Regulations for the sector; 2) provision of a senior gas advisor to head the newly-created Gas Office of the Department of Energy; 3) a comprehensive "hands-on" course for 50 senior GOP decision-makers to sharpen their negotiation skills and provide the basics on the technical, legal, institutional, and economic aspects of setting up a natural gas sector; 4) expert technical assistance to develop an appropriate and streamlined legal platform for investment; and 5) development (in a highly confidential environment, underscoring the close working relations between the SO 5 team and the Philippine DOE) of a Philippines-specific computer model to assist decision-makers in determining fair pricing to negotiate this Agreement (and subsequent agreements for natural gas). This enabled the GOP policy-makers to feel confident they struck the right balance between offering incentives to attract the outside investors needed to develop the resource, and ensuring that the Filipino people get a fair deal. By all accounts, the Mission provided the right kind of support -- at *just* the right time -- to help make this major climate-friendly deal a reality.

These efforts were only one segment of SO 5's broader policy agenda to support the production, distribution and use of clean, climate-friendly energy. USAID's assistance with policy change and capacity-building is both comprehensive and productive, and focuses also on support for 1) environmental compliance of the power industry; and 2) development of renewable energies. Some of these policy targets are outlined in Table 1, below.

■ **Environmental compliance of the power industry (emissions).** USAID sponsored capacity-building workshops and meetings with stakeholder groups (including NGOs) throughout this reporting period on ways to better achieve environmental compliance. Examples of workshops include the use of Market-Based Instruments (MBIs) to provide market incentives for better environmental performance, emissions trading systems (such as those used with great success in the U.S. to reduce sulfur dioxide emissions), and methodologies to include environmental costs and benefits (externalities) in the pricing of electricity. At present, none of the country's four existing coal-fired power plants comply with national standards, and the GOP recognizes that the "command and control" techniques of the past have been largely ineffective. With USAID's help, the Philippine Government is now working hard to introduce these new tools in the way it does business. To its great credit, the GOP is targeting for phase-out the current subsidies for coal-fired power plants, and full-cost pricing will be implemented in the future (despite some high political costs). This will help level the playing field for power systems using cleaner fuels, including natural gas and renewable energies. In addition, passage of the USAID-assisted Clean Air Act would regulate (for the first time in the Philippines) the quality of fuel used to generate electricity, and require the use of pollution abatement equipment to reduce emissions of both local pollutants (e.g. sulfur dioxide) and GHGs.

■ **Renewable Energies.** In 1997, USAID's patience and persistence began to pay off, with development by the GOP of an increasingly progressive policy context to support investment in renewable energy power systems. The Mission helped make this happen by exposing key policy makers to successful efforts from other countries with development of renewable energies, and the GOP is now promoting new legislation to support similar efforts in the Philippines. For example, Executive Order 462 (promulgated in December 1997) prioritizes and fast-tracks the development of indigenous ocean, wind and solar resources, and is one of the GOP's eight central "pillars" in its development strategy to meet the next millennium. With USAID assistance, Congress has also drafted a Non-Conventional Energy Bill and legislation to create a Center for Renewable Energy Development and Application. These efforts are laying strong foundations for development of clean, renewable energy.

IR2: Reducing GHG Emissions With Energy Efficiency

SO 5's policy agenda also focuses on increased energy efficiency, with targeted technology transfer to demonstrate ways to avoid GHG emissions, while reaping other benefits in the process. These include improved efficiency of power distribution systems, industries, and major commercial buildings (see Table 1, below):

- USAID assisted in drafting the progressive Demand Side Management (DSM)/Integrated Resource Planning (IRP) regulatory framework, which provides powerful incentives for utilities to promote energy efficiency programs;
- The Mission helped identify line and systems losses in three Electricity Cooperatives, and the key local players are now anxious to apply those same technologies and improved practices to the nation's other 116 co-ops; and
- USAID funded concrete work on energy efficiency at 13 demonstration facilities among the 10 most energy-intensive industries in the Philippines, and promotion of energy-efficient buildings through both the Green Malls and Building Codes programs.

In addition to its work with the GOP, USAID also played a catalytic role in bringing U.S. and Philippine private sector firms together to improve energy efficiency. These include demand-side management programs with eight utilities, a successful Utility Partnership Program, and promotion of Energy Service Companies. This latter effort led to an unusually innovative Memorandum of Agreement (MOA) between Honeywell and the Robinson's Galleria shopping mall. With the close collaboration of the Manila Electric Company (Meralco), Honeywell will provide Robinson's Galleria with energy-efficient equipment, at no immediate cost. Meralco, in turn, will continue to bill the mall the same amount, but will set aside the balance saved (amount overpaid, thanks to reduced energy consumption with the improved technologies) to pay back Honeywell. Everyone comes out a winner, and with shopping malls now purchasing approximately 10% of the energy used in Manila's commercial sector, the potential impact of these demonstration efforts is quite significant. *With USAID's*

support, the word is getting out that firms can both save money and be environmentally responsible by promoting energy efficiency.

Table 1: SO 5 Policy Agenda

Policy Change	Action Path	Status
1. Establishing a Natural Gas Industry: a) Creation of Gas Offices (DOE, NPC) and Task Force; b) Legal platform; c) Regulatory Platform; d) pricing	a) Department Orders; b) Omnibus Power Bill; c) Implementing Rules and Regulations (IRR); d) create gas price computer model	a) completed; b, c) Final drafts under review. Industry initiated with contracts, agreements (gas sales and power purchases); d) completed.
2. Power Sector Restructuring, Privatization: a) Competition introduced in all sub-sectors; b) National Power Corporation assets privatized.	a) Omnibus Power Bill, Executive Order(s), DOE and ERB Board Approval; b) NPC Board Approval	a) Final drafts of implementing legislation/regulations prepared, stakeholder consultation on-going; b) To NPC Board for approval by mid-1998.
3. Renewable Energy: a) Fast-track Ocean/Solar/Wind; b) Non-Conventional Energy Legislation; c) Center for Renewable Energy Development and Application	a) Executive Order 462; b) Non-Conventional Energy Bill; and c) Omnibus Power Bill	a) Promulgated 12/97, IRR drafted; b) House and Senate versions drafted; c) Next Congress to further debate.
4. Energy Efficiency: Demand Side Management (DSM)/ Integrated Resource Planning (IRP) Regulatory Framework.	Energy Regulatory Board (ERB) Approval of IRR, capacity-building to support Implementation	IRR approved 12/96; USAID-funded capacity-building with ERB, DOE, utilities, etc. underway
5. Environmental Compliance (air emissions): a) Policies for Market-Based Instruments (MBIs); b) Clean Air Act revised; c) Internalizing Environmental Costs and Benefits in Electricity Pricing	a) DENR Establishes MBI Policies; b) Clean Air Act includes MBIs; c) ERB Approval after collaborative stakeholder process completed for "full cost" pricing of electricity.	a) Completed this reporting period; b) initial policy discussions; c) Stakeholder collaborative process near completion.

Power Sector Restructuring and Privatization

As a backdrop to our clean fuels and energy efficiency policy work, USAID has been a strong supporter of the GOP's broader efforts to restructure and privatize its power sector. Landmark changes are imbedded in the pending Omnibus Electric Power Industry Bill, including measures to not only promote clean fuels and energy efficiency, but also to 1) "unbundle" the power industry (separating electricity generation, transmission and distribution services); 2) privatize GOP generation and transmission assets; and 3) establish wholesale and retail customer choice (breaking the earlier monopolies). These measures will increase competition, and more competition should mean increased efficiency.

Privatization, which was initiated by USAID in 1990 with the Build-Operate-Transfer (BOT)

program, has already resulted in more than \$2 billion in power sector investments by U.S. companies. This is promoting extremely valuable transfers of cleaner and more efficient technologies and procedures, and is a powerful complement to the policy revolution described above. Similarly, USAID has helped numerous power sector stakeholders learn how other countries around the world are restructuring their power industries. Importantly, while the present version of the Omnibus Electric Power Industry Bill has not yet cleared Congress, its essential features are expected to be in place in 1998 (through Executive Branch Administrative and Executive Orders and Board decisions).

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

USAID will continue to pursue vigorous policy change, to strengthen and consolidate the country's increasingly positive policy framework to encourage development of climate-friendly electric power. We will work with our counterpart agencies and USAID/Washington to reevaluate the use of quantitative indicators (such as avoided metric tons of GHG emissions) to track progress towards mitigating global climate change.

SO 5's technical assistance contract came on line in early 1998, and will provide a range of services to the GOP and other stakeholders. Additional assistance is expected to be provided through Participatory Agency Service Agreements (PASAs) with the Department of Energy, the National Renewable Energy Lab, and the Environmental Protection Agency, as well as through continuing support from the Executive Exchange Program, the U.S. Energy Association's Utility Partnership Program, the East-West Center (for additional work on indigenous energy resource pricing), and other activities to support energy efficiency.

A priority task for the months ahead will be to find ways to effectively link the Mission's work in forestry (under SO 4) with the climate change efforts of SO 5. This will be a major challenge, and the lack of adequate baseline data (e.g., current forest cover and its carbon sequestration capabilities) is extremely serious. Perhaps even more important, carbon offsets are a very controversial theme in the Philippines (and in many other developing nations), with the notion of quantified "credits" for the developed nations especially troublesome. At the same time, the GOP is currently engaged in a range of controversial efforts to completely restructure and privatize its power sector, and attention to additional difficult issues like carbon offsets might be more wisely postponed. Nevertheless the GOP is committed to substantially increase the country's forest cover. Four of the top five priority strategies that it identified to mitigate climate change in its recent Asia Least-Cost Greenhouse Gas Abatement Strategy (ALGAS) are interventions in the forestry sector. USAID's SO 4 and SO 5 teams will work with their GOP colleagues to find ways to report on the global climate change benefits of our bilateral efforts in community-based forestry.

ENVIRONMENTAL COMPLIANCE

There are no other issues in SO 5 related to the implementation of 22 CFR Part 216.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: REDUCED EMISSION OF GREENHOUSE GASES
APPROVED: Interim

INDICATOR: Policy development and reform in the energy sector

UNIT OF MEASURE: Policies implemented

SOURCE DOCUMENT: GOP counterpart reports, national media, contractor, monitoring reports

INDICATOR DESCRIPTION: Policies developed with USAID assistance that provide the right legal and regulatory framework to encourage investment in clean and efficient energy systems and thereby reduce greenhouse gases.

YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE
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1997		See narrative below.
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COMMENTS:

Policy Targets

1997 Accomplishments

Clean Fuel Policy

A. Clean Fossil Fuel

- | | |
|--|-----------------------------------|
| 1. Policy to create Natural Gas offices in Department of Energy (DOE) and National Power Corporation (NPC) to build and focus GOP capabilities to support Clean Fuel Policy. | Policy implemented by DOE and NPC |
| 2. Policy to develop and institutionalize computer model for natural gas pricing to support investment. | Policy implemented by DOE |
| 3. Clean Fuel Policy strengthened with NPC Board approval of a Total Fuel Management program. | Policy implemented by NPC |

B. Renewable Energy

- | | |
|--|---|
| 1. Fast-track development of ocean/solar/wind to strengthen Renewable Energy Policy and encourage private sector investment. | Through Executive Order 462, policy is implemented by DOE |
| 2. Develop Non-conventional Energy Bill to strengthen and broaden Renewable Energy Policy. | Bill drafted, passage by Congress anticipated in 1998 |

Energy Efficiency Policy

- | | |
|--|---|
| 1. Develop regulatory framework for demand-side management/integrated resource planning. | Regulatory framework implemented by ERB |
|--|---|

PERFORMANCE DATA TABLE

Policy Targets

1997 Accomplishments

Other

1. Develop Omnibus Electric Power Industry Bill to complete legal platform for restructuring and privatization of the power sector.
2. Introduce (increased) competition in electricity generation, transmission and distribution, breaking earlier State monopolies through development of regulatory framework (e.g., open access transmission, grid code, distribution code)
3. Develop policy to institutionalize market-based instruments to provide positive/negative financial incentives for environmental compliance with regulations of Department of Environment and Natural Resources.
4. Develop strong Clean Air Bill for environmental compliance of power plants

Bill drafted, under continuing Congressional review
Regulations drafted by ERB and DOE, approval anticipated in 1998

Policy implemented by DENR

Bill drafted, under review in Congressional committees and undergoing consultation with various stakeholder groups.

STRATEGIC OBJECTIVE NO. 6
BROADENED PARTICIPATION IN THE FORMULATION AND
IMPLEMENTATION OF PUBLIC POLICIES IN SELECTED AREAS

PERFORMANCE ANALYSIS

Nineteen ninety-seven was a year of "breakthroughs" for the USAID/Philippines' democracy program. Beyond achieving annual SO and IR targets, activities under the local governance and civil society components have had highly visible accomplishments with nationwide impact. SO 6 is on-track to achieving its ultimate results.

Satisfaction with USAID-promoted participatory mechanisms in local governance remains high. Field surveys indicate that in USAID's project areas, the number of NGO representatives being accredited by the LGUs and actively participating in Local Special Bodies increased from 586 in 1996 to 693 in 1997. In a dialogue with 250 representatives of Local Government Units (LGUs) and NGOs, participants cited the Technologies of Participation (ToP), participatory methods introduced by USAID, as instrumental in enabling ordinary citizens to actively participate in setting policy agendas and allocating community resources.

In Bohol Province, leaders now consult citizens on such important issues as the provincial government's performance through a regular survey, the Bohol Poll. Many municipalities and provinces have successfully asserted control over their natural resources. Palawan, Capiz, and Bohol are actively pursuing investment prioritization and promotion in such areas as irrigation, drinking water, and ice plants. A League of Leagues, modeled on the National Civic League in the U.S., was established, providing for more inter-LGU cooperation and exchange. Information is shared quickly and effectively through email, Web pages, magazines and newsletters. The League and its partners are key players in placing proposed amendments to the Local Government Code before the national legislature.

Under the civil society program, coalitions of the disadvantaged asserted themselves in the policy arena, scoring policy victories at the national (legislative and executive) and local levels. The coalitions' ability to facilitate broad representation from the disadvantaged reinforces their legitimacy to policy makers. Policy victories were also achieved through the coalitions' increased use of informed and analytical deliberations during various fora with the government. With USAID support, coconut farmers were able to deliberate, organize, and draft a unified policy position through a highly participatory, democratic process nationwide. Their position formed the basis for a face-to-face discussion with President Ramos, and was translated into specific Cabinet level recommendations. Similarly, indigenous ethnic groups came together to deliberate the proposed Indigenous People's Rights Act and articulate their positions on five specific provisions. Their issues were addressed by the Senate and House in their Conference Committee Report, and the final Act was signed into law in September 1997. The passage of the law is significant, as it fulfilled the longstanding constitutional mandate to recognize indigenous people's cultural, political, and economic rights.

In other initiatives, USAID organized a workshop on the new Party List electoral system to familiarize NGOs with Republic Act 7941, which provides a new opportunity for representatives of disadvantaged groups to be elected to the House of Representatives. Discussions between NGOs and the Commission on Elections (COMELEC) eventually resolved ambiguous provisions and provided clarity on how parties must organize and collaborate to ensure maximum success in the May 1998 elections. USAID also assisted COMELEC, through the International Foundation for Electoral Systems, with an information and educational campaign on new election laws and procedures.

USAID's democracy activities are well integrated into the Mission's broader portfolio. Local governance contractor personnel conducted participatory planning meetings for SO 4's coastal and forestry activities and trained SO 3's contract staff to integrate community concerns into the health LGU Performance Program (LPP).

While all democracy activities have been designed to maximize women's participation, the results of the 1997 Mission-wide gender assessment guided the SO 6 team toward refinements in effectively incorporating gender into ongoing activities. For example, data collected during some participatory workshops will be sex-disaggregated for further analysis. Furthermore, women-only groups will be encouraged to define their own positions within the context of the broader workshop as appropriate. Advocacy coalitions are identifying practical ways to surface and integrate gender concerns during applied research, and maximize existing expertise on gender sensitivity through mentoring.

The democracy strategic objective supports the U.S. national interest to "*increase foreign government adherence to democratic practices and respect for human rights,*" as highlighted in the Strategic Plan for International Affairs. This national interest is also reflected in the Philippines Mission's Performance Plan: "*support the continued institutionalization of the Philippines' constitutional democracy, observance of human rights, and the integrity of law enforcement as steps towards a smooth democratic succession in the 1998 elections*".

IR 1: Local Governance

Last year's successes and this year's results have shattered the myths that "communities aren't ready" to accept their devolved responsibilities, and local governance doesn't work. Our continued assistance, responding to demands for participatory workshops, short-term, quick turnaround technical assistance, and help with cross-visits to observe good practices in other provinces, has continued to result in innovative, creative accomplishments. Highlights include:

- **Naga (southern Luzon) watershed planning.** The USAID-supported, but locally-led Technical Working Group brought together politicians, LGU officials, NGOs, business people, and employees of national government agencies to analyze, plan, and restore the badly-degraded Naga River and its watershed. The Naga River Strategic Watershed Management Plan was adopted after a series of lively participatory public consultations. The Plan outlines

goals, strategies, timeframe, and sources of financing to minimize flooding, make the river clean and safe, and enhance cultural and tourism values. A newly created City Environmental and Natural Resources Office will manage implementation of the Plan and other environmental activities of the city.

First Findings from the Bohol Poll

To develop citizen-based monitoring, USAID tapped the Social Weather Station (SWS), the foremost independent survey organization in the Philippines, to help a local institution develop a system to monitoring public opinion.

The first polling results in 1997 showed only about half of the citizens were aware of proposed project to supply a nearby industrial city with water; most were firmly against the quarrying of the famous Chocolate Hills to obtain materials for road repairs; and diverse opinions were expressed regarding suitable candidates for Governor, Vice-Governor, and Congressmen for the May 1998 elections. A second round of polling was completed in March.

Local planning and budgeting.

Pioneered in the villages of Nueva Vizcaya province, a methodology for planning and budgeting is now widely applied by other LGUs as a result of their cross-visits. The methodology focuses on linking local development needs and priorities defined in the planning process to local budget decisions, and strengthening local development councils for promoting participatory decision-making. This approach has reached 248 villages, and will reach many more in 1998.

Cotabato (central Mindanao) health planning.

Agreeing to collaborate on the delivery of hospital and public health services, Cotabato province and nine municipalities now jointly determine health

service needs, modes of delivery, methods of financing, and levels of accountability. This activity has received national recognition from the Department of Health.

Performance of the Real Property Tax System

In pilot provinces of Capiz, Cotabato, Nueva Vizcaya, and Palawan, serious efforts are underway to transform real property taxation into a revenue-productive and cost-effective system.

During "Consensus Building" workshops, governors and mayors were amazed to learn that in their respective provinces and municipalities, real property taxes collected are often insufficient to even cover collection costs. For every peso that goes to local coffers, LGUs are spending between 0.43 to 15.75 pesos on collection.

Local officials and staff committed themselves to overhaul the system. With USAID technical assistance, they are now aggressively pursuing intervention measures not only in the technical aspects of tax assessment, records management, and collection but also in building political will to support the system. Various local governments including villages are now actively involved in tax information and education campaigns together with schools and NGOs.

Three assessments and consultations with partners in this reporting cycle fed back valuable information. Findings show there has been dramatic progress toward diversity and deepening of local government efforts in our working sites. Furthermore, Mission efforts promote positive attitudes among local government officials about the potential for local government action and benefits of participatory processes. On a broader level, there are promising hints of sustainability in local governance, and USAID activities are attracting serious attention from other donors ready to work with local government as development partners.

IR 2: Civil Society

USAID is assisting coalitions of disadvantaged groups to enhance their participation in the public policy arena. Since 1995, ten major coalitions have been established or strengthened. In addition to seven earlier coalitions (fisherfolk, indigenous people, urban poor, coconut farmers, informal sector workers, microfinance practitioners and advocates for educational policy reform in Muslim Mindanao), three new groups were funded in 1997 -- advocating against discrimination, sexual harassment, and violence against women (*Asian-American Free Labor Institute*); for children (*World Vision Relief & Development*); and for marginalized groups in areas of high economic growth (*Philippine Business for Social Progress*). Coalitions are successfully advancing their policy agendas. Significant accomplishments in 1997 include:

Praise for the Microfinance Standards Coalition (TSPI)

At a 1997 forum organized by TSPI, a USAID-funded coalition that is promoting high performance standards in microfinance, Finance Secretary Roberto de Ocampo, commented "...contrary to popular belief, the poor do repay their loans and microfinance can be both a tool for poverty alleviation and at the same time be a profitable, sustainable and viable business venture." He further noted "...this forum's objectives coincide to a great extent with the current policy thrusts on microfinance that the Department of Finance is espousing ... under the President's Social Reform Agenda." The ultimate objective under this civil society grant is to provide the poor with greater access to financial services on a viable, sustainable basis.

■ **Repeal of a Presidential Decree that criminalizes squatting.** Despite pressure from GOP agencies to exclude discussions of squatting during the Philippine Anti-Poverty Summit, the urban poor coalition persistently attended and actively participated in preparatory sessions for the Summit. At the same time, vigorous efforts were made to solicit a tactical show of support from other disadvantaged groups. USAID also supported an alternative law NGO that laid the legal groundwork for urban poor groups and their supporters. USAID assistance helped tip the balance in this ten-year struggle, and the decree was finally repealed.

■ **Ratification of the International Labor Organization Convention for home-based workers by the Department of Labor.** Almost half of the Philippine's workforce, 13 million workers, are in the informal sector. The majority of these workers are women. Ratification of this Convention, advocated by USAID-assisted grantees, is critical to

monitoring and publicizing the government's non-compliance with the Convention's provisions, despite its own legislated policies in this area.

■ **Passage of the Anti-Rape bill.** USAID-funded groups successfully advocated for passage of a bill which redefines rape as a crime against the person, rather than a crime against chastity. Under the new law, marital rapes become possible and prosecutors can bring charges even if the victim drops the original complaint.

■ **Human Rights manual adopted for national use.** A Human Rights manual developed under a USAID grant to a local foundation was adopted by the Commission on Human Rights. The manual is being used to train hundreds of village-based human rights action officers who function as the first line of redress against human rights violations.

Successes of BUCO

Designed to broaden the influence participation of small coconut farmers and farmer workers in public policy processes, Building Unity for Coconut Industry Reform (BUCO), one of the coalitions funded under the civil society program, has achieved:

√ Successful appointment of a coconut farmer to the Governing Board of the Philippine Coconut Authority, the regulatory agency that implements policies, manages productivity enhancement programs, and provides market information for the coconut sector.

√ Distribution of certificates of life insurance to 137,000 coconut farmers, funded from a coconut levy-funded institution.

√ Approval of a policy to allocate 5% of GNP produced by the coconut industry sector each year to the development of the sector. The Philippines is the world's largest coconut supplier, with \$1 billion exported each year.

■ **Appointment of a labor representative to the Health Insurance Corporation.** A USAID-assisted coalition of informal sector workers pushed for the appointment of this representative, which provides organized and informal labor a direct avenue to raise concerns regarding social protection and health insurance schemes.

The Mission's past and current support for civil society activities has positioned us for productive relationships with a wide spectrum of NGOs. In 1997, USAID organized a series of workshops and the Annual Partners' Conference, allowing interactions with past, current, and potential NGO partners. These dialogues provide important guidance on strengthening NGO capacity, linking with other NGOs, and obtaining feedback regarding USAID programs.

A participatory assessment of seven coalitions was completed, and findings

show that coalitions have learned the importance of decentralized, democratic processes within their groups. Leadership was shared between NGOs and people's organizations, and there were intentional efforts to include varied interest groups within the coalitions. Coalitions deliberately strengthened the role of people's organization leaders as decision-makers and spokespersons. They showed an improved repertoire of advocacy strategies, including skills in mapping political alliances, analyzing stakeholders, balancing pressure

tactics with legal and policy research, and effective media campaigns. As a result, the coalitions were recognized as legitimate dialogue partners on policy issues.

IR 3: Philippine Democracy Agenda

Formal work on the Philippine Democracy Agenda ended in 1997. The activity finished examining three major themes: "democracy and citizenship in Filipino political culture"; "state-civil society relations in policy-making"; and "relations within civil society". The product, a three-volume collection of provocative papers and case studies on Philippine democracy, recommends policy issues for consideration by advocacy groups. The books are being distributed to hundreds of interested coalitions and institutions, and sold in bookstores. Several thousand copies of the summary pamphlet, in both English and Tagalog, are also widely available for free. Applicants for 1998 advocacy coalition grants are being encouraged to review the collection to refine their thinking on possible reform activities.

EXPECTED PROGRESS THROUGH FY 2000 AND MANAGEMENT ACTIONS

National and local elections in May 1998 may substantially affect democracy activities because of changes in LGU leaders. Provided the new government continues on the path set by President Ramos, performance prospects for the entire democracy portfolio remain excellent through FY 2000 and beyond. An assessment will be conducted in mid-1998 to determine priorities of new national and local government leaders.

Evaluations and consultations conducted during 1997 provide important insights into steps needed over the next two years to consolidate and sustain our progress. In local governance, USAID will emphasize mobilizing local revenue; shifting more support to identifying and sharing "good practices"; and creating support mechanisms for information exchange and technical assistance, such as a "sister LGU program" that incorporates sites not receiving USAID assistance now. We will also broaden the base of institutional support for LGUs, including strengthening the Leagues, and improve integration between local government leagues and NGO coalitions.

In civil society, policy gains of the existing ten coalitions are beginning to have positive impacts on major segments of the Philippine population. In 1998, the emphasis will be on solidifying coalition gains. This will include support for increased synergy across coalitions, closer attention to the gender dimension, building more coherent approaches to local advocacy, and improved mechanisms to extract accountability from policy makers and implementors. In addition, USAID/Philippines will consider support for "reform" coalitions that advocate for changes that make the democratic system more transparent and accessible.

ENVIRONMENTAL COMPLIANCE

SO 6 has no issues related to the implementation of USAID environmental procedures.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
APPROVED: March 30, 1995

INDICATOR: NGOs representatives actively participating in local special bodies

UNIT OF MEASURE: Number of NGOs accredited by LGUs

SOURCE DOCUMENT: Surveys in target LGUs
SOURCE ORGANIZATION: ARD (contractor)

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			293
1996	325		586
1997	400		693
1998	750		
1999	1,000		

COMMENTS:

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

Starting in 1996, stricter criteria were used in determining NGOs and LSBs. NGOs must be designated by the NGOs themselves in an open process, LSBs must be active for at least one year, and no NGO can be counted twice for representation on multiple LSBs.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
APPROVED: March 30, 1995

INDICATOR:	Net % people who feel their priority concerns are being addressed by LGUs
UNIT OF MEASURE:	Net % of people
SOURCE DOCUMENT:	Surveys
SOURCE ORGANIZATION:	Local institutions and NGOs; ARD (contractor)
INDICATOR DESCRIPTION:	People will be selected at random in targeted LGUs to ensure broad representation.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			36
1996	38		43
1997	40		45
1998	45		
1999	50		

COMMENTS:

Survey respondents are asked a series of questions regarding their priority concerns and asked how well the local government is responding. This data is 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 is possible to identify and explain variations in response due to conditions unrelated to USAID-supported activities, and separate out trends at sites where USAID supports activities. Negative responses are subtracted from positive ones, yielding a net figure.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
APPROVED: March 30, 1995

INDICATOR:	Total number of disadvantaged on which the coalition has impact		
UNIT OF MEASURE:	Total no. of disadvantaged population targeted by each coalition		
SOURCE DOCUMENT:	Progress reports; monitoring reports; field visits		
SOURCE ORGANIZATION:	Grantees, contractors, USAID staff		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1997	ACDI: 8,000,000		ACDI: 8,000,000

COMMENTS:

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.

This indicator measures extent of impact and should be examined in relation to the coalition's major advocacy issues. Baseline is "0" because while the coalitions may have been in existence prior to the grant with USAID, policy issues have not been identified or addressed. The indicator measures the total extent of impact, i.e., affected disadvantaged population at the end of the specific grants. No figures, therefore, are shown during the intermediate years. In FY 1997, only ACDI has been completed. In FY 1998, we expect four more grants to finish (PBSP/IP, AAFLI informal labor, TSPI, SPEED). In FY 1999, we expect VOCA to finish. And in FY 2000, the remaining four grants (Mondragon, AAFLI women, World Vision, PBSP high growth) will be completed.

NGO Grantees:

- ACDI: Agricultural Cooperative Development Intl. (Fisherfolk Coalition)
- MIPI: Mondragon International Phils., Inc. (Urban Poor Coalition)
- PBSP/IP: Philippine Business for Social Progress (Indigenous Peoples Coalition)
- AAFLI/ILS: Asian-American Free Labor Institute (Informal Labor Sector Coalition)
- TSPI: TSPI Development Corp. (Microfinance Coalition)
- VOCA: Volunteers in Overseas Cooperative Assistance (Coconut Farmers Coalition)
- SPEED: Strategic Program for Enhancing Education & Development in Mindanao (Education & Training)
- AAFLI: Asian-American Free Labor Institute (Delivery of Justice for Disadvantaged Women)
- PBSP: Philippine Business for Social Progress (Disadvantaged Groups in High Growth Areas/HGA)
- WVRD: World Vision Relief Development (Children's Rights Coalition)

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
APPROVED: March 30, 1995

INDICATOR:	Major issues addressed by the coalitions documented in narratives
UNIT OF MEASURE:	Issues addressed
SOURCE DOCUMENT:	Progress reports and field visits
SOURCE ORGANIZATION:	Grantees, contractors, and USAID staff
INDICATOR DESCRIPTION:	Selected narratives depicting the coalition's successes will be submitted on an annual basis. These narratives should capture the various stages of policy development through a participatory and consultative system.

YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE
1997		See narrative below.

COMMENTS:

The following major issues were addressed by the three coalitions for which reports are available.

A. Indigenous People's Coalition:

1. For the first time, the indigenous people came together to deliberate and formulate among themselves a clear position on the proposed Indigenous People's Rights Act (IPRA). This is significant because this Act is the law that will finally enact the constitutional mandate to support indigenous people's rights. Many of the issues raised by IPs were addressed by the Senate and the House and the Act was finally signed on October 29, 1997.

B. Coconut Farmers:

1. A key breakthrough is that for the first time, policy changes that the coconut farmers have been advocating were translated into specific recommendations by the Cabinet to President Ramos. Through USAID support, summits among coconut farmers nationwide were held, allowing the participants to deliberate, organize, and draft a unified position paper which formed the basis of the dialogue with the President, leading to a positive outcome.
2. A farmer leader was named to the Board of the Philippine Coconut Authority.
3. Five percent of GNP contribution of the coconut industry was allocated to the sectors developed.

C. Informal Labor Sector:

1. Successful appointment of a labor representative to the Philippine Health Insurance Corporation.
2. Securing the commitment of the Department of Labor to schedule ratification proceedings for the International Labor Organization convention for home-based workers in the informal sector.
3. An informal labor representative was named to the National Coordinating Committee on Social Protection initiated by the Department of Labor.
4. A joint insurance program for the informal labor sector is being developed by cooperative insurance/mutual aid societies.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Local Government with Broad-based Participation
APPROVED:

INDICATOR:	LGUs implementing investment plans with effective citizen participation
UNIT OF MEASURE:	Number of target LGUs implementing plans
SOURCE DOCUMENT:	Surveys of officers, elected officials, and NGO community leaders
SOURCE ORGANIZATION:	ARD (contractor)
INDICATOR DESCRIPTION:	Each city, province, or municipality will equal one LGU. There are an estimated 210 LGUs in the target area.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			41
1996	40		47
1997	65		87
1998	100		
1999	160		

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.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Local Government with Broad-based Participation
APPROVED:

INDICATOR:	LGUs implementing environmental plans developed w/ effective participation
UNIT OF MEASURE:	Number of target LGUs implementing plans
SOURCE DOCUMENT:	Surveys of officers, elected officials, and NGO community leaders
SOURCE ORGANIZATION:	ARD (contractor)
INDICATOR DESCRIPTION:	An LGU can be any one of the 210 provinces, cities, or municipalities included in the program.

YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			38
1996	70		68
1997	90		87
1998	130		
1999	170		

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.

* Most LGUs integrate several aspects of the environmental; e.g. the forest conservation plan and the coastal management plan are integrated into one plan instead of two different plans.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Local Government with Broad-based Participation
APPROVED:

INDICATOR:	LGUs in which information is available to the citizenry		
UNIT OF MEASURE:	Number of LGUs (info regarding resources, expenditures, and operations)		
SOURCE DOCUMENT:	Surveys of officials, the media, and NGO community leaders		
SOURCE ORGANIZATION:	ARD (contractor)		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1995			31
1996	30		35
1997	70		53
1998	100		
1999	150		

COMMENTS:

"Resources" = revenues, loans, grants, etc.

"Operations" are the programs and projects and not internal operations.

"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.

"To the citizenry" means any citizen can get the information by going to the office or to media.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Local Government with Broad-based Participation
APPROVED:

INDICATOR:	Net amount of self-generated revenues collected by target LGUs		
UNIT OF MEASURE:	Pesos (million)		
SOURCE DOCUMENT:	LGUs Budget Operations Statement		
SOURCE ORGANIZATION:	Local Government Units (LGUs)		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1996			592
1997	176		817
1998	203		
1999	254		

COMMENTS:

"Resources" = revenues, loans, grants, etc.

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 village level costs which are small and highly variable.

During 1998, the SO team will adjust outyear targets to a higher, more appropriate level. 1996 figures did not become available until late 1997, as the Bureau of Local Government Finance perfected its data collection procedures.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Participation of the Disadvantaged
APPROVED:

INDICATOR:	Coalition uses its research and analytical capacities for developing issues
UNIT OF MEASURE:	Levels of sophistication vis-a-vis selected indicators
SOURCE DOCUMENT:	Progress reports, monitoring reports, field visits
SOURCE ORGANIZATION:	Grantees, contractors, USAID staff
INDICATOR DESCRIPTION:	Levels of sophistication 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 intermediate result's objective.

YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE
1997	ACDI: 3 MIPI: 2 PBSP/IP: 3 AAFLI/ILS: 2 TSPI: 2 VOCA: 2 SPEED: 1	ACDI: 3 MIPI: 2 PBSP/IP: 3 AAFLI/ILS: 2 TSPI: 2 VOCA: 2 SPEED: 2

COMMENTS:

The contents of this table summarizes the results of the Mission's consultation their members. Planned targets differ for each of the coalitions because of variations in the starting level of sophistication of each coalition. Levels of sophistication of the coalitions are described as follows:

- Level 1- The coalition can access in-house and external research resources;
- Level 2- The coalition can gather baseline and empirical data and policy-related information;
- Level 3- The coalition can translate the data/information into policy studies, advocacy plans, issue papers, resource management plans.

NGO Grantees:

- ACDI: Agricultural Cooperative Development Intl. (Fisherfolk Coalition)
- MIPI: Mondragon Foundation, Inc. (Urban Poor Coalition)
- PBSP/IP: Philippine Business for Social Progress (Indigenous People Coalition)
- AAFLI/ILS: Asian-American Free Labor Institute (Informal Labor Sector Coalition)
- TSPI: TSPI Development Corp. (Microfinance Coalition)
- VOCA: Volunteers in Overseas Cooperative Assistance (Coconut Farmers Coalition)
- SPEED: Strategic Program for Enhancing Education & Development in Mindanao (Education & Training)
- AAFLI: Asian-American Free Labor Institute (Delivery of Justice for Disadvantaged Women)
- PBSP: Philippine Business for Social Progress (Disadvantaged Groups in High Growth Areas/HGA)
- WVRD: World Vision Relief Development (Children Rights Coalition)

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Participation of the Disadvantaged
APPROVED:

INDICATOR:	Coalition identifies an agenda built on consensus within the coalition
UNIT OF MEASURE:	Levels of sophistication vis-a-vis selected indicator
SOURCE DOCUMENT:	Progress reports, monitoring reports
SOURCE ORGANIZATION:	Grantees, contractors, USAID staff
INDICATOR DESCRIPTION:	Levels of sophistication 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 intermediate result's objective.

YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE
1997	ACDI: 3 MIPI: 2 PBSP: 3 AAFLI/ILS: 2 TSPI: 3 VOCA: 2 SPEED: 2	ACDI: 2 MIPI: 1 PBSP: 3 AAFLI/ILS: 3 TSPI: 3 VOCA: 2 SPEED: 2

COMMENTS:

The contents of this table summarizes the results of the Mission's consultation with their members. Planned targets differ for each of the coalitions because of variations in the starting level of sophistication of each coalition. Levels of sophistication of the coalitions are described as follows:

Level 1- The coalition can conduct consultations with individual, multiple or diverse groups both at the local and the national levels;

Level 2- The coalition can address/resolve any differences or divergence among groups;

Level 3- The coalition can develop an agenda;

Level 4- The coalition can review its agenda periodically, and identify course corrections.

NGO Grantees:

ACDI: Agricultural Cooperative Development Intl. (Fisherfolk Coalition)

MIPI: Mondragon Foundation, Inc. (Urban Poor Coalition)

PBSP/IP: Philippine Business for Social Progress (Indigenous People Coalition)

AAFLI/ILS: Asian-American Free Labor Institute (Informal Labor Sector Coalition)

TSPI: TSPI Development Corp. (Microfinance Coalition)

VOCA: Volunteers in Overseas Cooperative Assistance (Coconut Farmers Coalition)

SPEED: Strategic Program for Enhancing Education & Development in Mindanao (Education & Training)

AAFLI: Asian-American Free Labor Institute (Delivery of Justice for Disadvantaged Women)

PBSP: Philippine Business for Social Progress (Disadvantaged Groups in High Growth Areas/HGA)

WVRD: World Vision Relief Development (Children's Rights Coalition)

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Effective Participation of the Disadvantaged
APPROVED:

INDICATOR:	Coalition operates on a participatory and gender-sensitive approach
UNIT OF MEASURE:	Levels of sophistication vis-a-vis selected indicator
SOURCE DOCUMENT:	Progress reports, monitoring reports
SOURCE ORGANIZATION:	Grantees, contractors, USAID staff
INDICATOR DESCRIPTION:	Levels of sophistication 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 intermediate result's objective.

YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE
1997	ACDI: 3 MIPI: 2 PBSP/IP: 3 AAFLI/ILS: 1 TSPI: 2 VOCA: 2 SPEED: 1	ACDI: 2 MIPI: 2 PBSP/IP: 3 AAFLI/ILS: 1 TSPI: 3 VOCA: 2 SPEED: 1

COMMENTS:

The contents of this table summarizes the results of the Mission's consultation with coalition members. Planned targets differ for each of the coalitions because of variations in the starting level of sophistication of each coalition. Completion of these annual targets signifies an increasing degree of sophistication of the coalition. Levels of sophistication of the coalitions are described as follows:
 Level 1- Majority of leaders are consulted on coalition issues through participation in meetings/assemblies;
 Level 2- Women members are consulted and/or women are elected as leaders;
 Level 3- Majority of members are consulted on the resolution of coalition issues through participation in meetings and assemblies.

NGO Grantees:

ACDI: Agricultural Cooperative Development Intl. (Fisherfolk Coalition)
 MIPI: Mondragon Foundation, Inc. (Urban Poor Coalition)
 PBSP/IP: Philippine Business for Social Progress (Indigenous People Coalition)
 AAFLI/ILS: Asian-American Free Labor Institute (Informal Labor Sector Coalition)
 TSPI: TSPI Development Corp. (Microfinance Coalition)
 VOCA: Volunteers in Overseas Cooperative Assistance (Coconut Farmers Coalition)
 SPEED: Strategic Program for Enhancing Education & Development in Mindanao (Education & Training)
 AAFLI: Asian-American Free Labor Institute (Delivery of Justice for Disadvantaged)
 PBSP: Philippine Business for Social Progress (Disadvantaged Groups in High Growth Areas/HGA)
 WVRD: World Vision Relief Development (Children Rights Coalition)

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: BROADENED PARTICIPATION IN FORMULATION & IMPLEMENTATION OF PUBLIC POLICIES
INTERMEDIATE RESULT: Philippine Democracy Agenda
APPROVED:

INDICATOR:	Major issues addressed by research and policy studies prepared by grantees	
UNIT OF MEASURE:	Issues addressed	
SOURCE DOCUMENT:	Progress reports, monitoring reports, field visits	
SOURCE ORGANIZATION:	Studies prepared by grantee over the 18-month duration of the activity	
YEAR	PLANNED QUALITATIVE	ACTUAL QUALITATIVE

See narrative below

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 results for 1997 are as follows:

The activity finished examining three major themes: "democracy and citizenship in Filipino political culture"; "state-civil society relations in policy-making"; and "relations within civil society". The product, a three-volume collection of provocative papers and case studies on Philippine democracy, recommends policy issues for consideration by advocacy groups. The books are being distributed to hundreds of interested coalitions and institutions, and sold in bookstores. Several thousand copies of the summary pamphlet, in both English and Tagalog, are also widely available for free. Applicants for 1998 advocacy coalition grants are being encouraged to review the collection to refine their thinking on possible reform activities.

SPECIAL OBJECTIVE NO. 2 ASSISTANCE TO AMERASIANS

Performance Analysis

In August 1996, USAID awarded a three-year grant to a coalition of 11 PVOs led by the Pearl S. Buck Foundation (PSBF). The grant was to establish a functional support group among coalition members to facilitate the integration of Filipino Amerasians and their families into the economic, social, and cultural mainstream.

In 1997, a total of eight subgrants, totalling more than Pesos 9 million (about \$260,000) have been awarded by Pearl S. Buck Foundation to NGOs and people's organizations belonging to the Acting in Collaboration with Amerasians consortium. These subgrants will provide a variety of services to Filipino Amerasians and their families including skills training, credit, job placement, and health and psycho-social services.

In addition to administering the subgrants, PSBF is also directly implementing microfinance and "study-now-pay-later" activities in its branch offices in Olangapo, Angeles City, and Cebu.

Expected Progress Through FY 2000 and Management Actions

While most of these subgrants are new, PSBF has done an excellent job in keeping this diverse group together and fostering a very democratic system of interaction. Although the grant is scheduled to end in 1999, USAID intends to extend it for one year to allow the completion of subgrant activities.

Environmental Compliance

There are no issues in SpO 2 related to the implementation of USAID environmental procedures under 22 CRF 216.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ASSISTANCE TO AMERASIANS (SpO)
APPROVED: March 30, 1995

INDICATOR:	Percent of total disadvantaged on which the coalition has impact		
UNIT OF MEASURE:	Percent (%) of Amerasians and caregivers who are employed/self-employed		
SOURCE DOCUMENT:	Baseline and periodic evaluation surveys and semi-annual reports		
SOURCE ORGANIZATION:	Grantee		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1996			0
1997	10		7
1998	30		
1999	50		

COMMENTS:

The target population of Amerasian and caregivers is estimated at 3,000. This is a subset of a larger group estimated at 12,000. Annual evaluation are planned.

PERFORMANCE DATA TABLE

ORGANIZATION/PROGRAM: USAID PHILIPPINES
STRATEGIC OBJECTIVE: ASSISTANCE TO AMERASIANS (SpO)
APPROVED: March 30, 1995

INDICATOR:	Socio-cultural and economic integration of Filipino Amerasians		
UNIT OF MEASURE:	Percent (%) of Amerasian families receiving preventive health care training		
SOURCE DOCUMENT:	Baseline and periodic evaluation surveys and semi-annual reports		
SOURCE ORGANIZATION:	Grantee		
YEAR	PLANNED LOW	PLANNED HIGH	ACTUAL
1996			0
1997	30		52
1998	60		
1999	90		

COMMENTS:

The target population of Amerasians and caregivers is estimated at 3,000. This is a subset of a larger group estimated at 12,000.

PART III: STATUS OF THE MANAGEMENT CONTRACT

The Management Contract, approved in 1995 and reaffirmed with the amendments contained in SECSTATE 78619 of April 28, 1997, remains valid. No changes in the overall strategic framework are required.

1. Revisions of SO 4 (*Enhanced Management of Renewable Natural Resources*) and SO 5 (*Reduced Emissions of Greenhouse Gases*) indicators in collaboration with USAID/Washington are on-going (see *Annex B, Progress on Environmental Indicators Development*). The Mission is presenting new performance monitoring tables for SO 4 SO-level indicators in this R4.
2. The SpO 1 objective (*Rapid Increase of HIV/AIDS Prevented*) remains the same while the indicators to measure progress at both the SpO and IR level have been refined. Although the FY 99 R4 Review Cable did not concur with the requested change in seroprevalence target rate from 1% to 3%, this change was approved later by the USAID/W part of the Philippines Joint Programming Team per Schoeneker-Carpenter-Yaman email of June 26, 1997. The 1997 Behavioral Surveillance Survey (BSS) has been completed and based on its results, 1997 baseline data and targets for the additional indicators, "knowledge", "attitude", and "condom use during the last sexual intercourse" have been adjusted by the Mission and the DOH.

Country: Philippines (1 of 1)

Ref: State 078619

Date: April 1, 1998

STATUS OF ANE STRATEGY
/R4 AGREEMENTS

Ref	ACTION REQUESTED	Cable Ref	RESPONSIBLE ACTOR(S)	DUE DATE	STATUS
1	REDUCED FERTILITY RATE AND IMPROVED MCH (SO 3) ANE & G/PHN will carry on joint technical discussions with the Mission via e-mail regarding IMR measurement (full review proposed for fall 1998)	p 09 #19	Mission ANE G/PHN	ongoing	The National Infant Mortality Task Force, comprised of representatives from several agencies of the Government reset the official IMR targets for 1995-2000. We have noted this in the R4 text and in the performance monitoring table.
2	ENHANCED MNGMT of RENEWABLE RESOURCES (SO 4) G and ANE will field a follow-up indicators team to work with Mission staff & partners.	p 10 #21	Mission ANE G	by June 1997	Due to scheduling problems, Mission and Washington team collaboratively decided to postpone the field visit after the 1998 R4 exercise.
3	The Mission will keep G/ENV, USAEP, and ANE informed as the design process proceeds for institutionalizing industrial environmental management in coastal municipalities.	p 10 #22	Mission ANE G	by June 1997	The design process was completed in 12/97 and the RFP was issued in 1/98. Bureau Environmental Officer approved IEE. Mission and USAEP defined joint activities, which will begin in 1998.
4	REDUCE EMISSION OF GREENHOUSE GASES (SO 5) Mission will rerun computer CO2 emissions model, sharing results with SO team members and with G, ANE, counterparts in other US Agencies.	p 10, #22	Mission	March 1998	No re-run of the CO2 emissions model was done. The model was not accepted by GOP due to its limited application only to the power sector. GOP is now exploring the use of MARKAL-MAKRO, a comprehensive energy sector planning model, which has a better capability to measure GHG emissions. <i>(See Annex B, Progress on Environmental Indicators Development)</i>
5	HIV/AIDS PREVENTION (SPO 1) USAID/W will provide comments on the Mission's request for technical and funding support of a natl. STI prevention plan.	p 16, #34	ANE	as soon as review of request is completed	USAID submitted no STI prevention plan request in last year's R4. Several follow-on messages were sent inquiring references made by Washington to this plan. No response from Washington has been received.

PART IV: SPECIAL ISSUES

IV.A. RESPONSES TO THE FINANCIAL CRISIS

The financial crisis has changed the environment in which the Mission operates. To achieve remaining targets under our current strategy, some USAID strategic objectives will require modified implementation. These changes have been discussed under SO narratives and are summarized here. None of these changes will require modification of the Mission's results framework.

In SO 1 (*Accelerate the Economic Transformation of Mindanao*), principal modifications are: 1) shift the investment promotion focus from countries (e.g., South Korea, Indonesia) that have been badly damaged by the financial crisis to those less affected (e.g., Taiwan, Australia); 2) shift the focus from larger projects, which require substantial bank financing, to smaller projects; and 3) re-double efforts to attract export-oriented assembly industries that are substantially immune to exchange rate fluctuation problems.

In SO 2, (*Improved National Systems in Trade and Investments*), with the AGILE activity in place by May 1998, the Mission will have a new mechanism for coordinated management of the economic-policy portfolio. This umbrella management tool will make it easier to procure economic policy assistance to help the GOP respond to the crisis.

In SO 3, (*Reduced Fertility and Improved Maternal and Child Health*), while devaluation has reduced some USAID activity costs denominated in pesos, it has increased peso counterpart contributions required of the GOP and affected the ability of Filipinos to participate in some programs. Drug companies, for example, are raising prices of contraceptives, with potentially serious negative consequences for the Mission's contraceptive social marketing program. The Mission is monitoring this situation to determine appropriate responses.

No changes in approach are required for the rest of the Mission portfolio at this time.

IV.B. EL NIÑO

El Niño is not a new or recent phenomenon. The Philippines had severe drought episodes in 1982-83, 1986-87, and 1991-93. The 1997 *El Niño* episode is, however, viewed as a serious event and has created an alarming situation across the Philippines.

Effects of the 1997 *El Niño* include:

- **Serious drop in domestic potable water.** *El Niño* has caused a drop in water storage at Angat dam which supplies 97% of Metro Manila's water supply. Due to increased demand for water in Metro Manila on account of rapid population growth and associated socio-economic activities, water reserve estimated to be 22% below normal, may be inadequate to

meet the demand until June 1998, when the next monsoon is expected. Starting in December, various parts of Metro Manila have been under a water rationing scheme. Service interruptions of two to twelve hours a day are common in many parts of the city. At least 35,000 families have been totally without water services since the beginning of March. Metropolitan Waterworks and Sewerage System (MWSS) employees are deploying stationary water tanks in waterless areas. Promotional efforts were undertaken through a variety of media to encourage the public to conserve water, e.g., stopping faucet drips, re-using bath water for gardens, and reducing car washing.

■ **Loss of crops due to below normal rainfall and pest infestation.** The Philippines' rice crop requires intensive irrigation, leading to three peak harvesting seasons -- pre-monsoon in September, monsoon in November/December, and post-monsoon in March. The dry spell caused by *El Niño* reduced yields by 15.4% or 327,000 MT in September compared to last year. Initial data on the November/December harvest indicate that it has benefitted from favorable weather conditions (free of the usual excessive rains, floods, and typhoons) and projected yields are 12% higher than last year, an increase of 512,000 MT. The March harvest, however, is likely to be most affected by the drought, with anticipated losses around 600,000 MT. Rat infestation has also been reported in a number of areas and is further reducing yields. The national government has arranged for increased imports of rice to assure food security.

■ **Increased cultivation costs.** *El Niño* is also raising farming costs. While no definite data on costs are available, there has been a noticeable increase in the number of wells being drilled, purchases of shallow tubewells, higher consumption of diesel to operate tube wells, and buying of water from other farmers in irrigated areas.

■ **Poor fish yield.** *El Niño*-related shifts in ocean currents have resulted in approximately a 50% decline in migratory fish catch in various parts of the country. This is causing hardship among the fisherfolk community.

A Presidential Task Force has been created to monitor and review the situation and provide policy direction for managing the emerging *El Niño* situation. The Task Force has earmarked Pesos 1.33 billion (\$37,000) for the agricultural sector to help cushion the effects. The Funds have been used to assist with small-scale agricultural infrastructure (e.g., rehabilitation of irrigation systems; construction of farm reservoirs; installation of tubewells; construction of small impoundments; cloud seeding; and other direct assistance to farmers). The rapid drop of water level at Angat Dam also has led the Task Force to undertake declogging of the lower level outlet of the Dam, and discontinue supplying irrigation water to Bulacan province, to ensure Metro Manila's water supply.

In December, USAID's partner, the Corporate Network for Disaster Response (CNDR), engaged the services of the Asian Disaster Preparedness Center (ADPC) to conduct a quick assessment to determine options to address the issue. The assessment indicated the impact of the 1997 El Niño is likely to be less severe than previous episodes in 1983 and 1987. But

farmers will need to maximize use of available irrigation water. Other findings of the study are: 1) technical input and timely processes to save standing crops and promote contingency short duration crops are needed, but not currently available; 2) cloud seeding operations proposed by the Task Force are expensive and usually ineffective; 3) inappropriate conflicting messages about causes and expected effects of the episode cause confusion to farmers; and 4) local governments can take useful steps to optimize use of irrigation water and save standing crops.

National and local governments have taken steps to mitigate the impact primarily on domestic water supply and the agricultural sector, but these efforts have yet to be monitored and assessed. The final report and recommendations were shared with the Task Force in January 1998. The Task Force is in the process of preparing an agro-climatic map and coordinating the development of technical manuals for the farmers as recommended.

There are also initiatives to provide guidance on potential impacts of *El Niño* and possible planning and mitigation strategies to local governments. CNDR and the League of Municipalities conducted two fora for several LGUs in the highly vulnerable Visayas regions. Several local governments have undertaken initiatives to address the impact of *El Niño*, for example by allocating local funds to purchase pumps and similar efforts.

IV. C. GENDER

As noted in last year's R4, USAID/Philippines requested Women in Development Technical Assistance Project (WIDTECH) services to develop ideas to better integrate and mainstream gender and development in the Mission's strategy. The purpose of the assessment was to identify concrete ways by which gender and development could be more effectively addressed within the framework of the Mission's development strategies, programs, and activities. The assessment began in October 1997, and was conducted by a team of gender consultants in the areas of economic growth, trade and investment, population and health, environment, and democracy, with funding support from the Office of Women in Development.

The assessment identified significant gender gains and success stories in Mission activities. Some examples include:

- **Developing successful models to reach women and women's economic organizations in Mindanao.** Growth with Equity (GEM)'s model of working with women's businesses works through committed women advocates with the vision of enabling poor women to become self-employed as in the case of the Federation of Surallah Women (FSW), which was able to obtain loan from a number of public and private agencies, including the Land Bank of the Philippines, to venture into silkworm production and consequently, increase their daily income significantly (see box on silkworm in SO 1 narrative).
- **Enhancing linkages with other donors.** GEM's assistance to MURID, an NGO working with Muslim women in southwestern Mindanao which was also initiated by women

advocates, helped to develop new linkages between MURID and other donors who provided funds for livelihood, training, technology transfer, health, and literacy programs for women.

■ **Strengthening the leadership role of women.** In the new GEM Emergency Livelihood Assistance Program (ELAP), the Bangsa Moro Women's Foundation, the women's arm of the Moro National Liberation Front, which worked as nurses, fundraisers, community treasurers and farmers during the conflict, now works as community organizers for the peace and emergency livelihood initiatives of donors and the government. The ELAP program was put in place in record time, and part of the credit must go to the decision of USAID's Office of Transition Initiatives and the GEM staff to involve women in the reconstruction of their communities.

■ **Promoting women and family-friendly choices for family planning services.** Our health activities are promoting reproductive choice by strengthening family planning services in local government units (LGUs) and the private sector; improving quality of services in the public and private sectors by expanding choice of methods, and strengthening provision of information, technical competence, continuity, and the interpersonal dimension of family planning service provision.

■ **Empowering sexually exploited women.** USAID is empowering the sexually exploited, using innovative strategies such as peer education to strengthen negotiation skills and reduce the vulnerability of women and men working in the commercial sex "industry" to STDs/HIV infection.

■ **Using women and children as key advocates.** In addition to using former cyanide fishers to persuade current cyanide fishers to fish with nets, the International Marinelife Alliance (IMA), funded by USAID, targeted women and children to convince their husbands and fathers to switch to sustainable fishing methods via a variety of educational information regarding the health hazards of cyanide, how destructive it is to the reef (and thus their livelihood), and how much more profitable cyanide-free fish are.

■ **Establishing centers for women to learn new skills and improve their earning potential.** The IMA is also establishing Learning Centers in fishing villages, which provides women with training, day care, and business support (such as sewing machines) to improve their earning potential. The centers provide a place for women to congregate, support, teach each other, and conduct business.

■ **Increasing women's participation in community-based management.** In USAID-assisted coastal and forest communities, CRM Program's initiatives in Batasan Island, Sarangani Bay, and FRM Program's initiative among the Dumagat, an indigenous village, have led to increased gender awareness of women's need to organize, increase their participation in community decisions, articulate their interests and explore option for a separate livelihood program for women. Men and women now talk about men taking

responsibility over child care to allow women time to attend more community organization meetings.

With reference to the recommendations of the gender assessment team, several SO teams have already adopted do-able recommendations for their activities. For example, SO 1 continues to work with the Bangsa Moro Women's Foundation in the new ELAP Muslim areas in Mindanao, to ensure the accessibility of microfinance services by women and that the program does not create any barrier to women's participation. SO 4 recognizes the benefit from greater attention to gender aspects in their coastal and forestry programs and will explore actions to better address gender concerns. SO 6 intends to have women only groups sessions in some of its participatory discussions. Recommendations for the future will be considered by the Mission as we develop our new strategy.

The Mission remains committed to addressing gender constraints to increase women's participation and access to resources and opportunities. The Gender Committee has reviewed the recommendations of the team and will coordinate with the SOs on the implementation of those which are appropriate and doable.

USAID



United States Agency for International Development

Resources Request

USAID/Philippines

April 1, 1998

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RESOURCES REQUEST

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RESOURCES REQUEST

A. FINANCIAL PLAN

Consistent with OYB levels over the past few years, the Mission requests \$52.3 million in FY 1999 and \$54.5 million in FY 2000. These levels include global field support, which is discussed in a later section. The requested funds will complete the financing of the Mission's current Strategic Plan, which runs through FY 2001 (FY 2002 for SO 4). A portion of the funds in both FY 1999 and FY 2000 will finance the start-up costs of a new Strategic Plan covering the years 2000-2006 (See *Annex A, Strategy Development Plan*).

The Mission will submit the new Strategic Plan to the Asia and Near East (ANE) Bureau in Spring 1999 for review and approval. It will likely cover the four core areas of economic growth, family planning and health, environment, and democracy. While the specific design and scope of the new strategic objectives remains to be defined, **the Mission assumes, at least through FY 2000, a level of operation consistent with recent years, and no further decreases in staffing.** These assumptions need to be confirmed by USAID/Washington in order to proceed with full strategy development. Some of the new SOs will be funded as early as FY 1999, so that they can begin promptly.

For SO 1, (*Accelerating the Economic Transformation of Mindanao*) the Mission requests \$4.2 million in FY 1999, and \$3.0 million in FY 2000. This will complete funding for the Growth with Equity in Mindanao (GEM) program, including its expansion into Muslim Mindanao, and the new contract for an expansion of the Microenterprise Access to Banking Services in Mindanao (MABS-M).

For SO 2, (*Improved National Systems for Trade and Investment*) \$4.2 million is requested in FY 1999 and \$6.0 million in FY 2000. The majority of these funds will support the new activity, *Accelerated Growth, Investment, Liberalization, with Equity* (AGILE). AGILE will have a critical role in advising the new GOP Administration on economic policy, and ensuring that the Philippines stays the course on economic reform. Its operations are scheduled to begin in 1998. The remaining funds will support activities under the Philippines Assistance Program Support project.

SO 3 (*Reduced Fertility and Improved Maternal-Child Health*) continues to receive the largest share of the OYB. For FY 1998, SO 3 will receive \$2.07 million in Child Survival and \$5.50 million in Population Funds for the bilateral program, in addition to \$11.95 million in field support. The bilateral funds will be used for the performance-based tranche releases in FY 1998 and FY 1999, incremental funding of the primary institutional contractor, and private sector activities. For FY 1999, the Mission's bilateral request is for \$9.83 million in Population and \$3.0 million in Child Survival Funds, as well as \$11.55 million in field support. About one-half of the FY 1999 bilateral funds will be used for the FY 1999 tranche release and to complete incremental funding actions under the SO. The remaining funds will

be obligated into a follow-on strategic objective for family planning and maternal child health, which the Mission is now developing. For FY 2000, the Mission requests \$9.0 million in bilateral Population and \$3.0 million in bilateral Child Survival funds, in addition to \$8.0 million in field support, for the follow-on family planning/maternal child health program.

SpO 1 (*AIDS*) requires \$2.0 million in FY 1999. The FY 1999 funds will be used to provide the final increment for the PATH cooperative agreement and for evaluation of the SpO. It will also fund the first increment of resources under an anticipated new strategy for HIV/AIDS/STI prevention activities. Another \$2.0 million is needed in FY 2000 to fund the successor AIDS strategic objective.

SO 4 (*Enhanced Management of Renewable Resources*) will not receive funding in FY 1998, significantly reducing its pipeline by the end of this year. For FY 1999, \$4.0 million is requested, which will complete funding of the SO. The \$6.0 million requested for FY 2000 will allow start-up of the successor environment strategic objective in 2001. The Municipal-Coastal Environmental Initiative will begin this year, and with the Coastal Resources Management activity, will run through FY 2002.

SO 5 (*Reduced Greenhouse Gas Emissions*). This SO is now fully mobilized, and anticipates a significant increase in results and spending from its current levels. Reduced Greenhouse Gases is now a high USAID and U.S. Government priority, and the SO has enjoyed strong support from the GOP and the Embassy. Planned obligation levels are \$4.5 million in FY 1999, and \$8.0 million in FY 2000, to complete the current strategic objective.

SO 6 (*Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas*) will receive \$9.0 million in FY 1998, nearly one half of the Mission's discretionary DA funds. The FY 1999 request of \$8.5 million is for the current strategy. The \$9.0 million request for FY 2000 will completely fund the SO and perhaps provide some resources for the follow-on democracy strategy under development. Funding in FY 1999 will be used primarily to complete incremental funding actions under the SO, both for the new activities under local governance (expansions and sharing of expertise to new local governments) and the new civil society grants that we intend to make this year. Some funds will be used to respond to possible opportunities with the new Philippine Government after the May 1998 elections, and lay the groundwork for a new democracy strategy. These include: technical assistance for electoral modernization, civil society training, and regional sharing of Philippine experience. Funding levels for FY 2000 assume that the new strategic objective will include a robust level of programming in this sector comparable with the current strategy.

B. PRIORITIZATION OF OBJECTIVES

Large earmarks, including funds reserved only for the Philippines (Multilateral Assistance Initiative), have created extensive pipelines for SO 4 (environment) and SO 2 (economic

reform). The absence of an earmark for environment in FY 1998 enabled the Mission to skip a year of obligations for SO 4 and reduce the pipeline. The development of the AGILE mechanism this year will give the Mission the flexibility to respond to economic reform opportunities. Consequently, we expect to see more results as well as higher expenditure rates, leading to a reduction of the SO 2 pipeline. Both of these strategic objectives will require funding in FY 1999 to achieve their planned results.

As instructed, we are using the FY 1999 Congressional Presentation to determine our FY 1999 budget. Many of the funds are earmarked, limiting Mission discretion. To the extent that discretionary funds do exist, however, SO 6 (democracy) and SO 3 (child survival and family planning) are our first two funding priorities and should be protected from cuts before any other strategic objectives. SO 6 is performing well both in the local governance and civil society arenas. Current efforts to expand the scope of the local governance program are important to the success of other strategic objectives. SO 3 has large funding requirements and uses funds very efficiently in achieving its results. Importantly, effective family planning and child survival activities are essential to sustainable development in the Philippines. Once a new Administration is installed following the May 1998 elections, USAID will need to have the resources to undertake any program redirection that may be necessary.

The financial crisis will not be resolved in one year. The Mission anticipates further requests from our partners for assistance for economic reform activities. SO 2 (economic reform) is our third funding priority.

New initiatives under SO 1 (Mindanao) such as intensifying private sector development activities in Muslim areas will require additional funding. Results achieved under this strategic objective have been impressive, and we recognize that initiating new activities would be a good investment of USAID funds. This SO is our fourth funding priority.

We are confident that we will receive adequate funding for SO 5 and SpO 1 in FY 1999, given the Agency's climate change initiative and Congressional earmarks for AIDS. It is likely that an environment earmark will be reinstated, providing adequate funding to our important SO 4. We are not assigning priority to these SOs, assuming our inability to affect earmarks, and with the expectation that such earmarks will be required.

While the Mission's FY 2000 request is a little higher than the FY 1999 request, a substantial portion will go towards funding the new strategy. The Mission does not yet have a precise idea of the funding breakdown of its new strategy, but we believe we could manage an average of \$40-50 million annually with existing staff and about the same levels of OE. For the purposes of the R4, we have allocated FY 2000 new strategy funds to our existing strategic objectives. It is unlikely, however, that these SOs will continue in their same form. We will have a better idea of our FY 2000 needs for the new strategy at the time of the preparation of the FY 2000 Congressional Presentation.

C. LINKAGE WITH CENTRALLY FUNDED MECHANISMS

Several of our SOs require global field support, in addition to bilateral funding.

For SO 3 (child survival and family planning) and its successor SO, the Mission requests \$11.95 million in FY 1998, \$11.55 million in FY 1999, and \$8.0 million in FY 2000 in global field support to cover commodities and technical assistance in such key areas as contraceptive procurement, logistics, communications, commercial marketing, policy planning and operations research. The amounts requested for FY 1999 and 2000 may change based on the results of the SO assessment and the post-2000 activities to be identified and developed by the Joint Programming Team (JPT) from Global and ANE scheduled to arrive in September 1998.

For SpO 1 (AIDS) and its successor SO, the Mission requests \$500,000 annually for FY 1998, 1999 and 2000 to cover technical assistance from the IMPACT activity of G/PHN/HIV/AIDS. IMPACT provides the Mission state-of-the-art support for our STI prevention activities, will fill in important gaps in understanding the STI problem in the Philippines, and will refine the prevention response to accelerate the progress that has been made to date. Some of the activities identified include an evaluation study to validate the modified syndromic approach to STI case management in the Philippines, implementation and evaluation of a pilot mass treatment program, and technical assistance in response to local program needs in the area of behavior change communication, policy advocacy and evaluation. The amounts requested may change based on the results of the assessment of the JPT from Global and ANE scheduled to arrive in September 1998.

For SO 5 (energy), the Mission requests \$1.5 million in FY 1998 to fund technical assistance and training in the following technical areas emphasized by our Global Climate Change Mitigation Program: cleaner fuels, including fossil fuels and renewable energy; energy efficiency; and energy/environmental planning, analysis, regulatory and legal capacity-building. The \$1.5 million will allow us to accommodate our counterpart agencies' requests for additional technical assistance and training activities.

D. WORKFORCE AND OE

For fiscal years 1999 and 2000, USAID/Philippines will require the following levels of financial and human resources to be able to manage our programs responsibly:

Financial Resources	FY 1998	FY 1999	FY 2000
Dollar O.E.	\$2,295,600	\$2,615,200	\$2,736,700
Trust Funds	\$2,800,000	\$2,500,000	\$2,500,000
ICASS	\$ 195,600	\$ 215,200	\$ 236,700
Total O.E. Resources (excluding ICASS)	\$4,900,000	\$4,900,000	\$5,000,000

Human Resources	FY 1998	FY 1999	FY 2000
USDH	18	18	18
Non-USDH	127	127	127

Between 1993 and 1997, after the closure of the military bases from the Philippines, the Mission had a 50 percent reduction in total staff numbers. At the start of FY 1997, USAID/Manila assumed the additional responsibilities of the Regional Support Mission for East Asia, which was previously located in Bangkok, Thailand. As a result, USAID/Manila provides technical, legal, financial and administrative support services to people and programs in the region, with most of our efforts focussed on Mongolia, Vietnam, Cambodia, Japan, Laos, the Office of the Regional Inspector General, regional disaster assistance, and the US-Asia Environment Partnership.

Even with these additional regional responsibilities, the Mission's workforce is shrinking by 12% (from 164 to 145) in FY 98, and the total OE budget (including Trust Funds) will be reduced by \$839,000 or 15% (from \$5.739 million to \$4.9 million, excluding ICASS) compared to FY 1997. It is estimated that approximately 50-60% of the budget savings in FY 98 are due to the devaluation of the Philippine peso. The rest of the savings results from reductions in staff and implementation of Mission cost cutting measures. Even though we estimated that the Philippine peso will depreciate by 35% (using an exchange rate of 35 pesos to 1 US dollar) in FY 98, and 60-70% of our obligations are in local currency, the inflationary pressures will offset a substantial amount of the gains.

It is estimated that residential housing will increase at approximately 10-20% per year, and local salaries, office rent and other local costs are projected to increase at approximately 5-10% per year. ICASS costs for FYs 1999 and 2000 are projected to increase 10% per year (ICASS costs for project staff are not included in the OE and Trust Fund budgets). These projections could still vary substantially, given that the financial crisis in Asia is not over.

We have straight-lined our OE and Trust Fund budgets at \$4.9 million excluding ICASS. We also have maintained 18 USDHs for FY 1999 based on the FY 1998 target. This is significant, given that the Mission's OYB request increases from \$42.6 million this year to \$52.3 million in FY 1999. However, for FY 2000, we are requesting only a 2% or \$100,000 increase in OE (from \$4.9 to \$5 million excluding ICASS). We also are requesting the to maintain our FY 1998 staffing level of 18 USDHs. The small increase in the OE budget is necessary to cover inflationary pressures and still allow us to manage both our requested OYB for FY 2000 and regional responsibilities effectively. Even with the requested 2% increase, we will have to decrease funding compared to FYs 1998 and 1999 for discretionary items such as training, conferences and new technology, which are key to maintaining our status as a cutting- edge Mission.

The projected budgets and staffing levels assume that USAID's responsibilities and workload will not expand and the peso will stabilize in FYs 1999 and 2000. We are also assuming that if and when Vietnam or other major new programs are initiated, additional resources will be

given to the Mission.

The budget estimates include procurement of replacement USAID/Manila equipment and software in FYs 1998 and 1999 to correct some year 2000 problems, but the amount is not significant. However, there are other Y2K problems that are expected to impact on the Mission's OE significantly. These are not reflected in our estimates because their costs are currently being evaluated by USAID/Washington.

The requested levels do not include the four additional FSNs and one USPSC who are needed by USAID/Philippines to support the Regional Inspector General's (RIG) Office, which is moving to Manila. The RIG will provide the funding for the additional personnel to support their office in Manila.

Using cost cutting measures, we can manage our bilateral program and regional responsibilities with 18 USDHs in FY 1998 and FY 1999, as proposed by the Bureau. The increased flexibility of the workforce guidance will allow us to maintain our FY 1998 PSC and FSN levels through FYs 1999 and 2000. These levels will give us time to make systematic improvements needed to avoid vulnerability.

USAID/Philippines has functioned with this reduction in funding and staffing levels with increased regional duties by working overtime, streamlining the bilateral portfolio, closing out activities that are labor intensive, reducing internal paper flow, contracting out services when needed, shifting administrative services from the Mission to our contractors and grantees, significantly reducing office space, and using computers and software to increase efficiency and provide better services. The Mission is also investing considerable resources to review our operating costs in coordination with the Embassy. We believe these efforts will result in the most high quality, cost-effective administrative services possible.

Even with the budget and staffing cuts, the quality and accountability of our programs have continued to be strong. According to a recent audit by the RIG, only \$1 million or less than 0.4% of the \$275 million program obligations for USAID/Philippines and our customer Missions in the region were excessive. The RIG/Audit also mentioned to Mission management that they were extremely impressed with USAID's staff and systems in managing and accounting for these program funds. This demonstrates our ability to effectively implement our bilateral program and discharge our regional responsibilities.

USAID/Philippines has continued to maintain its status as a cutting-edge Mission with a successful program, a test site for reengineering, and an implementor of new initiatives. The budget levels we have requested are the bare minimum needed for the Mission to both implement its own bilateral program and support programs in other Asian countries. Any further cuts will put us in an untenable situation, creating an excessive level of management risk. USAID/Philippines will request additional resources if our regional responsibilities are increased beyond a level which can be supported by our current OE and Trust Fund budgets and current staffing levels.

USAID



United States Agency for International Development

Threshold of Pain

Analysis

USAID/Philippines

April 1, 1998

THRESHOLD OF PAIN ANALYSIS

Total Level of Resources. As outlined in the Resources Request section of the R4, in order to meet our management contract for FY 1997-99, USAID/Philippines requires the following levels of resources:

	FY 1998	FY 1999 (CP level)
Program OYB	\$42,622,000	\$52,325,000
OE and Trust Fund	\$ 4,900,000	\$ 4,900,000

Overall Program Dollar. In comparison to past years, the Mission has a lower threshold of pain in FY 1999 with regard to declines in overall resources levels. In most of our portfolio, reductions in funding would translate into reductions in results achieved. SO 2 (economic reform) and SO 4 (environment) do have large pipelines due to earmarks, including funds reserved only for the Philippines (Multilateral Assistance Initiative, or MAI). A significant part of these resources, however, will be spent this year. We took the advantage of the fact that there were no environmental earmark this year and did not allocate funding from our FY 1998 OYB to SO 4. The development of the AGILE mechanism, a \$21 million activity, in SO 2 will mean an increase in both results as well as higher expenditure levels, leading to a decline of SO 2 pipeline. Our total projected pipeline at the end of FY 1998 is \$97.5 million, down from \$135.5 million at the end of FY 1997. Likewise, our MAI pipeline is projected to decline from \$49.4 million to \$24.2 million, more than a 50% decrease, from FY 1997 to FY 1998. Most all of our pipelines are committed. A reduction of FY 1999 resources would affect some results under our current strategy and perhaps the direction of our future strategy.

Sector Levels or Earmarks and Directives Changes. The Mission has been efficient in its use of earmarks. We do not expect significant changes to the program if we were given all discretionary resources. We may spend less money on AIDS since it is almost fully funded. We may shift to other areas in the energy portfolio, away from renewables. We may also reduce spending on microenterprise. In general, the Mission is comfortable with the current mix of earmarks versus discretionary funding. We would like to continue/maintain the current OYB level of about \$50 million. Any decrease in funding would have to be in conjunction with corresponding increase in earmark flexibility. To the extent that any SO is underfunded in FY 1999 because of earmarks, we would expect to make it up in FY 2000.

Operating Expenses. The Mission cannot operate effectively with lower OE and trust funds than what is proposed. We have straightlined our OE requirements for FY 1999 and have only asked for a 2 percent increase in FY 2000.

As discussed in the *Resources Request* section, even with the devaluation, our costs in the Philippines are increasing. We project a 10-20% increase in residential housing costs, and 5-10% increase in local salaries, office rents, and other costs. Under the new ICASS system,

service costs are projected to increase from \$195,600 in FY 1998 to \$215,200 in FY 1999, about 10% per year. Since ICASS costs for project-funded staff are not included in the OE and Trust fund budgets, we will have to charge ICASS as well as other space and electricity expenses provided to the Mission's project-funded personnel against the program activities cost. This may be unpopular with our GOP counterparts since part of their contribution would be supporting overhead.

Staffing. As discussed extensively in the *Resources Request* section of the report, any reduction from the minimum of 18 USDH proposed by the ANE Bureau, and the current FSN, PSC, and other personnel levels, would be unacceptable to the Mission without a corresponding decline in responsibilities. The new flexibility to use OE as the basis for staffing instead of ceilings for other than USDH category will help us to more efficiently manage our workforce. With new activities and/or expansion of current activities in all sectors of our portfolio, such as the Emergency Livelihood Assistance Program (ELAP), SZOPAD Accelerated Enterprise Development Program (SZAED), Microenterprise Access to Banking Services (MABS-M), Accelerated Growth, Investment, and Liberalization with Equity (AGILE), Municipal Coastal Environmental Initiative (MCEI), and test activities toward the development of a new strategy, the *Mission is already at the threshold of pain*. Any further decreases will have major implication in our ability to effectively and responsibly carry out our program.

Impact of Changes to our Program. As discussed in the Prioritization of Objectives of the *Resources Request* section, our priorities for funding in FY 1999 are SO 6 and SO 3.

To further analyze the threshold of pain by SOs, the Mission has assumed baselines equal to the FY 1999 CP request for each SO.

SO 1 (*Accelerate the Economic Transformation of Mindanao*). Because of our successes and experience under Growth with Equity in Mindanao (GEM) program, USAID is playing a leading role in the donor community in fast tracking support for activities in those areas of Mindanao which are home to the majority of the Muslim community in Mindanao. We launched three new activities in FY 1997: 1) ELAP, to assist ex-MNLF combatants make the transition from war to productive peace time activities; 2) SZAED, to intensify enterprise development activities in Muslim-dominated communities; and 3) MABS-M, to increase access of the poor and microentrepreneurs to financial services from the formal banking system. A 30% reduction in FY 1999 funding would require us to modify and perhaps reduce the scope of these new activities. Reduced funding would make it difficult for the Mission to be responsive to opportunities such as assistance to the Moro Islamic Liberation Front (MILF), once a peace accord is signed, and helping local farmers and microenterprises cope with the financial crisis.

SO 2 (*Improved National Trade and Investment*). This SO has been frequently called upon by the GOP to provide a wide range of critically-needed technical assistance to meet its World Trade Organization and Asian Pacific Economic Cooperation-related commitments.

With the financial crisis, USAID has received requests for assistance in improving the GOP's economic, fiscal, and financial management. We also expect further requests for assistance once the new Administration is in place after the elections. The projected MAI pipeline for SO 2 will decline to \$5.5 million at the end of FY 1998 and to zero at the end of FY 1999. Consequently, a reduction of 20% in FY 1999 funding would require the Mission to reassess how the technical assistance provided to the GOP should be reallocated. It is unlikely that any intermediate results would be terminated, but depending on the progress that is made, our emphasis may change.

SO 3 (*Reduced Fertility Rate and Improved Maternal Child Health*). SO 3 has the most complex budgeting of any SO, owing to earmarking, metering, and its heavy reliance upon Global field support. We assume that all FY 1999 population funds will be obligated in that year. If FY 1999 budgets are cut by no more than 30%, it would have no direct effect on the current strategy, but would affect our ability to fund the new strategy in FY 1999. The present plan is to have the new health strategy start at the beginning of FY 2000.

SpO 1 (*Rapid Increase of HIV/AIDS Prevented*). SpO 1 is in a similar situation as SO 3. Part of FY 1999 funding would go to the current strategy, and the rest to the new strategy, which is also scheduled to start at the beginning of FY 2000. At a 30% cut, current activities will not be affected, but it would affect our ability to fund the new strategy in FY 1999.

SO 4 (*Enhanced Management of Renewable Natural Resources*). SO 4 has sufficient funding in FY 1999 for current activities, including the new MCEL. However, as the forestry program and the Environmental and Natural Resources Accounting Project (ENRAP) end, we need *unearmarked/uncommitted* funds to bridge to test new ideas and develop linkages between current and possible future activities under the new strategy. We plan to work with the Global Bureau through an indefinite quantity contract (IQC) mechanism to address upcoming opportunities (identified in the SO 4 narrative of the report) such as exploring possibilities for carbon offset activities, better understanding how our efforts support critical biodiversity conservation, and considering ways in which our forestry and coastal resources management programs might help other USAID-assisted countries in the region. If we receive cuts above 20% of the FY 1999 requested level, we would defer the development of the new strategy.

SO 5 (*Reduced Emissions of Greenhouse Gasses*). SO 5 is entering a phase of high expected expenditures. A contract is now in place. At cuts above 10%, the SO would have to defer some activities for natural gas and clean-coal technology. It would also affect the Mission's ability to play the leadership role that the Agency expects us to on Global Climate Change Initiative. We have sufficient funds for renewable activities.

SO 6 (*Broadened Participation in Formulation and Implementation of Public Policies*). With FY 1998 funding, SO 6 plans to expand current activities under local governance, fund a new round of civil society grants, and initiate some test ideas for the new strategy. Most of these new activities will have a mortgage. In FY 1999, at cuts above 10%, the SO would curtail funding for new ideas for the next strategy, such as improving the efficiency and integrity of

the Philippine election system, possible work on justice and transparency.

More Resources. The Mission cannot absorb higher level of resources without concurrent increases in OE and staff.

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

13-Aug-98

Country/Program: PHILIPPINES
Scenario: Base Level

S.O. # , Title	FY 2000																Future Cost (POST 2000)	Year of Final Oblig.
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00	Est. Total Cost life of SO		
S.O. 1 - Accelerate the Economic Transformation of Mindanao																		
DA	Bilateral	13,747	3,000			3,000									6,450	154,354	0	XX
	Field Spt		0															
	Total	13,747	3,000	0	0	3,000	0	0	0	0	0	0	0	0			0	
S.O. 2 - Improved National Systems for Trade and Investment																		
DA	Bilateral	12,427	6,000			6,000									8,286	225,522	0	XX
	Field Spt		0															
	Total	12,427	6,000	0	0	6,000	0	0	0	0	0	0	0	0			0	
S.O. 3 - Reduced Fertility Rate and Improved Maternal and Child Health																		
DA	Bilateral	16,086	12,000				9,000	3,000							10,000	65,000	0	XX
	Field Spt		8,000				7,500	500								62,000	0	
	Total	16,086	20,000	0	0	0	16,500	3,500	0	0	0	0	0	0			0	
S.O.4 - Enhanced Management of Renewable Natural Resources																		
DA	Bilateral	19,054	6,000									6,000			8,500	141,048	0	XX
	Field Spt		0															
	Total	19,054	6,000	0	0	0	0	0	0	0	0	6,000	0	0			0	
S.O. 5 - Reduced Emissions of Greenhouse Gases																		
DA	Bilateral	3,575	8,000									8,000			5,000	95,206	0	XX
	Field Spt		0															
	Total	3,575	8,000	0	0	0	0	0	0	0	0	8,000	0	0			0	
S.O. 6 - Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas																		
DA	Bilateral	9,250	9,000											9,000	9,200	52,351	0	XX
	Field Spt		0															
	Total	9,250	9,000	0	0	0	0	0	0	0	0	0	0	9,000			0	
SpO 1 - Rapid Increase of HIV/AIDS Prevented																		
DA	Bilateral	2,493	2,000						2,000						1,200	15,000		
	Field Spt		500						500							1,450		
	Total	2,493	2,500	0	0	0	0	0	2,500	0	0	0	0	0			0	
Total Bilateral		76,632	46,000	0	0	9,000	9,000	3,000	2,000	0	14,000	9,000	0	0				
Total Field Support		0	8,500	0	0	0	7,500	500	500	0	0	0	0	0				
TOTAL PROGRAM		76,632	54,500	0	0	9,000	16,500	3,500	2,500	0	14,000	9,000	0	0			0	

FY 2000 Request Sector Totals -- DA	
Econ Growth	9,000
[Of which Microenterpris	0
HCD	
PHN	22,500
Environment	14,000
[Of which Biodiversity]	0
Democracy	9,000
Humanitarian	0

FY 2000 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	0
HCD	
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

Note: Estimated cost of SO includes LOP of all projects aligned under the SO. SO1 includes portion of the ASAP (492-0445) and MDP (492-0456). SO2 includes portion of CMDP (492-0447), PEPS (492-0457), SDP II (492-0450), PITO/P (492-0449) and PAPS (492-0452). SO5 includes portion of RE (492-0429), PCIS (492-0458), PAPS (492-0452) and GCCMP (492-0487).

USAID FY 1999 Budget Request by Program/Country

13-Aug-98

Country/Program: PHILIPPINES
Scenario: Base Level

S.O. #, Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	FY 1999										Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G				
S.O. 1 - Accelerate the Economic Transformation of Mindanao																		
DA	Bilateral		18,756	4,221			4,221								9,230	154,354	0	XX
	Field Spt			0														
	Total		18,756	4,221	0		4,221	0	0	0	0	0	0				0	
S.O. 2 - Improved National Systems for Trade and Investment																		
DA	Bilateral		18,461	4,221			4,221								10,255	225,522	0	XX
	Field Spt			0														
	Total		18,461	4,221	0		4,221	0	0	0	0	0	0				0	
S.O. 3 - Reduced Fertility Rate and Improved Maternal and Child Health																		
DA	Bilateral		16,255	12,831				9,831	3,000						13,000	65,000	0	XX
	Field Spt			11,550				10,750	800							62,000	0	
	Total		16,255	24,381	0		0	20,581	3,800	0	0	0	0				0	
S.O.4 - Enhanced Management of Renewable Natural Resources																		
DA	Bilateral		23,554	4,000								4,000			8,500	141,048	0	XX
	Field Spt			0														
	Total		23,554	4,000	0		0	0	0	0	0	4,000	0				0	
S.O. 5 - Reduced Emissions of Greenhouse Gases																		
DA	Bilateral		4,073	4,502								4,502			5,000	95,206	0	XX
	Field Spt			0														
	Total		4,073	4,502	0		0	0	0	0	0	4,502	0				0	
S.O. 6 - Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas																		
DA	Bilateral		12,250	8,500									8,500		11,500	52,351	0	XX
	Field Spt			0														
	Total		12,250	8,500	0		0	0	0	0	0	0	8,500				0	
SpO 1 - Rapid Increase of HIV/AIDS Prevented																		
DA	Bilateral		3,593	2,000						2,000					3,100	15,000		
	Field Spt			500						500						1,450		
	Total		3,593	2,500	0		0	0	0	2,500	0	0	0				0	
SpO2 - Assistance to Amerasians																		
DA	Bilateral		358	0											358	649		
	Field Spt			0														
	Total		358	0	0		0	0	0	0	0	0	0				0	
Total Bilateral			97,300	40,275	0		8,442	9,831	3,000	2,000	0	8,502	8,500					
Total Field Support			0	12,050	0		0	10,750	800	500	0	0	0					
TOTAL PROGRAM			97,300	52,325	0		8,442	20,581	3,800	2,500	0	8,502	8,500				0	

FY 1999 Request Sector Totals -- DA		
Econ Growth		8,442
[Of which Microenterpris]
HCD		
PHN	26,881	
Environment	8,502	
[Of which Biodiversity]]
Democracy	8,500	
Humanitarian	0	

FY 1999 Request Sector Totals -- ESF		
Econ Growth		0
[Of which Microenterprise]
HCD		0
PHN		0
Environment		0
[Of which Biodiversity]]
Democracy		0
Humanitarian		0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

Note: Estimated cost of SO includes LOP of all projects aligned under the SO. SO1 includes portion of the ASAP (492-0445) and MDP (492-0456). SO2 includes portion of CMDP (492-0447), PEPS (492-0457), SDP II (492-0450), PITO/P (492-0449) and PAPS (492-0452). SO5 includes portion of RE (492-0429), PCIS (492-0458), PAPS (492-0452) and GCCMP (492-0487).

USAID FY 1998 Budget Request by Program/Country

13-Aug-98

Country/Program: PHILIPPINES
Scenario: Base Level

S.O. #, Title		FY 1998															Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO			
S.O. 1 - Accelerate the Economic Transformation of Mindanao																		
DA	Bilateral	23,068	4,500			4,500									8,812	154,354	0	XX
	Field Spt		0															
	Total	23,068	4,500	0		4,500	0	0		0	0	0	0				0	
S.O. 2 - Improved National Systems for Trade and Investment																		
DA	Bilateral	23,840	5,000			5,000									10,379	225,522	0	XX
	Field Spt		0															
	Total	23,840	5,000	0		5,000	0	0		0	0	0	0				0	
S.O. 3 - Reduced Fertility Rate and Improved Maternal and Child Health																		
DA	Bilateral	18,113	7,622				5,550	2,072							15,000	65,000	0	XX
	Field Spt		11,950				11,950									62,000	0	
	Total	18,113	19,572	0		0	17,500	2,072		0	0	0	0				0	
S.O.4 - Enhanced Management of Renewable Natural Resources																		
DA	Bilateral	37,394	0									0			13,840	141,048	0	XX
	Field Spt		0															
	Total	37,394	0	0		0	0	0		0	0	0	0				0	
S.O. 5 - Reduced Emissions of Greenhouse Gases																		
DA	Bilateral	11,371	1,300									1,300			8,598	95,206	0	XX
	Field Spt		1,500									1,500						
	Total	11,371	2,800	0		0	0	0		0	0	2,800	0				0	
S.O. 6 - Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas																		
DA	Bilateral	13,950	9,000											9,000	10,700	52,351	0	XX
	Field Spt		0															
	Total	13,950	9,000	0		0	0	0		0	0	0	9,000				0	
SpO 1 - Rapid Increase of HIV/AIDS Prevented																		
DA	Bilateral	5,943	1,050							1,050					3,400	15,000		
	Field Spt		500							500						1,450		
	Total	5,943	1,550	0		0	0	0		1,550	0	0	0				0	
SpO 2 - Assistance to Amerasians																		
DA	Bilateral	558	0												200	649		
	Field Spt		0															
	Total	558	0	0		0	0	0		0	0	0	0				0	
SpO 3 - Program Development & Support																		
DA	Bilateral		200			200									200	200		
	Field Spt		0															
	Total		200			200												
Total Bilateral		134,237	28,672	0		9,700	5,550	2,072		1,050	0	1,300	9,000					
Total Field Support		0	13,950	0		0	11,950	0		500	0	1,500	0					
TOTAL PROGRAM		134,237	42,622	0		9,700	17,500	2,072		1,550	0	2,800	9,000				0	

FY 1998 Request Sector Totals -- DA	
Econ Growth	9,700
[Of which Microenterpris]
HCD	
PHN	21,122
Environment	2,800
[Of which Biodiversity]]
Democracy	9,000
Humanitarian	0

FY 1998 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise]
HCD	
PHN	0
Environment	0
[Of which Biodiversity]]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level 0
 FY 2002 Target Program Level 0
 FY 2003 Target Program Level 0

Note: Estimated cost of SO includes LOP of all projects aligned under the SO. SO1 includes portion of the ASAP (492-0445) and MDP (492-0456). SO2 includes portion of CMDP (492-0447), PEPS (492-0457), SDP II (492-0450), PITO/P (492-0449) and PAPS (492-0452). SO5 includes portion of RE (492-0429), PCIS (492-0458), PAPS (492-0452) and GCCMP (492-0487).

GLOBAL FIELD SUPPORT										
Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)						
				FY 1998		FY 1999		FY 2000		
				Obligated by:		Obligated by:		Obligated by:		
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	
SO 3: Reduced Fertility Rate and Improved Maternal and Child Health										
	FPLM (936-3038.01, 936-3038.02)	High	3		1,300		200		0	
	MEASURE (936-3083.01)	High	2		400		0		0	
	FRONTIERS (936-3086)	High	3		450		450		500	
	Policy (936-3078)	High	3		1,000		1,000		1,000	
	AVSC (936-3068.02)	High	3		2,400		2,500		1,000	
	JHU/PCS (936-3052)	High	3		2,000		2,500		500	
	Georgetown NFP (97-3088)	Medium-High	3		200		200		200	
	LINKAGES LAM/BF (936-3082.01)	Medium-High	3		200		200		200	
	CSM IV(follow-on)	High	3		2,000		2,000		0	
	Central Contraceptives (936-3057)	High	3		2,000		1,700		4,100	
	New Micronutrient Project	High					800		500	
	<i>Subtotal</i>				11,950		11,550		8,000	
SO 5: Reduced Emissions of Greenhouse Gases										
	Climate Change Mitigation Program Study Tours/Training	High	1		1,000					
	Utility Partnership Program	High	1		500					
	<i>Subtotal</i>				1,500		0		0	
SpO: Rapid Increase of HIV/AIDS Prevented										
	IMPACT (RP2 97-3092)	Medium-High	3		500		500		500	
GRAND TOTAL.....					-----	13,950	-----	12,050	-----	8,500

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

Workforce

Org.: USAID/Manila FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	2	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited								0						2	2	2
OE Locally Recruited Program		1		1	1	1		4			2			2	2	6
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0		2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited Program	3	4	3	2	1	7	1	21	2	19	37	7		8	73	94
		1	3	5	1	6	1	17						1	1	18
Total Staff Levels	4	8	7.5	9.5	3.5	16	2.5	51	4	23	43	8	1	15	94	145
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org.: USAID/Manila FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1			1	1	1	0	4			2			2	2	2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited										2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	3	5	3	2	1	7	1	22	2	19	37	7		7	72	94
		1	3	5	1	6	1	17						1	1	18
Total Staff Levels	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org.: USAID/Manila FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1			1	1	1		4			2			2	2	2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0	0 0	2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	3	5	3	2	1	7	1	22	2	19	37	7		7	72	94
		1	3	5	1	6	1	17						1	1	18
Total Staff Levels	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Workforce

Org.: USAID/Manila FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 5	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1			1	1	1		4			2			2	2	2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited										2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	3	5	3	2	1	7	1	22	2	19	37	7		7	72	94
		1	3	5	1	6	1	17	0					1	1	18
Total Staff Levels	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org.: USAID/Manila FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1			1	1	1		4			2			2	2	2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0		2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	3	5	3	2	1	7	1	22	2	19	37	7		7	72	94
		1	3	5	1	6	1	17						1	1	18
Total Staff Levels	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Workforce

Org.: USAID/Manila FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
Other U.S. Citizens: 1/ OE Internationally Recruited								0						2	2	2
OE Locally Recruited Program	1		0	1	1	1		4		2				2	2	6
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0		2	3				5	5
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited Program	3	5	3	2	1	7	1	22	2	19	37	7		7	72	94
		1	3	5	1	6	1	17						1	1	18
Total Staff Levels	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org.: USAID/Manila Summary On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SpO 1		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																
U.S. Direct Hire	1	2	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	4	3	2	1	7	1	21	2	21	42	7	0	8	80	101
Total OE Funded Staff	4	6	4.5	3.5	1.5	9	1.5	30	4	23	43	8	1	12	91	121
Program Funded	0	2	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 1998	4	8	7.5	9.5	3.5	16	2.5	51	4	23	43	8	1	15	94	145
FY 1999 Target:																
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	5	3	2	1	7	1	22	2	21	42	7	0	7	79	101
Total OE Funded Staff	5	6	4.5	3.5	1.5	9	1.5	31	4	23	43	8	1	11	90	121
Program Funded	1	1	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 1999 Target	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
FY 1999 Request:																
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	5	3	2	1	7	1	22	2	21	42	7	0	7	79	101
Total OE Funded Staff	5	6	4.5	3.5	1.5	9	1.5	31	4	23	43	8	1	11	90	121
Program Funded	1	1	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 1999 Request	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
FY 2000 Target:																
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	5	3	2	1	7	1	22	2	21	42	7	0	7	79	101
Total OE Funded Staff	5	6	4.5	3.5	1.5	9	1.5	31	4	23	43	8	1	11	90	121
Program Funded	1	1	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 2000 Target	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
FY 2000 Request:																
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	5	3	2	1	7	1	22	2	21	42	7	0	7	79	101
Total OE Funded Staff	5	6	4.5	3.5	1.5	9	1.5	31	4	23	43	8	1	11	90	121
Program Funded	1	1	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 2000 Request	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145
FY 2001 Estimate:																
U.S. Direct Hire	2	1	1.5	1.5	0.5	2	0.5	9	2	2	1	1	1	2	9	18
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
OE Locally Recruited	3	5	3	2	1	7	1	22	2	21	42	7	0	7	79	101
Total OE Funded Staff	5	6	4.5	3.5	1.5	9	1.5	31	4	23	43	8	1	11	90	121
Program Funded	1	1	3	6	2	7	1	21	0	0	0	0	0	3	3	24
Total FY 2000 Target	6	7	7.5	9.5	3.5	16	2.5	52	4	23	43	8	1	14	93	145

Workforce

MISSION :

USAID/Philippines

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.	2	2	2	2
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary				
10 Agriculture.				
11Economics	1	1	1	1
12 GDO				
12 Democracy	2	2	2	2
14 Rural Dev.				
15 Food for Peace				
21 Private Ent.				
25 Engineering				
40 Environ	2	2	2	2
50 Health/Pop.	2	2	2	2
60 Education				
75 Physical Sci.				
85 Legal	1	1	1	1
92 Commodity Mgt				
93 Contract Mgt	1	1	1	1
94 PDO	2	2	2	2
95 IDI				
Other*				
TOTAL	18	18	18	18

*please list occupations covered by other if there are any

Operating Expenses

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Operating Expenses

Org. Title: USAID/MANILA Org. No: _____ OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNE	63.9		63.9	68.9		68.9	68.9	68.9	72.4		72.4	72.4		72.4	
	Subtotal OC 11.1	63.9	0	63.9	68.9	0	68.9	68.9	0	68.9	72.4	0	72.4	72.4	0	72.4
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0		0		0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0		0			0		0		0
11.5	FNDH	22		22	24		24	24	24	24		24	24	24	24	24
	Subtotal OC 11.5	22	0	22	24	0	24	24	0	24	24	0	24	24	0	24
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	89.4		89.4	90		90	90	90	90		90	90	90		90
11.8	FN PSC Salaries		879	879		1056.2	1056.2		1056.2	1056.2		1109.1	1109.1		1109.1	1109.1
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0		0			0		0		0
	Subtotal OC 11.8	89.4	879	968.4	90	1056.2	1146.2	90	1056.2	1146.2	90	1109.1	1199.1	90	1109.1	1199.1
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	184.4		184.4	215.3		215.3	215.3	215.3	267.9		267.9	267.9	267.9		267.9
12.1	Cost of Living Allowances			0			0		0			0		0		0
12.1	Home Service Transfer Allowances			0			0		0			0		0		0
12.1	Quarters Allowances			0			0		0			0		0		0
12.1	Other Misc. USDH Benefits	24.2		24.2	16.8		16.8	16.8	16.8	10.2		10.2	10.2	10.2		10.2
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0		0			0		0		0
12.1	Other FNDH Benefits	12.7		12.7	13.7		13.7	13.7	13.7	14.4		14.4	14.4	14.4		14.4
12.1	US PSC Benefits			0			0		0			0		0		0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC			0	13.5		13.5	13.5	13.5	5.8		5.8	5.8	5.8		5.8
12.1	Other FN PSC Benefits		272.2	272.2		274.2	274.2		274.2	274.2		275	275		275	275
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0		0			0		0		0
	Subtotal OC 12.1	221.3	272.2	493.5	259.3	274.2	533.5	259.3	274.2	533.5	298.3	275	573.3	298.3	275	573.3
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0		0			0		0		0
13	Other Benefits for Former Personnel - FNDH			0			0		0			0		0		0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0		0			0		0		0
13	Other Benefits for Former Personnel - FN PSCs			0			0		0			0		0		0

Operating Expenses

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total									
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	58.5	31.5	90	49.5	31.5	81	49.5	31.5	81	36.3	25	61.3	39.8	31.5	71.3
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	24.7		24.7	6.2		6.2	6.2		6.2	20.1		20.1	20.1		20.1
21	Assignment to Washington Travel			0			0			0			0			0
21	Home Leave Travel	42.4		42.4	83.9		83.9	83.9		83.9	36		36	36		36
21	R & R Travel	73.7		73.7	30.4		30.4	30.4		30.4	74		74	74		74
21	Education Travel	14.5		14.5	9		9	9		9	7		7	7		7
21	Evacuation Travel			0			0			0			0			0
21	Retirement Travel	5.8		5.8			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel	3.4		3.4			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	19.1		19.1	21.1		21.1	21.1		21.1	15		15	20		20
21	Site Visits - Mission Personnel	59.1	118	177.1	65	129.8	194.8	65	129.8	194.8	55	115	170	61.5	142.8	204.3
21	Conferences/Seminars/Meetings/Retreats	30	10	40	30	10	40	30	10	40	30		30	30	10	40
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	1	7.6	8.6	1	8.3	9.3	1	8.3	9.3	1	9.2	10.2	1	9.2	10.2
	Subtotal OC 21.0	332.2	167.1	499.3	296.1	179.6	475.7	296.1	179.6	475.7	274.4	149.2	423.6	289.4	193.5	482.9
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	94		94	20.1		20.1	20.1		20.1	60.3		60.3	60.3		60.3
22	Home Leave Freight	13.9		13.9	26.8		26.8	26.8		26.8	13.1		13.1	13.1		13.1
22	Retirement Freight	20.5		20.5			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.	1		1	1		1	1		1	1		1	1		1
22	Transportation/Freight for Res. Furniture/Equip.	4.5		4.5	2.1		2.1	2.1		2.1	2		2	2		2
	Subtotal OC 22.0	133.9	0	133.9	50	0	50	50	0	50	76.4	0	76.4	76.4	0	76.4
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	151.9	236.2	388.1	446.4		446.4	446.4		446.4	330.4	138.3	468.7	330.4	138.3	468.7
23.2	Rental Payments to Others - Warehouse Space		68.6	68.6		75.5	75.5		75.5	75.5		83	83		83	83
23.2	Rental Payments to Others - Residences	456		456	461.5		461.5	461.5		461.5	484		484	484		484
	Subtotal OC 23.2	607.9	304.8	912.7	907.9	75.5	983.4	907.9	75.5	983.4	814.4	221.3	1035.7	814.4	221.3	1035.7
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities		115	115		118	118		118	118		120	120		120	120
23.3	Residential Utilities		140	140		146	146		146	146		150	150		150	150
23.3	Telephone Costs	11.2	95	106.2	12	99.5	111.5	12	99.5	111.5	13.5	103.5	117	13.5	103.5	117
23.3	ADP Software Leases			0			0			0			0			0

Operating Expenses

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)	1	1	2	1	1	2	1	1	2	1	1	2	1	1	2
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services		5	5		5.4	5.4		5.4	5.4		6	6		6	6
	Subtotal OC 23.3	12.2	356	368.2	13	369.9	382.9	13	369.9	382.9	164.5	230.5	395	164.5	230.5	395
24	Printing and Reproduction		0.4	0.4		0.5	0.5		0.5	0.5		0.5	0.5		0.5	0.5
	Subtotal OC 24.0	0	0.4	0.4	0	0.5	0.5	0	0.5	0.5	0	0.5	0.5	0	0.5	0.5
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services	30	20	50	10	10	20	10	10	20		10	10	10	10	20
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	30	20	50	10	10	20	10	10	20	0	10	10	10	10	20
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards		73.6	73.6		81	81		81	81		89.1	89.1		89.1	89.1
25.2	Residential Security Guard Services			0			0			0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances	1.4		1.4	1.4		1.4	1.4		1.4	1.4		1.4	1.4		1.4
25.2	Non-Federal Audits		10.7	10.7			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees		1.8	1.8		1.9	1.9		1.9	1.9		2.1	2.1		2.1	2.1
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts		107.5	107.5	0.6	112	112.6	0.6	112	112.6	0.6	118	118.6	0.6	118	118.6
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments			0			0			0			0			0
25.2	Other Miscellaneous Services	10	30	40	10	20	30	10	20	30	10	15	25	10	15	25
25.2	Staff training contracts	15	25	40	15	25	40	15	25	40		25	25	5	25	30
25.2	ADP related contracts		84	84	92.4		92.4	92.4		92.4	80		80	80		80
	Subtotal OC 25.2	26.4	332.6	359	119.4	239.9	359.3	119.4	239.9	359.3	92	249.2	341.2	97	249.2	346.2
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	195.6		195.6	215.2		215.2	215.2		215.2	236.7		236.7	236.7		236.7
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	195.6	0	195.6	215.2	0	215.2	215.2	0	215.2	236.7	0	236.7	236.7	0	236.7
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance		20	20		10	10		10	10		10	10		10	10
25.4	Residential Building Maintenance		21.2	21.2	23.4		23.4	23.4		23.4	24		24	24		24
	Subtotal OC 25.4	0	41.2	41.2	23.4	10	33.4	23.4	10	33.4	24	10	34	24	10	34

Operating Expenses

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	60.6	23.2	83.8	92.2		92.2	92.2		92.2	98		98	98		98
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance		31.9	31.9		35.1	35.1		35.1	35.1		38	38		38	38
25.7	Vehicle Repair and Maintenance		34	34		37.4	37.4		37.4	37.4		40.5	40.5		40.5	40.5
25.7	Residential Furniture/Equip. Repair and Maintenance	37.6	10.9	48.5	41.4	12	53.4	41.4	12	53.4	40	10	50	40	10	50
	Subtotal OC 25.7	98.2	100	198.2	133.6	84.5	218.1	133.6	84.5	218.1	138	88.5	226.5	138	88.5	226.5
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	273.5	254.8	528.3	253.9	188.3	442.2	253.9	188.3	442.2	221.6	156.7	378.3	280.9	112.4	393.3
	Subtotal OC 26.0	273.5	254.8	528.3	253.9	188.3	442.2	253.9	188.3	442.2	221.6	156.7	378.3	280.9	112.4	393.3
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	44.9	15.8	60.7	21.2	11.4	32.6	21.2	11.4	32.6	10		10	15		15
31	Purchase of Office Furniture/Equip.		20	20	20		20	20		20	10		10	15.7		15.7
31	Purchase of Vehicles	60		60	25		25	25		25	25		25	25		25
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases	84.2	36.1	120.3	84.3		84.3	84.3		84.3	65		65	65		65
	Subtotal OC 31.0	189.1	71.9	261	150.5	11.4	161.9	150.5	11.4	161.9	110	0	110	120.7	0	120.7
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		2295.6	2800	5095.6	2615.2	2500	5115.2	2615.2	2500	5115.2	2636.7	2500	5136.7	2736.7	2500	5236.7
	Dollars Used for Local Currency Purchases	<u>714.7</u>			<u>895</u>			<u>895</u>			<u>939</u>			<u>975</u>		
	Exchange Rate Used in Computations	<u>P35.00</u>	<u>P35.00</u>													

TRUST FUNDS & FSN SEPARATION FUND

Orgno.: _____
 Org. Title: USAID/MANILA

Foreign National Voluntary Separation Account

Action	FY 98			FY 99			FY 00		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits		14.4	14.4	13.5		16.6	5.8		9.2
Withdrawals						0.0			0.0

at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 99		FY 00
	2,390.2	2,890.2	
Obligations	2,800.0		2,500.0
Deposits		2,500.0	2,500.0
	2,890.2	2,890.2	

Exchange Rate(s) Used P35.00 P35.00

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Local Currency Trust Funds - Real Property (\$000s)

	FY 98	FY 99	FY 00
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Cost of Controller Operations

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Cost of Controller Operations

Org. Title: USAID/MANILA Org. No: _____ OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNE	39.8		39.8	42.9		42.9	42.9		42.9	45		45	45		45
	Subtotal OC 11.1	39.8	0	39.8	42.9	0	42.9	42.9	0	42.9	45	0	45	45	0	45
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0			0			0
11.5	FNDH	13.7		13.7	14.9		14.9	14.9		14.9	14.9		14.9	14.9		14.9
	Subtotal OC 11.5	13.7	0	13.7	14.9	0	14.9	14.9	0	14.9	14.9	0	14.9	14.9	0	14.9
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries			0			0			0			0			0
11.8	FN PSC Salaries		267	267		312.2	312.2		312.2	312.2		327.8	327.8		327.8	327.8
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0			0
	Subtotal OC 11.8	0	267	267	0	312.2	312.2	0	312.2	312.2	0	327.8	327.8	0	327.8	327.8
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0			0			0			0
12.1	Cost of Living Allowances			0			0			0			0			0
12.1	Home Service Transfer Allowances			0			0			0			0			0
12.1	Quarters Allowances			0			0			0			0			0
12.1	Other Misc. USDH Benefits	8.6		8.6	7.3		7.3	7.3		7.3	7.8		7.8	7.8		7.8
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0			0			0			0
12.1	Other FNDH Benefits	7.2		7.2	7.8		7.8	7.8		7.8	8.2		8.2	8.2		8.2
12.1	US PSC Benefits			0			0			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC			0	3.4		3.4	3.4		3.4	0.8		0.8	0.8		0.8
12.1	Other FN PSC Benefits		55.7	55.7		56.7	56.7		56.7	56.7		56.9	56.9		56.9	56.9
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0			0
	Subtotal OC 12.1	15.8	55.7	71.5	18.5	56.7	75.2	18.5	56.7	75.2	16.8	56.9	73.7	16.8	56.9	73.7
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0			0			0			0
13	Other Benefits for Former Personnel - FNDH			0			0			0			0			0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0			0			0			0
13	Other Benefits for Former Personnel - FN PSCs			0			0			0			0			0

Cost of Controller Operations

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	10		10	10		10	10		10	10		10	10		10
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field			0			0			0			0			0
21	Assignment to Washington Travel			0			0			0			0			0
21	Home Leave Travel	2.2		2.2	4.8		4.8	4.8		4.8			0			0
21	R & R Travel	1.8		1.8			0			0	4		4	4		4
21	Education Travel			0			0			0			0			0
21	Evacuation Travel			0			0			0			0			0
21	Retirement Travel			0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	5.6		5.6	6.1		6.1	6.1		6.1	6.7		6.7	6.7		6.7
21	Site Visits - Mission Personnel	5.3	10.7	16	5.7	11.3	17	5.7	11.3	17	6.1	12.9	19	8.9	17.7	26.6
21	Conferences/Seminars/Meetings/Retreats	2.8	1	3.8	3.1	1.1	4.2	3.1	1.1	4.2	2.9		2.9	2.9	1.1	4
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel		1.8	1.8		2	2		2	2		2.2	2.2		2.2	2.2
	Subtotal OC 21.0	27.7	13.5	41.2	29.7	14.4	44.1	29.7	14.4	44.1	29.7	15.1	44.8	32.5	21	53.5
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight			0			0			0			0			0
22	Home Leave Freight	0.9		0.9	2		2	2		2			0			0
22	Retirement Freight			0			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.			0			0			0			0			0
22	Transportation/Freight for Res. Furniture/Equip.			0			0			0			0			0
	Subtotal OC 22.0	0.9	0	0.9	2	0	2	2	0	2	0	0	0	0	0	0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space		44.9	44.9	51.7		51.7	51.7		51.7	56.8		56.8	56.8		56.8
23.2	Rental Payments to Others - Warehouse Space		8.5	8.5		9.4	9.4		9.4	9.4	10.3		10.3	10.3		10.3
23.2	Rental Payments to Others - Residences	29.6		29.6	38.1		38.1	38.1		38.1	39		39	39		39
	Subtotal OC 23.2	29.6	53.4	83	89.8	9.4	99.2	89.8	9.4	99.2	95.8	10.3	106.1	95.8	10.3	106.1
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities		14.3	14.3		14.6	14.6		14.6	14.6		14.9	14.9		14.9	14.9
23.3	Residential Utilities		17.4	17.4		18.1	18.1		18.1	18.1	18.6		18.6	18.6		18.6
23.3	Telephone Costs	1.4	11.8	13.2	1.5	12.3	13.8	1.5	12.3	13.8	1.7	12.8	14.5	1.7	12.8	14.5
23.3	ADP Software Leases			0			0			0			0			0

Cost of Controller Operations

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)	0.2	0.2	0.4	0.2	0.2	0.4	0.2	0.2	0.4	0.2	0.2	0.4	0.2	0.2	0.4
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services		0.6	0.6		0.7	0.7		0.7	0.7		0.7	0.7		0.7	0.7
	Subtotal OC 23.3	1.6	44.3	45.9	1.7	45.9	47.6	1.7	45.9	47.6	20.5	28.6	49.1	20.5	28.6	49.1
24	Printing and Reproduction		0.1	0.1		0.1	0.1		0.1	0.1		0.1	0.1		0.1	0.1
	Subtotal OC 24.0	0	0.1	0.1	0	0.1	0.1	0	0.1	0.1	0	0.1	0.1	0	0.1	0.1
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services	3.7	5	8.7		2.5	2.5		2.5	2.5		2.5	2.5		2.5	2.5
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	3.7	5	8.7	0	2.5	2.5	0	2.5	2.5	0	2.5	2.5	0	2.5	2.5
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards		9.1	9.1		10	10		10	10		11.5	11.5		11.5	11.5
25.2	Residential Security Guard Services			0			0			0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances			0			0			0			0			0
25.2	Non-Federal Audits		10.7	10.7			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees		0.2	0.2		0.2	0.2		0.2	0.2		0.3	0.3		0.3	0.3
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts		13.3	13.3		13.8	13.8		13.8	13.8		14.6	14.6		14.6	14.6
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments			0			0			0			0			0
25.2	Other Miscellaneous Services	1.2	3.7	4.9	1.2	2.5	3.7	1.2	2.5	3.7	1.2	1.9	3.1	1.2	1.9	3.1
25.2	Staff training contracts	1.9	3.1	5	1.9	3.1	5	1.9	3.1	5		3.1	3.1		3.1	3.1
25.2	ADP related contracts		10.4	10.4	11.5		11.5	11.5		11.5	9.9		9.9	9.9		9.9
	Subtotal OC 25.2	3.1	50.5	53.6	14.6	29.6	44.2	14.6	29.6	44.2	11.1	31.4	42.5	11.1	31.4	42.5
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	24.2		24.2	26.7		26.7	26.7		26.7	29.3		29.3	29.3		29.3
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	24.2	0	24.2	26.7	0	26.7	26.7	0	26.7	29.3	0	29.3	29.3	0	29.3
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance		2.5	2.5		1.2	1.2		1.2	1.2		1.2	1.2		1.2	1.2
25.4	Residential Building Maintenance		2.6	2.6	2.9		2.9	2.9		2.9	3		3	3		3
	Subtotal OC 25.4	0	5.1	5.1	2.9	1.2	4.1	2.9	1.2	4.1	3	1.2	4.2	3	1.2	4.2

Cost of Controller Operations

Org. Title: USAID/MANILA		Overseas Mission Budgets														
Org. No: _____		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	7.5	2.9	10.4	11.4		11.4	11.4		11.4	12.1		12.1	12.1		12.1
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance		4	4		4.4	4.4		4.4	4.4		4.7	4.7		4.7	4.7
25.7	Vehicle Repair and Maintenance		4.2	4.2		4.6	4.6		4.6	4.6		5	5		5	5
25.7	Residential Furniture/Equip. Repair and Maintenance	4.7	1.4	6.1	5.1	1.5	6.6	5.1	1.5	6.6	5	1.2	6.2	5	1.2	6.2
	Subtotal OC 25.7	12.2	12.5	24.7	16.5	10.5	27	16.5	10.5	27	17.1	10.9	28	17.1	10.9	28
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	33.9	31.6	65.5	31.5	23.3	54.8	31.5	23.3	54.8	27.5	19.4	46.9	33	19.4	52.4
	Subtotal OC 26.0	33.9	31.6	65.5	31.5	23.3	54.8	31.5	23.3	54.8	27.5	19.4	46.9	33	19.4	52.4
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	5.6	2	7.6	2.6	1.4	4	2.6	1.4	4	1.2		1.2	2.5		2.5
31	Purchase of Office Furniture/Equip.		2.5	2.5	2.5		2.5	2.5		2.5	2.5		2.5	2.5		2.5
31	Purchase of Vehicles	7.4		7.4	3.1		3.1	3.1		3.1	3.1		3.1	3.1		3.1
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases	10.4	4.5	14.9	10.5		10.5	10.5		10.5	8.1		8.1	8.1		8.1
	Subtotal OC 31.0	23.4	9	32.4	18.7	1.4	20.1	18.7	1.4	20.1	14.9	0	14.9	16.2	0	16.2
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		229.6	547.7	777.3	310.4	507.2	817.6	310.4	507.2	817.6	325.6	504.2	829.8	335.2	510.1	845.3
Dollars Used for Local Currency Purchases		<u>71.2</u>			<u>105.5</u>			<u>105.5</u>			<u>115.9</u>			<u>119</u>		
Exchange Rate Used in Computations		<u>P35.00</u>	<u>P35.00</u>		<u>P35.00</u>	<u>P35.00</u>		<u>P35.00</u>	<u>P35.00</u>		<u>P35.00</u>	<u>P35.00</u>		<u>P35.00</u>	<u>P35.00</u>	

**MANAGING FOR SUCCESS:
A STRATEGY DEVELOPMENT PLAN
FOR A 2000 - 2006 STRATEGY**

WHY A NEW STRATEGY?

Nineteen ninety-eight is an excellent year to reassess the past and future of USAID/Philippines' program. A new Philippine Administration will assume power in June. The Asian financial turmoil has demonstrated the Philippines' strengths, as well as some weaknesses shared throughout the region. Several strategic objectives are carrying out mid-term assessments and entering into dialogues with partners on future directions.

The Performance Monitoring Plan shows that the Mission is largely meeting its Strategic Objectives set in 1995. What concerns us today is not only measuring success, but consolidating the gains of that success so that USAID does not lose what it has invested. This is not to imply an indefinite extension of the current programs, but rather a need to address "second generation" issues not anticipated in 1995, and new U.S. Government priorities, such as reduced greenhouse gas emissions.

Another reason for a new strategy is the need to better manage the Mission's growing regional responsibilities, acquired in 1996. These now include technical and administrative support to the reopened program in Mongolia, and expanding programs in Vietnam and Laos. At the same time, it is becoming increasingly clear that financial, environmental, and health crises require both regional and bilateral approaches. As the region confronts its new problems, the Philippines' successes in local government, and NGO development are attracting attention within the region. USAID/Philippines has had a direct hand in shaping these developments over the years, and is often called upon to facilitate contacts and cooperation. Finally, the Agency as a whole is looking for ways to use human resources more efficiently, for example, through hub missions that combine bilateral and regional responsibilities.

Until now, the regional program has run in parallel to our bilateral program, and to some extent, in competition with it for scarce staff time. At the same time, a purely regional mission supporting bilateral programs may not be an efficient arrangement, and may lead to competition for program control. USAID/Philippines believes the most promising way to address bilateral, regional, and USG priorities is to integrate them into an overall Strategy that addresses all three concerns, though in different combinations in each Strategic Objective. Furthermore, we propose that *a strong bilateral platform is needed to effectively and efficiently manage a regional program*. Only with strong bilateral activities can a Mission offer the expertise and access to technical resources that would make for a logical connection between two country programs.

Guiding Principles

During its Mission Retreat in October 1997, USAID/Philippines identified guiding principles for Strategy development. These principles were refined in a Visioning Workshop held in February.

1. The new Strategy will **organically integrate regional, bilateral, and U.S. Government priorities**, rather than treat them in parallel (and thereby, competing) programs. This will be accomplished by maintaining a strong bilateral program which addresses transnational problems, or, which replicates Philippine solutions in other parts of the region. How this integration is achieved will differ by strategic objective (SO), and some purely bilateral programs may remain.
2. Strategy development will **assume maintenance of Mission technical capabilities** in four core areas: economic and regional growth, population and health, environment, and democracy. It will build on past experience while moving programs forward.
3. It will **incorporate a plan for more efficient, creative uses of Mission staff** to cope with changes in the working environment. SO teams should not become "stovepipes", but rather flexible structures that adapt over time in response to customer feedback, or periodically give way to other teams needed to respond to emergencies.
4. It should **respond to the Agency's Strategic Framework, as well as USG priorities** for the region.
5. It should be **developed through broad, frequent, and early internal and external participation**.
6. It should be coherent, and **guided by a definable vision**. A conscious effort will be made to cross over members of current SO teams in designing new SOs.

We recognize that this is an ambitious agenda, requiring careful balancing and creative integration of priorities. Notably, we must balance:

- Bilateral vs. regional needs;
- Program objectives vs. management and support capabilities of limited staff;
- Customer and partner priorities vs. U.S. Government priorities;
- Host government priorities vs. those of the larger society, including NGOs, the private sector, and local governments.

Possible Program Directions

While it is not possible to define the new strategic objectives (SOs) in this paper, we do have enough ideas and information today to suggest possible directions for each of the four sectors. We would appreciate USAID/W perspectives to guide us in redefining the SOs.

Economic Growth of the region is of high interest to the U.S. Government. The current financial crisis is revealing common institutional vulnerabilities, such as inadequate transparency of financial markets. Even where markets are relatively transparent, as in the Philippines, they are severely tested when investors withdraw from the region because of weaknesses in other countries (the contagion effect). Thailand is a likely recipient of emergency assistance to support financial sector reforms. Vietnam has already benefited from a precedent-breaking commercial law training program, and we expect high interest in similar programs in Mongolia and China as well.

We believe that the GEM program has developed a unique approach to results-oriented, market driven programming. The Mission may explore possibilities for replicating the program, both within and outside of the Philippines. Additionally, GEM has been the primary means of reaching out to the Muslim minority in Mindanao, and furthering the peace process there. If the GOP successfully concludes a peace agreement with the Moro Islamic Liberation Force (MILF, the rival of the Moro National Liberation Force which signed an agreement in 1996) we expect an expansion of activities in Muslim Mindanao. One possible area for attention is expanding educational opportunities for Muslims, especially for girls.

In **population and health**, USAID/Philippines is prepared to continue a robust bilateral program, with the GOP assuming greater responsibility for contraceptive procurement. Given political sensitivity in this area, the strategy of the program, especially its mix of private and public approaches, will depend heavily upon the directions of the new Administration. Future directions for infectious disease will depend heavily on emerging USAID/W strategy and funding. In the fight against AIDS, the Philippines is still a low prevalence country. Surveillance and education -- currently funded by USAID -- are needed for the Philippines to remain in that status.

In **environment**, there is a need for continued bilateral work on coastal resource management, industrial pollution, and greenhouse gas (GHG) emissions. A regional program is highly desirable, both because of the transnational nature of environmental problems, and because of strong potential for replication of lessons learned in community-based forest and coastal management. In global negotiations on GHG, the Philippine Government demonstrated leadership in the Kyoto Conference. The next Administration is likely to continue to play a leadership role among less-developed countries in this area. Other USG agencies will support environmental issues both for their potential for U.S. investment and trade, as well as for their developmental merit.

In **democracy**, we see an opportunity to enhance the Philippines' growing role as a center of expertise in local governance and civil society. For several years, delegations from Vietnam, Mongolia, Cambodia, and other Asian countries have visited the Philippines to study its models, train at its institutions (including NGO training institutions supported by USAID in the past), and attend regional conferences. The Mission is often asked by other Missions to share its own methods and expertise in developing democracy programs.

Although the Philippines is a regional democracy leader, the justice sector and elections systems share glaring deficiencies. The Mission will explore opportunities to work on problems of justice and transparency, most likely through "demand-side" NGO activities.

The Process of Strategic Development

During our October 1997 retreat, USAID/Philippines decided to begin developing a new Strategy for the period 2000-2006 (subsuming the current Strategy, which runs through 2001). The Mission is allowing itself more than a year for planning to allow for intense internal participation and broad external consultations with actual and potential clients and partners.

Between now and September, the Mission has begun low-profile consultations with partners and is assessing the results of current SOs. A Mission-wide "visioning" workshop was held and a Strategy Working Group formed to develop the Strategy Vision. The Mission will take advantage of resources already available to solicit Filipino viewpoints. These include the Social Weather Station surveys, rapid appraisals (currently under use in assessing local governance), and focus group meetings, with representatives of the NGO community, the private sector, and government. We will explore using our Internet website to solicit views of partners, and disseminate approved documents to the public.

Consultations will intensify toward the middle of the year. A new administration and key Mission staff will be in place, opening opportunities for dialogue with the GOP on new directions, and aggressive efforts to consult with NGO/LGU/private sector partners. By late 1998 and through February 1999, the Mission will begin drafting and circulating the Strategy for comment. Presentations of the Strategy will be made to the Embassy and National Economic Development Authority (NEDA), the GOP's principal aid coordinator.

Formal submission of the Strategy to USAID/W is planned for Spring 1999. Agreement and approval is desired by May 1999.

QUESTIONS FOR USAID/Washington

The Mission seeks authority to develop an integrated bilateral and regional strategy. In addition to such authority, we need guidance from USAID/Washington in the following areas:

1. **Linking regional programs to overall effort.** What issues and concerns should the Mission be aware of as we explore more effective and innovative ways of working in the region? What is the Bureau's current thinking on regional programming and structure?
2. **Bilateral Focus.** The Mission believes it has ample justification for continued work in the four areas described above (economic growth and regional development, population and health, environment, and democracy). Is there any reason to assume the narrowing of the bilateral program?
3. **New Opportunities.** Given USG and Agency priorities, can USAID/W suggest new targets of opportunity or program areas the Mission should examine?
4. **Participation.** The Mission is committed to broad external participation as described in "The Process of Strategic Development." Besides the methods described here for involving partners and customers, are there others USAID/W can suggest?
5. **Estimated Resource Level.** Our planning assumes an average OYB of \$40 to \$50 million throughout the strategy period. Is this a safe assumption?

PROGRESS ON ENVIRONMENTAL INDICATORS DEVELOPMENT AND PERFORMANCE MONITORING

SO 4: Enhanced Management of Renewable Natural Resources

In last year's R4, the Mission proposed modifications to SO4 indicators based on the feedback of the 1996 R4 review and the subsequent recommendations made by the USAID/Washington Indicator's Team visit and report in May/June 1996. In accordance with the 1997 R4 management contract (SECSTATE 78619), the Mission and USAID/Washington's Global and Asia and Near East Bureau agreed that a follow-up indicators team will work with the Mission staff and partners "to work out options that reconcile the Mission's and GOP's constraints with USAID/W's strong needs for more results-oriented information on forest and coastal conditions, in order to facilitate comparing performance to other country programs and highlighting successes". Due to scheduling problems, the Mission and the Washington team collaboratively decided to postpone the field visit to Manila after the 1998 R4 exercise.

Based on ongoing discussions with USAID/Washington, the Mission however, proceeded to develop a two-level performance monitoring system, consisting of 1) SO-level monitoring of biophysical indicators of results, measured in terms of kilometers of shorelines and hectares of forest areas under sustainable management by communities and with clear and objectively verifiable criteria to define and measure sustainability, and 2) IR-level monitoring using an index system which provides intermediate measurement of results toward the achievement of the SO 4 indicators. We believe that this revised system addresses many of the earlier concerns of USAID/Washington regarding the need for more results-oriented measures. The Mission would like to reach closure on this issue during this year.

SO-level Monitoring

For Coastal Resources Management (CRM), the SO-level biophysical indicator target is that by year 2002, a total of 3,000 kms. of shoreline will be under sustainable management. This means that coastal communities participating in the program will have adopted at least the following four measures of sustainable coastal resources management:

1. Fish, mangrove and reef-based sanctuaries are established and maintained;
2. Dynamite and cyanide fishing have stopped;
3. Commercial fishing has been reduced to the level required for sustainable harvests; and
4. Local governments are allocating adequate resources to support and sustain CRM activities.

Similarly, for Forest Resources Management (FRM), the SO-level biophysical indicator target is that by year 1999, a total of 500,000 hectares of residual forest areas will be under

improved resource management by communities which are adopting sustainable forest management practices, as indicated by at least the following five measures:

1. Forest lands are no longer open access areas, but have clearly defined boundaries under community management and control;
2. An environmentally sound management plan approved by the DENR is being effectively implemented;
3. Total area under forest cover is expanding;
4. No illegal logging or hunting is taking place; and
5. An environmental monitoring plan that includes environmental indicators (i.e., incidence of fire, logging) is being followed by the GOP and LGUs.

In both CRM and FRM, sustainability of resources management will not be considered achieved based on inputs made by the contractor into the activities, but rather, on whether those inputs lead to the objectively verifiable achievement of the above criteria. The Performance Data Tables for CRM and FRM are included in this R4 report.

IR-Level Monitoring

The index system was developed in response to the recommendations of the earlier Washington Indicator's team to develop an intermediate performance measurement system. The Mission's Office of Environmental Management uses the index system as an internal monitoring system to track both national and community level intermediate results and inputs, and make sure the program is on target with respect to meeting the SO-level results.

CRM has two indices -- the Coastal Policy Implementation Index and the Municipal/Community Management Index.

The Coastal Policy index includes the following key variables: (1) national and local jurisdictional and operational issues resolved; (2) mangrove areas reverted, restored, enhanced and managed; (3) commercial fishing effort reduced to level required for sustainable harvests; (4) number of coastal resource management plans which maintain exceptional habitat essential for tourism and biodiversity in protected areas; (5) coastal resource management prioritized in the national social agenda.

The Municipal/Community Management Index, on the other hand, includes the following key variables: (1) coastal resource management preparation and plans completed; (2) local government units enact coastal resource management ordinances; (3) effective enforcement of municipal ordinances; (4) biologically diverse habitat under improved management; (5) enterprise development opportunities for fisherfolk and coastal community members.

For FRM, the index system measures progress on policy and institutional reform. The index contains national policies supporting enhanced forest management, institutional reforms supporting community-based forest management that contribute to enhanced forest

management, and provision of services by the Department of Environment and Natural Resources (DENR) and local government units (LGUs) to communities.

Under *national policies* supporting enhanced forest management, the index measures critical policy changes (such as securing long-term tenure for upland communities, officially delegating to the local level decision-making authority for forest management and protection, and enabling environmentally sound private sector investment in forest management). Under *institutional reforms* supporting community-based forestry management (CBFM), the index measures the progress against critical changes needed at two levels: DENR reforms (e.g., create CBFM office, allocate budget and staff for CBFM, strengthen staff skills) and LGU reforms (such as agreements signed with DENR on forest land use plans and resources committed, e.g., budget and staff, to carry out plans). Under *services* by DENR to LGUs, the index measures the critical services being provided (e.g., support for community-mapping, development of environmentally-sound management plans).

IR-level performance data tables are reported to the Mission on a quarterly basis by the contractors and partner agencies.

SO 5: Reduced Emissions of Greenhouse Gases

As a preface to the discussion below, the Mission would like to reiterate the basic message it has tried to convey in the R4 section for SO 5: the overwhelming focus of the GOP on climate change mitigation over the last two years has been through the complete restructuring of the power sector. USAID support has followed suit, and firmly believes that that is where we (and the GOP) should continue to focus our efforts in order to achieve the greatest impacts. While the Mission believes quantified targets for reduced greenhouse gas (GHG) emissions are one important way to measure progress, it also believes such targets must be technically sound, be developed in close collaboration with host-country counterparts, and -- perhaps most importantly -- be consistent with the broader objective of achieving the greatest reductions possible in GHGs. Against such a yardstick, the original SO 5 tables fall short and have not been included in this R4. These tables distract from the central thrust of the program, rather than report accurately on performance. *Instead, the Mission is submitting a new interim performance table, which reflects our important policy work under this SO.* Additional work is clearly needed to better define global climate change indicators, and to help evaluate (in part from a developing country perspective) the pros and cons of Agency-wide indicators in this post-Kyoto Protocol period. The Mission looks forward to working with the Washington indicators team (scheduled to arrive on/about June 1998) to achieve closure on this issue.

The 1997 R4 management contract amendment (SECSTATE 78619 of April 28,1997) noted the need to "rerun the computer CO2 emissions model by March 1998, using some alternative assumptions about best and worst case scenarios and time frames over which results are compared (such as, but not necessarily limited to, options suggested by USAID/W) to test the robustness of the predicted results".

From March to November 1997, the SO 5 team's bilateral Executive Group explored various options to calculate and compare CO2 emissions with the larger basket of greenhouse gases -- a task as challenging politically as technically. One was the Philippine Department of Energy's (DOE) "back of the envelope" method (using calculators) to calculate CO2 emissions only. Another was the computer-based "Environmental Manual (EM) for Power Development" emissions model, sponsored by the World Bank and being used by USAID to calculate the CO2-equivalent index originally developed by the International Panel on Climate Change (for a large basket of greenhouse gases). Because the DOE method produced significantly lower numbers than the EM, and the EM model is limited to the power sector only, the Executive Group rejected both options. Hence, no further re-run of the EM was done. Given this lack of comparability between methods and the low level of confidence in the resulting calculations -- as well as the growing sensitivity of the Philippines (and other developing countries) to commit to numerical targets of reduced GHG emissions (with the negotiating processes leading up to the Climate Change Conference of Parties (COP) in Kyoto on-going) -- the Executive Group recommended unanimously a commitment to qualitative indicators ONLY, at least in the short to medium term. At the same time, and with an eye towards the longer term, it recommended a third option: the systematic evaluation of the MARKAL-MAKRO model, a comprehensive energy sector planning model which also has the capability to measure GHG emissions.

In past R4s, the Mission submitted four performance monitoring tables. In addition to the general arguments presented above, we have explained further specific concerns on each of the indicators below and why we are not submitting them this year:

SO-level indicator 1. *"Avoided global GHG emissions through greater use of cleaner fuels"*, has been omitted because the original estimates behind the annual targets include a range of assumptions about a baseline "dirty" scenario from which cleaner fossil fuel and renewable energy mitigation options could be compared. Since no consensus has emerged to date from either the SO 5 Executive Group nor from the Agency itself as to how to construct such baseline scenarios (let alone high and low scenarios), this table would be of little utility.

SO-level indicator 2. *"Avoided GHG emissions through energy efficiency measures"* is somewhat less problematical, though it still misses the basic point: the focus of our GOP partners has been on the broader issues of restructuring and privatizing the entire sector. Less emphasis than anticipated has been given to the lower-level issues of adoption of specific technologies in specific power plants, industries, and buildings though the longer term impacts of this shift in focus are expected to be highly positive. This is also illustrated through the GOP's emphasis on creating an enabling environment of policies, legislation, and regulatory framework to encourage development of a natural gas industry. The Mission's work with energy efficiency is extremely important, but is focused more at that broader, sectoral level -- demand-side management, integrated resource planning, institutionalizing use of market-based instruments, and support for the Clean Air Bill.

IR-level indicators 1 and 2. *"Avoided local sulfur dioxide (SO₂) emissions through greater use of cleaner fuels" and "avoided local SO₂ emissions through improved energy efficient measures"* have also been omitted, in that these actually do not measure a greenhouse gas. These tables were originally included as a means of raising awareness on the need to track emissions reductions, and SO₂ was identified as a "safe" and relatively non-controversial gas to start out with -- as a "local" pollution problem whose reduction was clearly in the national interest. However, that goal of increased awareness has now been achieved, and a continued focus on SO₂ could indeed be counterproductive to measuring progress against global climate change. It would distract attention from the real thrust of our energy program -- supporting a revolution in policy change to provide the enabling environment for reducing GHG emissions.

Until the revised SO 5 indicators have been developed with the support of the Washington indicators team, the Mission will continue its training activities in the use of the MARKAL-MAKRO model. The Executive Group now prefers this model to the other alternatives available, due to its extensive use by Inter-Agency Climate Change Committee consultants in the preparation of the Philippines National Action Plan energy sector chapter. In the longer term, SO 5 will collaborate with USAID/Washington and its host-country partners to reevaluate the use of quantitative indicators (such as avoided metric tons of GHG emissions) to track progress towards mitigating global climate change.