



**USAID** | **PHILIPPINES**  
FROM THE AMERICAN PEOPLE

# PROGRAM OVERVIEW 2007



# EMBASSY MANILA USAID TEAM



## Responsible for...

- \$900-plus million program portfolio
- Regional program & administrative support

## Plus...

- Separate USAID Inspector General Office – largest overseas operation

# USG ASSISTANCE GOAL: A MORE DEMOCRATIC, PROSPEROUS & SECURE STATE

- Country Team provides overall strategic direction
- Strong inter-agency coordination including U.S. Military
- National-level impact: health, environment/energy, economic growth, democracy & governance
- But strategic, geographic focus on Mindanao since 1996
- Partnerships with other partners/donors to leverage impact
- Flexibility & responsiveness
- Accountability & value for U.S. taxpayer



***An Improved Quality of Life & Future for all Filipinos***

# COUNTRY CONTEXT - OPPORTUNITIES



- Human resources & English language
- Legacy educational institutions
- Vibrant democracy & civil society
- Central location in dynamic region
- Rich natural resource endowments
- Positive U.S.-Philippines relationship, including Muslim community

# ECONOMIC DRIVERS

- Services, manufacturing & agriculture
- Remittances - \$13 billion in 2006
- Consumption
- Growing sectors:
  - electronics (70% of exports)
  - business process outsourcing
  - property development
  - tourism



# BUT LAGGING DEVELOPMENT

## Change in Per Capita Income

	1975	2005	Change
Korea	\$ 630	\$ 15,830	2413%
Singapore	\$ 2,760	\$ 27,490	896%
China	\$ 200	\$ 1,740	770%
Thailand	\$ 390	\$ 2,750	605%
Indonesia	\$ 230	\$ 1,280	457%
Malaysia	\$ 910	\$ 4,960	445%
<b>Philippines</b>	<b>\$ 380</b>	<b>\$ 1,300</b>	<b>242%</b>

GNI per Capita, Current US\$, 2006 World Development Indicators, World Bank

- + *Growing population*
- + *Environmental degradation*
- + *Declining education system*
- + *Poor investment climate*
- + *Fiscal deficit*
- + *Lagging competitiveness*
- + *Weak rule of law*
- + *Corruption*
- + *Political instability*
- + *Conflict & security issues*

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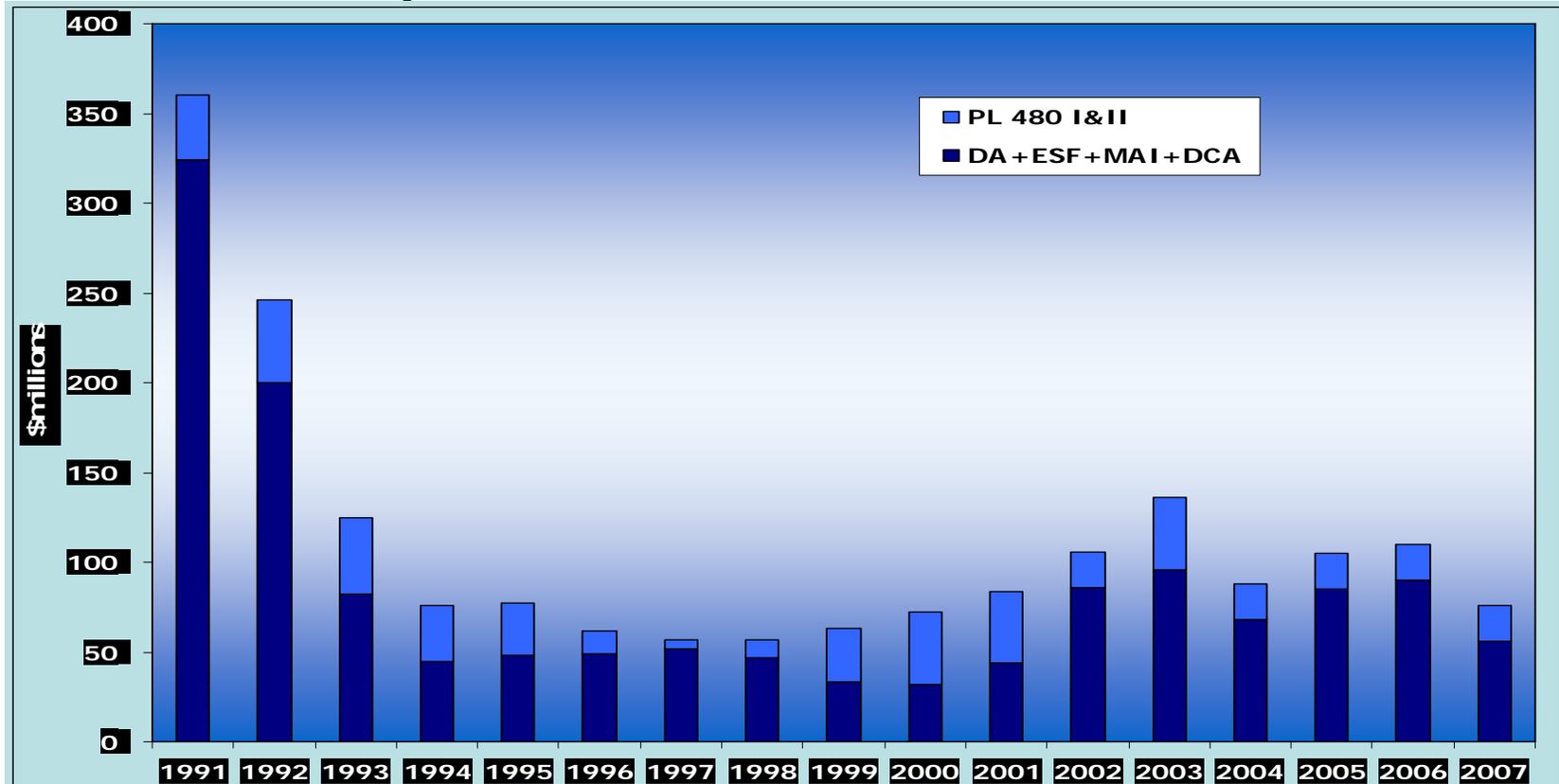
**= PERSISTENT POVERTY**

**40% of population living on \$2 or less a day**



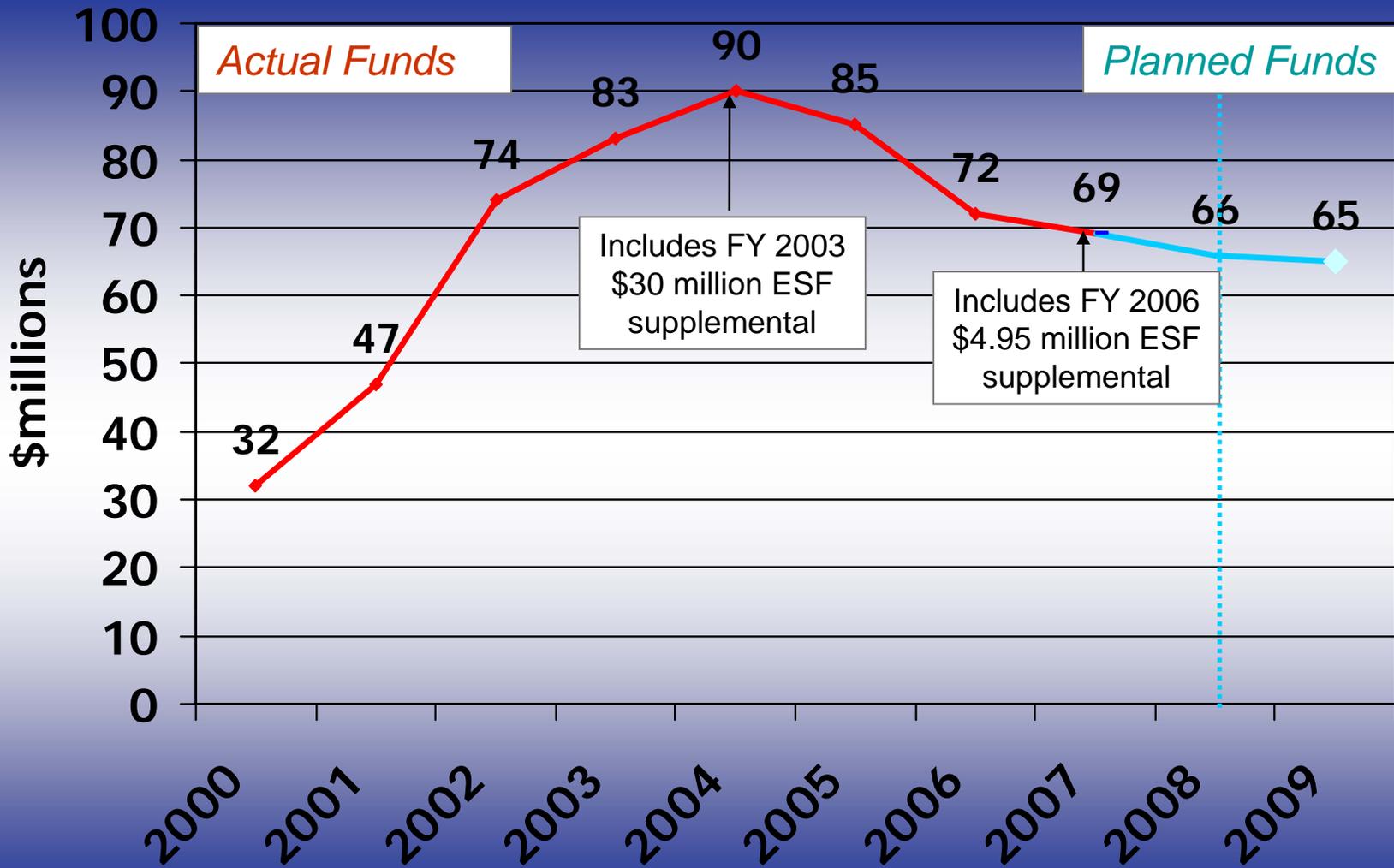
# USG ASSISTANCE LEVELS

- Assistance (est. \$5 billion since WWII) tracks bilateral relationship
- U.S. largest grant donor to Philippines
- Other major donors: Japan, Asian Development Bank, World Bank, China, Germany and Australia

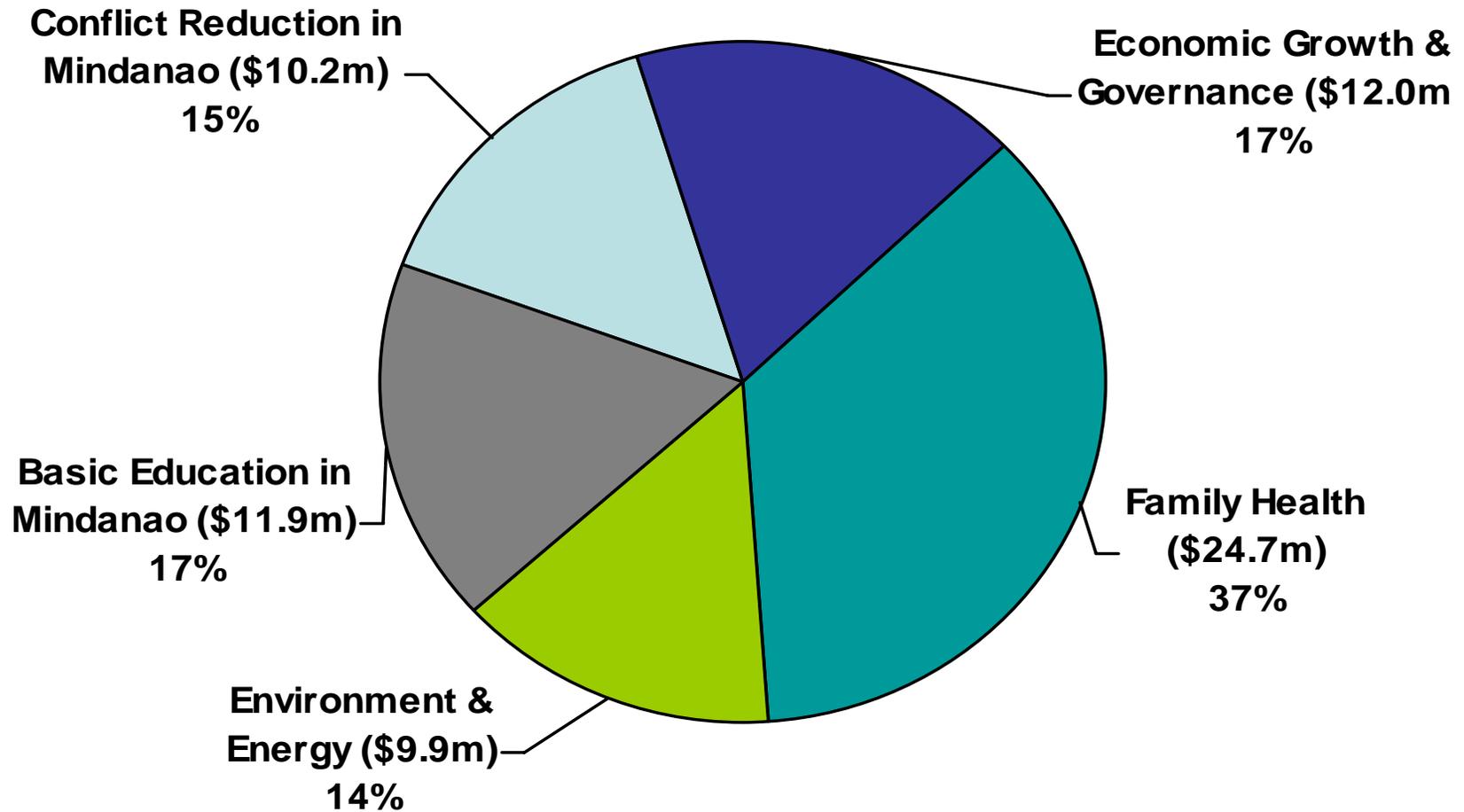


\*FY 2006 data includes the Millennium Challenge Account

# USAID FUNDING: FYs 2000-2009



## FUNDING FOR FY 2006 BY SECTOR



**\* Total Assistance to Mindanao: \$40 million (approximately 58% of total FY 2006 Budget of \$69 million)**

# MINDANAO & SULU ARCHIPELAGO FOCUS



- 60% of annual funding
- \$250 million over past 6 years



## Why Mindanao?



- Vast natural resources & economic potential
- But...
  - 7 of country's 10 poorest provinces
  - Low quality of social services
  - Lack of key infrastructure
  - Weak institutions of governance
  - Long-running conflicts
- Transnational crime & terrorism
- Security & peace as GRP priority



# NEW USG FOREIGN ASSISTANCE FRAMEWORK

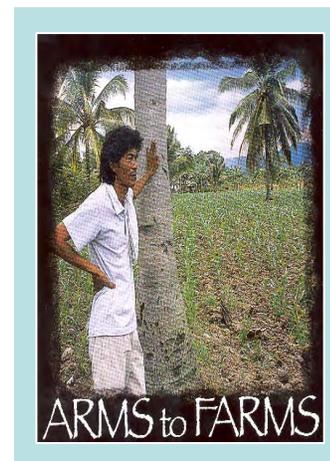
- Peace and Security
- Governing Justly and Democratically
- Investing in People
- Economic Growth
- Humanitarian Assistance



# PEACE AND SECURITY

## ■ Major Program Areas

- Transnational Crime (e.g., money laundering, IPR)
- Trafficking in Persons and Migrant Smuggling
- Conflict Mitigation and Reconciliation



## ■ Selected Results

- Convictions of traffickers following campaign to build capacity of local officials to prosecute suspects
- Re-integrated 28,000 ex-combatants under “Arms to Farms” and continue to help more than 7,000 move into higher value-added products



# GOVERNING JUSTLY AND DEMOCRATICALLY

## ■ Major Program Areas

- Rule of Law & Human Rights
- Good Governance
- Electoral Reform



## ■ Selected Results

- Installed village-level alternative dispute resolution mechanisms in over 740 villages; training in an additional 500 villages
- Increased conviction rate for corrupt officials from 13% to 30%; incidence of bribery reported by business declining
- Supreme Court Reform program; automation of case management for anti-corruption court, court of tax appeals, court of appeals and the Supreme Court

# MILLENNIUM CHALLENGE ACCOUNT THRESHOLD PROGRAM

- \$21 million; started November 2006
- GRP matched with \$21 million; a first for MCC
- USAID implements with GRP & civil society
- Program Areas:
  - Anti-corruption
  - Improved tax & customs administration
- Supports USG good governance objectives



# ECONOMIC GROWTH - ENTERPRISE DEVELOPMENT

## ■ Major Program Areas

- Infrastructure development in Mindanao
- Agriculture
- Private Sector Competitiveness
- Economic Reform
- Trade Capacity Development



## ■ Selected Results

- Completed 800+ community infrastructure projects in conflict-affected regions of Mindanao
- 400% increase in non-traditional agricultural exports from Mindanao
- Rural banks providing microfinance services to over 400,000 clients

# ECONOMIC GROWTH - ENVIRONMENT & ENERGY

## ■ Major Program Areas

- Restructuring & regulation of competitive electricity sector
- Alternative fuels & clean air
- Rural electrification – solar/hydro
- Coastal & forest management



## ■ Selected Results

- Major reform of electricity sector & ongoing privatization
- Provided access to electricity for 12,500 households in Mindanao
- Improved management of 200,000+ hectares of coasts & forest areas
- Innovative forest conservation grants program through Philippines Tropical Forest Conservation Foundation

# INVESTING IN PEOPLE - HEALTH



## ■ Major Program Areas

- Health service delivery at local level
- Maternal & child health care
- Private sector service delivery
- HIV/AIDS; TB & other infectious diseases; Avian Influenza (AI)
- Water supply & sanitation

## ■ Selected Results

- Increased TB treatment success rate; 73% in 2005 to 85% in 2006
- 99 local governments with AI preparedness plans
- Private sector supply of reproductive health commodities increased from 36% in 2005 to 41% in 2006
- Innovative partnership with Japan to mobilize water sector financing

# INVESTING IN PEOPLE - EDUCATION IN MINDANAO

## ■ Major Program Areas

- Increase education access & quality for in-school & out-of-school youth (OSY)
- Improve instructional capacity in reading, English, math and science



## ■ Selected Results

- 18,000 OSY with education certificates or livelihood skills training
- 250 schools improved with equipment and building repairs
- 22,000 teachers trained in improved instruction methods
- 880 schools with Parent-Teacher Committees financing education improvements, benefiting over 200,000 students
- Internet-connected computer centers in more than 650 schools

# HUMANITARIAN ASSISTANCE

- Philippines highly prone to natural disasters
- Disaster preparedness & relief through USAID Office of Foreign Disaster Assistance (OFDA)
- Close cooperation & partnerships with:
  - Philippines Red Cross
  - NGOs
  - U.S. Military



# SUMMARY



- “3 Ds” of Diplomacy, Development & Defense working effectively.
- U.S. assistance key to advancing U.S. interests in Philippines & region, from counter-terrorism to trade.
- Window of opportunity to help transform nation on sustainable development path; support lasting peace/security in Mindanao.
- USG persistence, patience and pro-active partnerships key to continued progress.

# PRIORITIES FOR 2007

- **Foreign Assistance Reform**
- **Successful Expansion and Launch of Programs**
- **Support the Peace Process**
- **MCA Threshold Program**
- **Telling Our Story**
- **Budget**
- **Enhanced USG Inter-Agency Cooperation**
- **Successful Staff Transition and Integration**
- **State-USAID Joint Administrative Services**
- **Management Excellence**



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Salamat po!

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